



NORTH DAKOTA  
PETROLEUM  
COUNCIL

100 West Broadway, Ste. 200 | P.O. Box 1395 | Bismarck, ND 58501-1395  
701.223.6380 | ndpc@ndoil.org | www.NDOil.org

SB 2194  
3/16/23

**Senate Bill 2194**

**Testimony of Ron Ness**

**House Energy and Natural Resources Committee**

**March 16, 2023**

Chairman Porter and members of the Committee, my name is Ron Ness, president of the North Dakota Petroleum Council (“NDPC”). The North Dakota Petroleum Council represents more than 600 companies in all aspects of the oil and gas industry, including oil and gas production, refining, pipeline, transportation, mineral leasing, consulting, legal work, and oilfield service activities in North Dakota. I appear before you today in support of SB 2194.

The Pipeline Ombudsman Program administered by the Agriculture Department has been a tremendous success. The concept was so successful that it was replicated for wind energy a few years ago when issues with landowners were arising. The funding mechanism for the Ombudsman Program is in the Ag Commissioner’s budget.

Senate Bill 2194 deals with providing resources to mineral and royalty owners who have become frustrated when trying to get clarification and explanation relating to their royalty statements. This conflict has been brewing for several years as gas capture costs and other transportation issues have plagued the Bakken. New and old leases may all differ regarding the ability to withhold transportation and other costs associated with getting the product to market or adding value to the oil or gas produced. The legislature cannot change contracts or resolve individual disputes; that is best left to the courts. However, we can work to provide support and assistance with communication between the parties. Oil operators have turnover just like every other business and often mineral and royalty owners are unable to get to the right contact person or

are unable to acquire the detailed information regarding their royalty statements they expect and should get. That is where the ombudsman can step in and assist.

The Department of Agriculture has a proven track record of success in working with the parties. History has shown that once the agency gets engaged, companies step up their game and seem to do a better job of communicating with land or mineral owners. There are likely more than 150,000 mineral and royalty owners with interests in the Williston Basin. This role might be a big task for the Ag. Dept., but many of us think they are up to the task of tackling another big challenge.

Let's give this a try. I suspect improving communications will be of great benefit to many royalty owners with good questions and frustrations. However, it is also important to recognize that this proposed ombudsman program is not a solution for those who are simply unhappy with their situation or the lease they have signed.

The North Dakota Petroleum Council urges a Do Pass Recommendation for Senate Bill 2194. I would be happy to answer any questions.