



House Bill 1520

Date of Testimony: 2-09-2023

Good morning Chairman Porter and members of the House Energy and Natural Resources Committee. I offer the following for informational purposes only:

Page 2, Line 27—Section 1: Amends 38-08-02 (Definitions)

- Definition of “Operator” doesn’t include pipelines, facilities, or treating plants—why is the definition necessary?

Page 5, Lines 14-21—Section 3: Amends 38-08-06.3 (Information Statement to Royalty Owner)

- The proposed addition prohibits charges for capital costs, overhead, risk, interest, cost of money, rate of return, and prohibits a negative payment.
 - Commission can’t enforce lease terms (contract), therefore should be moved to 47-16-39.1 (Obligation to Pay Royalties – Breach).

Page 5, Lines 26-30—Section 3: Amends 38-08-06.3 (Information Statement to Royalty Owner)

- The proposed addition allows the “court” to award reasonable attorney’s fees and actual damages of no less than \$200.
 - Commission is not a “court” and we should not be awarding attorney’s fees and determining actual damages.

Page 6, Line 31 and Page 7, Lines 1-6—Section 4: Amends 38-08-06.3 (Information Statement)

- Limits deductions and costs to day-to-day operating costs, excluding overhead, risk capital, cost of money, rate of return, and cost adjustments after 3 years of marketing.
 - Commission can’t enforce lease terms (contract), therefore should be moved to 47-16-39.1 (Obligation to Pay Royalties – Breach).

Page 8, Lines 14-15—Section 5: Amends 38-08-06.6 (Ownership Interest Information Statement)

- The Department of Mineral Resources shall make orders and cases searchable by well name and legal description free of charge.
 - Cases are not searchable—they can contain hundreds (some thousands of pages).
 - Cases and orders do not contain well names or all spacing units, therefore this ask is nearly impossible.
- We could modify our website to include well spacing unit available as proposed (Page 8, Lines 11-13), although it is already available to our website subscribers with Basic Service.

Please let us know if you have any questions or comments.

Sincerely,

Bruce E. Hicks

Assistant Director

NDIC-DMR-OGD