SB 2217
Testimony

- Greetings to Chair, Vice-Chair, Committee
- Mary Ellen Denomy, CPA, MBA-introduction
- SB 2217 helps clarify the relationship between the oil and gas operator and the mineral owner
- Operators and representatives have expansive knowledge and experience in the oil and gas industry. Normally, a mineral owner does not.
- Leases are normally prepared by the operator.
- Mineral owners normally receive a royalty of 12.5% to 20%, while the operator receives 87.5% to 80% of the income from the minerals.
- Many operators are integrated companies-drill, produce, market, refine and directly sell to consumers.
- SB2217 states that if there is not specific language to allow deductions(other than taxes), none will be allowed. Aligned with ND Board of University School Lands v. Newfield Exploration Supreme Court Case(2019).
- SB2217 helps to define how a price is established to place a value to use for the royalty percentage.
- SB2217 limits the amount of allowed deductions to zeroing out income, not requiring mineral owners to pay the operator.
- SB2217 allows mineral owners to audit complicated information to insure that they are being paid properly: correct value, all volumes, proper taxes and allowed deductions.
- SB2217 provides an avenue for enforcement.