

**FIRST ENGROSSMENT
with House Amendments**Fifty-ninth
Legislative Assembly
of North Dakota**ENGROSSED SENATE BILL NO. 2170**

Introduced by

Senators Wardner, Lyson, O'Connell

Representatives Froseth, Rennerfeldt, Solberg

1 A BILL for an Act to create and enact a new subsection to section 57-39.2-04 and a new
2 subsection to section 57-40.2-04 of the North Dakota Century Code, relating to a sales and use
3 tax exemption for carbon dioxide used for enhanced recovery of oil or natural gas; to amend
4 and reenact sections 38-08.1-01 and 38-08.1-04.1 of the North Dakota Century Code, relating
5 to definitions and exploration permit requirements to conduct geophysical exploration; and to
6 provide an effective date.

7 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

8 **SECTION 1. AMENDMENT.** Section 38-08.1-01 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **38-08.1-01. Definitions.** As used in this chapter, unless the context requires
11 otherwise:

- 12 1. "Commission" means the industrial commission.
- 13 2. "Geophysical exploration" means any method of obtaining petroleum-related
14 geophysical surveys.
- 15 3. "Operator of the land" means the surface owner or the surface owner's tenant of
16 the land upon or within one-half mile [.80 kilometer] of the land on which
17 geophysical operations are to be conducted.
- 18 4. "Permitting agent" means a person who secures a permit from an operator of the
19 land to conduct geophysical exploration activities.
- 20 5. "Person" means and includes any natural person, corporation, limited liability
21 company, association, partnership, receiver, trustee, executor, administrator,
22 guardian, fiduciary, or other representative of any kind, and includes any
23 department, agency, or instrumentality of the state or of any governmental
24 subdivision thereof.

1 **SECTION 2. AMENDMENT.** Section 38-08.1-04.1 of the North Dakota Century Code
2 is amended and reenacted as follows:

3 **38-08.1-04.1. Exploration permit.**

- 4 1. Upon filing a complete application for permit to explore pursuant to section
5 38-08.1-04, the commission may issue to any person desiring to engage in
6 geophysical exploration a "geophysical exploration permit". A person may not
7 engage in geophysical exploration activities in this state without having first
8 obtained a geophysical exploration permit from the commission.
- 9 2. The permit must show, at a minimum:
- 10 a. The name of the person.
- 11 b. The name and address of the resident agent for service of process.
- 12 c. That an application to engage in geophysical exploration has been duly filed.
- 13 d. That a good and sufficient surety bond has been filed by the person, naming
14 the surety company and giving its address.
- 15 3. The permit must be signed by the director of the commission's oil and gas division
16 or the director's designee. The permit is valid for one year.
- 17 4. Within seven days of initial contact between the permitting agent and the operator
18 of the land, the permitting agent shall provide the operator of the land and each
19 landowner owning land within one-half mile [.80 kilometer] of the land on which
20 geophysical exploration activities are to be conducted a written copy of section
21 38-08.1-04.1 and chapter 38-11.1.
- 22 5. The ~~permitholder~~ permitting agent shall notify the operator of the land at least
23 ~~three~~ seven days ~~prior to~~ before the commencement of any geophysical
24 exploration activity, unless waived by mutual agreement of both parties. The
25 notice must include the approximate time schedule and the location of the planned
26 activity.
- 27 ~~5-~~ 6. The permit or a photostatic copy thereof must be carried at all times by a member
28 of the crew during the period of geophysical exploration and must be exhibited
29 upon demand of the landowner or tenant operator or county or state official.
- 30 ~~6-~~ 7. The permitholder shall notify the county auditor or the auditor's designee at least
31 twenty-four hours, excluding Saturdays and holidays, before the permitholder

1 commences geophysical exploration in the county. Notice must include the
2 approximate time schedule and location of the planned activity.

3 **SECTION 3.** A new subsection to section 57-39.2-04 of the North Dakota Century
4 Code is created and enacted as follows:

5 Gross receipts from sales of carbon dioxide used for enhanced recovery of oil or
6 natural gas.

7 **SECTION 4.** A new subsection to section 57-40.2-04 of the North Dakota Century
8 Code is created and enacted as follows:

9 Gross receipts from sales of carbon dioxide used for enhanced recovery of oil or
10 natural gas.

11 **SECTION 5. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
12 June 30, 2005.