

**FIRST ENGROSSMENT  
with House Amendments  
ENGROSSED SENATE BILL NO. 2134**

Introduced by

Senators Armstrong, Bekkedahl, Unruh

Representatives Bosch, Longmuir, Porter

1 A BILL for an Act to create and enact chapter 61-33.1 of the North Dakota Century Code,  
2 relating to the ownership of mineral rights of land inundated by Pick-Sloan Missouri basin  
3 project dams; to provide appropriations; to provide a contingent line of credit; to provide for  
4 retroactive application; and to declare an emergency.

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

6 **SECTION 1.** Chapter 61-33.1 of the North Dakota Century Code is created and enacted as  
7 follows:

8 **61-33.1-01. Definitions.**

9 For purposes of this chapter, unless the context otherwise requires:

- 10 1. "Corps survey" means the last known survey conducted by the army corps of  
11 engineers in connection with the corps' determination of the amount of land acquired  
12 by the corps for the impoundment of Lake Sakakawea and Lake Oahe, as  
13 supplemented by the supplemental plats created by the branch of cadastral survey of  
14 the United States bureau of land management.
- 15 2. "Historical Missouri riverbed channel" means the Missouri riverbed channel as it  
16 existed upon the closure of the Pick-Sloan Missouri basin project dams, and extends  
17 from the Garrison Dam to the southern border of sections thirty-three and thirty-four,  
18 township one hundred fifty-three north, range one hundred two west, which is the  
19 approximate location of river mile marker one thousand five hundred sixty-five, and  
20 from the South Dakota border to river mile marker one thousand three hundred three.
- 21 3. "Segment" means the individual segment maps contained within the corps survey final  
22 project maps for the Pick-Sloan project dams.
- 23 4. "State phase two survey" means the "Ordinary High Water Mark Survey Task Order #2  
24 Final Technical Report" commissioned by the board of university and school lands.

1        **61-33.1-02. Mineral ownership of land inundated by Pick-Sloan Missouri basin project**  
2 **dams.**

3        The state sovereign land mineral ownership of the riverbed segments inundated by  
4 Pick-Sloan Missouri basin project dams extends only to the historical Missouri riverbed channel  
5 up to the ordinary high-water mark. The state holds no claim or title to any minerals above the  
6 ordinary high-water mark of the historical Missouri riverbed channel inundated by Pick-Sloan  
7 Missouri basin project dams, except for original grant lands acquired by the state under federal  
8 law and any minerals acquired by the state through purchase, foreclosure, or other written  
9 conveyance. Mineral ownership of the riverbed segments inundated by Pick-Sloan Missouri  
10 basin project dams which are located within the exterior boundaries of the Fort Berthold  
11 reservation and Standing Rock Indian reservation is controlled by other law and is excepted  
12 from this section.

13        **61-33.1-03. Determination of the ordinary high-water mark of the historical Missouri**  
14 **riverbed channel.**

- 15        1. The corps survey must be considered the presumptive determination of the ordinary  
16 high-water mark of the historical Missouri riverbed channel, subject only to the review  
17 process under this section and judicial review as provided in this chapter.
- 18        2. Upon the effective date of this Act, the department of mineral resources shall  
19 commence procurement to select a qualified engineering and surveying firm to  
20 conduct a review of the corps survey under this section. The review must be limited to  
21 the corps survey segments from the northern boundary of the Fort Berthold Indian  
22 reservation to the southern border of sections thirty-three and thirty-four, township one  
23 hundred fifty-three north, range one hundred two west. Within ninety days of the first  
24 date of publication of the invitation, the department shall select and approve a firm for  
25 the review. The department may not select or approve a firm that has a conflict of  
26 interest in the outcome of the review, including any firm that has participated in a  
27 survey of the Missouri riverbed for the state or a state agency, or participated as a  
28 party or expert witness in any litigation regarding an assertion by the state of mineral  
29 ownership of the Missouri riverbed.
- 30        3. The selected and approved firm shall review the delineation of the ordinary high-water  
31 mark of the corps survey segments. The review must determine whether clear and

1 convincing evidence establishes that a portion of the corps survey does not  
2 reasonably reflect the ordinary high-water mark of the historical Missouri riverbed  
3 channel under state law. The following parameters, historical data, materials, and  
4 applicable state laws must be considered in the review:

- 5 a. Aerial photography of the historical Missouri riverbed channel existing before the  
6 closure date of the Pick-Sloan project dams;  
7 b. The historical records of the army corps of engineers pertaining to the corps  
8 survey;  
9 c. Army corps of engineers and United States geological survey elevation and  
10 Missouri River flow data;  
11 d. State case law regarding the identification of the point at which the presence of  
12 action of the water is so continuous as to destroy the value of the land for  
13 agricultural purposes, including hay lands. Land where the high and continuous  
14 presence of water has destroyed its value for agricultural purposes, including hay  
15 land, generally must be considered within the ordinary high-water mark. The  
16 value for agricultural purposes is destroyed at the level where significant, major,  
17 and substantial terrestrial vegetation ends or ceases to grow. Lands having  
18 agricultural value capable of growing crops or hay, but not merely intermittent  
19 grazing or location of cattle, generally must be considered above the ordinary  
20 high-water mark; and  
21 e. Subsection 3 of section 61-33-01 and section 47-06-05, which provide all  
22 accretions are presumed to be above the ordinary high-water mark and are not  
23 sovereign lands. Accreted lands may be determined to be within the ordinary  
24 high-water mark of the historical Missouri riverbed channel based on clear and  
25 convincing evidence. Areas of low-lying and flat lands where the ordinary  
26 high-water mark may be impracticable to determine due to inconclusive aerial  
27 photography or inconclusive vegetation analysis must be presumed to be above  
28 the ordinary high-water mark and owned by the riparian landowner.

- 29 4. The firm shall complete the review within six months of entering a contract with the  
30 department of mineral resources. The department may extend the time required to  
31 complete the review if the department deems an extension necessary.

- 1        5. Upon completion of the review, the firm shall provide its findings to the department.  
2        The findings must address each segment of the corps survey the firm reviewed and  
3        must include a recommendation to either maintain or adjust, modify, or correct the  
4        corps survey as the delineation of the ordinary high-water mark for each segment. The  
5        firm may recommend an adjustment, modification, or correction to a segment of the  
6        corps survey only if clear and convincing evidence establishes the corps survey for  
7        that segment does not reasonably reflect the ordinary high-water mark of the historical  
8        Missouri riverbed channel under state law.
- 9        6. The department shall publish notice of the review findings and a public hearing to be  
10       held on the findings. The public must have sixty days after publication of the notice to  
11       submit comments to the department. At the end of the sixty days, the department shall  
12       hold the public hearing on the review.
- 13       7. After the public hearing, the department, in consultation with the firm, shall consider all  
14       public comments, develop a final recommendation on each of the review findings, and  
15       deliver the final recommendations to the industrial commission, which may adopt or  
16       modify the recommendations. The industrial commission may modify a  
17       recommendation from the department only if it finds clear and convincing evidence  
18       from the resources in subsection 3 that the recommendation is substantially  
19       inaccurate. The industrial commission's action on each finding will determine the  
20       delineation of the ordinary high-water mark for the segment of the river addressed by  
21       the finding.

22       **61-33.1-04. Implementation.**

- 23       1. Within six months after the adoption of the final review findings by the industrial  
24       commission:
- 25       a. Any royalty proceeds held by operators attributable to oil and gas mineral tracts  
26       lying entirely above the ordinary high-water mark of the historical Missouri  
27       riverbed channel on both the corps survey and the state phase two survey must  
28       be released to the owners of the tracts, absent a showing of other defects  
29       affecting mineral title; and
- 30       b. Any royalty proceeds held by the board of university and school lands attributable  
31       to oil and gas mineral tracts lying entirely above the ordinary high-water mark of

1           the historical Missouri riverbed channel on both the corps survey and the state  
2           phase two survey must be released to the relevant operators to distribute to the  
3           owners of the tracts, absent a showing of other defects affecting mineral title.

4        2. Upon adoption of the final review findings by the industrial commission:

5           a. The board of university and school lands shall begin to implement any acreage  
6           adjustments, lease bonus and royalty refunds, and payment demands as may be  
7           necessary relating to state-issued oil and gas leases. The board shall complete  
8           the adjustments, refunds, and payment demands within two years after the date  
9           of adoption of the final review findings.

10          b. Operators of oil and gas wells affected by the final review findings immediately  
11          shall begin to implement any acreage and revenue adjustments relating to  
12          state-owned and privately owned oil and gas interests. The operators shall  
13          complete the adjustments within two years after the date of adoption of the  
14          review findings. Any applicable penalties, liability, or interest for late payment of  
15          royalties or revenues from an affected oil or gas well may not begin to accrue  
16          until the end of the two-year deadline. The filing of an action under  
17          section 61-33.1-05 tolls the deadline for any oil and gas well directly affected by  
18          the action challenging the review finding.

19        **61-33.1-05. Actions challenging review findings.**

20        An interested party seeking to bring an action challenging the review findings or  
21        recommendations or the industrial commission actions under this chapter shall commence an  
22        action in district court within two years of the date of adoption of the final review findings by the  
23        industrial commission. The plaintiff bringing an action under this section may challenge only the  
24        final review finding for the section or sections of land in which the plaintiff asserts an interest.  
25        The state and all owners of record of fee or leasehold estates or interests affected by the  
26        finding, recommendation, or industrial commission action challenged in the action under this  
27        section must be joined as parties to the action. A plaintiff or defendant claiming a boundary of  
28        the ordinary high-water mark of the historical Missouri riverbed channel which varies from the  
29        boundary determined under this chapter bears the burden of establishing the variance by clear  
30        and convincing evidence based on evidence of the type required to be considered by the  
31        engineering and surveying firm under subsection 3 of section 61-33.1-03. Notwithstanding any

1 other provision of law, an action brought in district court under this section is the sole remedy for  
2 challenging the final review, recommendations, and determination of the ordinary high-water  
3 mark under this chapter, and preempts any right to rehearing, reconsideration, administrative  
4 appeal, or other form of civil action provided under law.

5 **61-33.1-06. Public domain lands.**

6 Notwithstanding any provision of this chapter to the contrary, the ordinary high-water mark  
7 of the historical Missouri riverbed channel abutting nonpatented public domain lands owned by  
8 the United States must be determined by the branch of cadastral study of the United States  
9 bureau of land management in accordance with federal law.

10 **61-33.1-07. State engineer regulatory jurisdiction.**

11 This chapter does not affect the authority of the state engineer to regulate the historical  
12 Missouri riverbed channel, minerals other than oil and gas, or the waters of the state, provided  
13 the regulation does not affect ownership of oil and gas minerals in and under the riverbed or  
14 lands above the ordinary high-water mark of the historical Missouri riverbed channel inundated  
15 by Pick-Sloan Missouri basin project dams.

16 **SECTION 2. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS**

17 **FUND.** There is appropriated out of any moneys in the strategic investment and improvements  
18 fund in the state treasury, not otherwise appropriated, the sum of \$800,000, or so much of the  
19 sum as may be necessary, to the department of mineral resources for the purpose of  
20 contracting with a qualified engineering and surveying firm to conduct a limited review of the  
21 corps survey under this Act, for the biennium beginning July 1, 2017, and ending June 30, 2019.

22 **SECTION 3. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS**

23 **FUND - CONTINGENT LINE OF CREDIT - MINERAL REVENUE REPAYMENTS.**

- 24 1. There is appropriated out of any moneys held in reserve in the strategic investment  
25 and improvements fund for mineral title disputes, not otherwise appropriated, the sum  
26 of \$100,000,000, or so much of the sum as may be necessary, to the commissioner of  
27 university and school lands for the purpose of mineral revenue repayments, for the  
28 biennium beginning July 1, 2017, and ending June 30, 2019. The funding provided in  
29 this section is considered a one-time funding item.
- 30 2. The funding provided in this section is available for the following:

- 1           a.    Repayment of any bonus, lease, and rent collections that are attributable to oil  
2                    and gas mineral tracts lying entirely above the ordinary high-water mark of the  
3                    historical Missouri riverbed channel on both the corps survey and the state phase  
4                    two survey.
- 5           b.    Repayment of any royalties collected before July 1, 2017, which are attributable  
6                    to oil and gas mineral tracts lying entirely above the ordinary high-water mark of  
7                    the historical Missouri riverbed channel on both the corps survey and the state  
8                    phase two survey.
- 9           c.    Repayment of any royalties collected after June 30, 2017, which are attributable  
10                   to oil and gas mineral tracts lying entirely above the ordinary high-water mark of  
11                   the historical Missouri riverbed channel on both the corps survey and the state  
12                   phase two survey.
- 13          d.    Repayment of any bonus, lease, and rent collections that are attributable to the  
14                   remaining oil and gas mineral tracts requiring repayments.
- 15          e.    Other mineral revenue repayments or other reimbursements that are attributable  
16                   to oil and gas mineral tracts requiring repayments.
- 17          3.    Upon adoption of the final review findings by the industrial commission, the  
18                   commissioner of university and school lands shall calculate the amount necessary for  
19                   mineral revenue repayments based on the final review findings.
- 20          4.    If the commissioner of university and school lands determines additional funding is  
21                   necessary for any remaining mineral revenue repayments after the calculation under  
22                   subsection 3:
  - 23                a.    The commissioner of university and school lands shall request from the  
24                        sixty-sixth legislative assembly additional funding sufficient for any remaining  
25                        mineral revenue repayments.
  - 26                b.    If additional funding is needed before funds being made available by the sixty-  
27                        sixth legislative assembly under subdivision a, the Bank of North Dakota shall  
28                        extend a line of credit, not to exceed \$87,000,000, to the commissioner of  
29                        university and school lands. The commissioner of university and school lands  
30                        may access the line of credit, to the extent necessary, the sum of which is  
31                        appropriated, for the purpose of mineral revenue repayments for the biennium

1 beginning July 1, 2017, and ending June 30, 2019. The commissioner of  
2 university and school lands shall repay the line of credit from funds available in  
3 the strategic investment and improvements fund as appropriated by the  
4 legislative assembly.

5 **SECTION 4. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS**  
6 **FUND - REIMBURSEMENT OF LEGAL EXPENSES.**

- 7 1. There is appropriated out of any moneys held in reserve in the strategic investment  
8 and improvements fund for mineral title disputes, not otherwise appropriated, the sum  
9 of \$750,000, or so much of the sum as may be necessary, to the commissioner of  
10 university and school lands for the purpose of reimbursing legal expenses as provided  
11 in subsection 2, for the biennium beginning July 1, 2017, and ending June 30, 2019.
- 12 2. The commissioner of university and school lands shall use funds appropriated in  
13 subsection 1 to reimburse actual legal and expert fees incurred and requested by any  
14 private mineral owner, or the owner's successors in interest, who reserved the mineral  
15 rights, through deed or condemnation order from the court, when the United States  
16 acquired the owner's property as part of the land acquisitions for Garrison Dam and its  
17 reservoir, Lake Sakakawea, and who filed a lawsuit against the state of North Dakota  
18 after December 31, 2011, but before December 31, 2016, and which lawsuit was  
19 pending as of February 1, 2017, claiming title to reserved mineral rights. The legal and  
20 expert fees may not be reimbursed until the final adjudication, settlement, or other  
21 resolution of the lawsuit for which they were incurred.

22 **SECTION 5. RETROACTIVE APPLICATION.** Section 1 of this Act is retroactive to the date  
23 of closure of the Pick-Sloan Missouri basin project dams. The ordinary high-water mark  
24 determination under this Act is retroactive and applies to all oil and gas wells spud after  
25 January 1, 2006, for purposes of oil and gas mineral and royalty ownership.

26 **SECTION 6. EMERGENCY.** This Act is declared to be an emergency measure.