

Fifty-eighth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2311

Introduced by

Senators Wardner, Bowman, O'Connell

Representatives Rennerfeldt, Wald, Warner

1 A BILL for an Act to create and enact a new chapter to title 54 and a new section to chapter
2 57-51.1 of the North Dakota Century Code, relating to creating and establishing an oil and gas
3 research council and oil and gas research fund; and to provide a continuing appropriation.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new chapter to title 54 of the North Dakota Century Code is created and
6 enacted as follows:

7 **Definitions.**

- 8 1. "Commission" means the North Dakota industrial commission.
9 2. "Council" means the oil and gas research council.
10 3. "Royalty owner" means a person who receives royalty payments from oil and gas
11 produced in the state.

12 **Oil and gas research council.** There is created the oil and gas research council. The
13 purpose of the council is to coordinate a program designed to demonstrate to the general public
14 the importance of the state oil and gas exploration and production industry, to encourage and
15 promote the wise and efficient use of energy, to promote environmentally sound exploration
16 and production methods and technologies, to develop the state's oil and gas resources, and to
17 support research and educational activities concerning the oil and natural gas exploration and
18 production industry.

19 **Commission to operate council.** The commission shall operate, manage, and control
20 the council.

21 **Powers and duties of commission in managing and operating council.** The
22 commission is granted all the powers necessary or appropriate to carry out and effectuate the
23 purposes of this Act, including the power to:

- 1 1. Make grants or loans, and to provide other forms of financial assistance as
2 necessary or appropriate, to qualified persons for research, development,
3 marketing, and educational projects, and processes or activities directly related to
4 oil and gas exploration and production industry;
- 5 2. Enter into contracts or agreements to carry out the purposes of this Act, including
6 authority to contract for the administration of the oil and gas research,
7 development, marketing, and educational program;
- 8 3. Keep accurate records of all financial transactions performed under this Act;
- 9 4. Cooperate with any private, local, state, or national commission, organization, or
10 agent, or group and to make contracts and agreements for programs benefiting the
11 oil and gas industry;
- 12 5. Accept donations, grants, contributions, and gifts from any public or private source
13 and deposit such in the oil and gas research fund; and
- 14 6. Make and explore orders, rules, and regulations necessary to effectuate the
15 purposes of this Act.

16 **Oil and gas research council - Governor to appoint.**

- 17 1. The governor shall appoint an oil and gas research council composed of nine
18 members, six of whom must currently be engaged in and have at least five years
19 of active experience in the oil and natural gas exploration and production industry,
20 two of whom must be duly elected members of the legislative assembly, and one
21 of whom must be a royalty owner.
- 22 2. Subject to subsection 7, the terms of office for members of the council are three
23 years but of those first appointed, three serve for one year, three serve for two
24 years, and three serve for three years.
- 25 3. The council shall select its chairman from among its members.
- 26 4. The council shall have at least one regular meeting each year and such additional
27 meetings as the chairman determines necessary at a time and place to be fixed by
28 the chairman. Special meetings must be called by the chairman on written request
29 of any three members. Six members constitute a quorum.
- 30 5. The council shall recommend to the commission the approval of grants, loans, or
31 other financial assistance necessary or appropriate for funding, research,

1 development, marketing, and educational projects or activities and any other
2 matters related to this Act.

3 6. Each member of the council is entitled to receive reimbursement of expenses in
4 performing official duties in amounts provided by law for other state offices.

5 7. A member of the council serves at the pleasure of the governor.

6 **Access to council records.**

7 1. Materials and data submitted to, or made or received by, the council or
8 commission, to the extent that the council determines the materials or data consist
9 of trade secrets or commercial, financial, or proprietary information of individuals or
10 entities applying to or contracting with the council or receiving council services
11 under this Act, are not public records subject to section 44-04-18 and section 6 of
12 article XI of the Constitution of North Dakota, and are subject to section
13 44-04-18.4.

14 2. A person or entity must file a request with the council or commission to have
15 material designated as confidential under subsection 1. The request must contain
16 any information required by the council and must include at least the following:

17 a. A general description of the nature of the information sought to be protected.

18 b. An explanation of why the information derives independent economic value,
19 actual or potential, from not being generally known to other persons.

20 c. An explanation of why the information is not readily ascertainable by proper
21 means by other persons.

22 d. A general description of any person or entity that may obtain economic value
23 from disclosure or use of the information, and how the person or entity may
24 obtain this value.

25 e. A description of the efforts used to maintain the secrecy of the information.

26 3. Any request under subsection 2 is confidential. The council shall examine the
27 request and determine whether the information is relevant to the matter at hand
28 and is a trade secret under the definition in section 47-25.1-01 or 44-04-18.4. If
29 the council determines the information is either not relevant or not a trade secret,
30 the council shall notify the requester and the requester may ask for the return of

1 the information and request within ten days of the notice. If no return is sought, the
2 information and request are a public record.

3 4. The names or identities of independent technical reviewers on any project or
4 program and the names of council members making recommendations are
5 confidential, may not be disclosed by the council, and are not public records
6 subject to section 44-04-18 or section 6 of article XI of the Constitution of North
7 Dakota.

8 **SECTION 2.** A new section to chapter 57-51.1 of the North Dakota Century Code is
9 created and enacted as follows:

10 **Oil and gas research fund - Deposits - Continuing appropriation.** There is
11 established a special fund in the state treasury to be known as the oil and gas research fund.
12 In the 2003-05 biennium, if the estimates for the oil and gas gross production tax and the oil
13 extraction tax in any revenue forecast exceed sixty-five million four hundred fifteen thousand six
14 hundred fifty-nine dollars, the excess, up to two million dollars, must be deposited into a special
15 fund known as the oil and gas research fund as provided in this section. At the end of each
16 calendar quarter, the state treasurer shall transfer three percent of the state's share of the oil
17 and gas gross production tax and the oil extraction tax revenues that have been deposited into
18 the general fund in the previous three months into the oil and gas research fund. When
19 transfers to the oil and gas research fund reach two million dollars in the 2003-05 biennium, no
20 further transfers may be made. If subsequent revenue projections during the the 2003-05
21 biennium reduce the revenue forecast for the oil and gas gross production tax and the oil
22 extraction tax to sixty-five million four hundred fifteen thousand six hundred fifty-nine dollars or
23 less, transfers to the fund shall cease. After the 2003-05 biennium, three percent of the state's
24 share of the oil and gas gross production tax and oil extraction tax revenues that are deposited
25 into the state general fund, up to two million dollars per biennium, must be deposited into the oil
26 and gas research fund. The state treasurer shall transfer into the oil and gas research fund
27 three percent of the state's share of the oil and gas production tax and the oil extraction tax
28 revenues that have been deposited into the general fund for the previous three months. All
29 money deposited in the oil and gas research fund is appropriated as a continuing appropriation
30 to the council to be used for purposes stated in section 1 of this Act.