



**TESTIMONY OF JODI SMITH
COMMISSIONER
North Dakota Department of Trust Lands**

Senate Bill 2065

House Energy and Natural Resources Sub-Committee

March 22, 2021

Chairman Keiser and members of the House Energy and Natural Resources Sub-Committee, I am Jodi Smith, the Commissioner and Secretary for the Board of University and School Lands (Board). I am here to testify on Senate Bill 2065.

The Department of Trust Lands (Department) met with representatives of the Northwest Landowners Association and the North Dakota Petroleum Council, and the Department of Mineral Resources to review the Department's proposed amendment to SB 2065 (version 21.8029.02001). The Department proposes adding the following:

15-05-09. Leases for oil, gas, and other products.

The board of university and school lands may lease any lands under its control believed to contain oil, gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, ~~or colloidal or other clays,~~ or other naturally occurring elements and their compounds, and may make and establish rules and regulations for development, ~~and drilling,~~ and mining operations.

15-05-10. Royalties from oil and gas leases - Rents from other leases - Rules.

Oil and gas leases must be made by the board of university and school lands at such annual minimum payments as are determined by the board, but the royalty shall be not less than twelve and one-half percent of the gross output of oil from the lands leased. Oil and gas leases made by the board may authorize a royalty of less than twelve and one-half percent for production from stripper well properties or individual stripper wells and qualifying secondary recovery and qualifying tertiary recovery projects as defined in section 57-51.1-01. ~~Leases for gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, or colloidal or other clays issued by the board under section 15-05-09 for products other than oil and gas must be made by the board in such annual payments provide for adequate rental~~

payments and other provisions as are determined by the board. The board may adopt rules regarding annual rental payments and royalties under this section.

The Department recommends adding the following language to this bill based on conversation with the Northwest Landowners Association and the North Dakota Petroleum Council:

38 - 25 - 08. Amalgamating property interests.

If a storage operator does not obtain the consent of all persons owning a pore space and of mineral interest owners when required by this chapter, the commission may require the interest owned by the nonconsenting owners be included in an approved storage facility and subject to geologic storage. Any pore space owner who does not have responsibility over the management, supervision or control of the storage facility operations may not be held liable for money damages for personal or other property damages proximately caused by the operations or presence of the storage facility.

We look forward to working with the Sub-Committee on these issues and would be happy to answer any questions.