

Testimony in Opposition to

SENATE BILL NO. 2285

Senate Political Subdivisions Committee

February 5, 2021

Chairman Burckhard, Senate Political Subdivisions Committee members, for the record my name is Todd D. Kranda. I am an attorney with the Kelsch Ruff Kranda Nagle & Ludwig Law Firm in Mandan. I appear before you today as a lobbyist on behalf of the North Dakota Petroleum Council (NDPC) to oppose SB 2285 which changes the process for charging fees for an easement entry as shown on an abstract.

NDPC represents more than 650 companies involved in all aspects of the oil and gas industry, including oil and gas production, refining, pipelines, transportation, mineral leasing, consulting, legal work, and oilfield service activities in North Dakota, and has been representing the energy industry since 1952.

SB 2285 changes the standard billing process for abstract work by adding a provision to require that any fee that gets charged for an entry made in an abstract dealing with the existence of an easement on real property be charged to the owner of the easement. Normally, the cost for preparing an abstract and any individual entries that are made for the property that is the subject matter of the abstract is included with the overall cost that is charged for the work in preparing or updating an abstract. That cost for the abstract is and should remain the responsibility of the owner of the property or whoever has requested the preparation of an abstract for the real property.

The change proposed within SB 2285 complicates the process and significantly impacts an easement holder, such as utilities, pipelines etc., by having an extra unanticipated future cost incurred for charges caused by an abstract subsequently being prepared or updated for the real property. The easement holder being charged the abstract entry fee does not have to be and most likely would not be a party to the subsequent

transaction for which the abstract work is being completed.

Also, the easement holder would have already paid reasonable compensation to the property owner for obtaining the easement itself that was created along with any costs for recording the easement documents at the time of the original transaction.

SB 2285 establishes a new and unanticipated cost that is being charged and shifted from the property owner or entity that is requesting an abstract for the subject property. That extra cost should not be pushed off to the easement holder when an owner of property obtains a new or updated abstract for their property.

Furthermore, the proposed modification under SB 2285 is only directed at entries for easement holders which is one of several different types of entries that are made on an abstract. It is simply bad public policy to carve out and unfairly focus on one single type of entry made within an abstract and then assess a subsequent separate charge to the easement holder that is unrelated to any contract or transaction involving the easement holder itself.

In conclusion, NDPC urges your opposition to **SB 2285** and respectfully requests a **Do Not Pass** recommendation. Thank you and I would be happy to try to answer any questions.