

February 16, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2374

Page 1, line 1, after "A BILL" replace the remainder of the bill with " for an Act to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to a postproduction royalty oversight program; and to provide a report to the legislative management.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

Postproduction royalty oversight program - Report.

1. The commissioner shall establish a program providing technical assistance and support to mineral owners, lease owners, and mineral companies relating to royalty payment issues.
2. The commissioner may contract for ombudsmen to be a resource for technical assistance and followup on royalty payment issues.
3. The program may provide technical education, support, and outreach on royalty payment related matters in coordination with other entities.
4. The commissioner may contract with local individuals, deemed trustworthy by the mineral owners, lease owners, and mineral companies, to be ombudsmen. The commissioner is not subject to the provisions of chapter 54-44.4 when contracting for the services of ombudsmen.
5. The names of landowners mineral owners, lease owners, and mineral companies that receive assistance under the program are not subject to section 44-04-18 and section 6 of article XI of the Constitution of North Dakota.
6. The commissioner shall submit expenses related to the implementation of the program to the industrial commission for reimbursement.
7. The ombudsmen may act as a central point of contact on inquiries from mineral owners, lease owners, or mineral companies relating to royalty payment issues. Upon receipt of an inquiry from a mineral or lease owner, the ombudsman shall gather the appropriate information and contact history from the royalty owner and gather the information necessary from the oil and gas operator to connect the parties or determine what information is needed to resolve the inquiry or determine the facts.
8. The ombudsman shall maintain a list of key contacts for each oil and gas operator with active wells in the state, including the name, address, telephone number, and electronic mail address of the individual. A royalty

payor shall verify the accuracy of the payor's key contact information and update the ombudsmen in the event of a change in key contact information.

9. The commissioner shall maintain a royalty owner information website that may include contact information of royalty payors, information on general royalty ownership and the royalty payment process, and frequently asked questions related to royalty issues.
10. By June first of each even-numbered year, the commissioner shall provide a report to the legislative management. The report may include:
 - a. A summary of the nature of the inquiries and resolutions received through the program.
 - b. Timeliness of responses received by ombudsmen from royalty payors.
 - c. Key issues that have been identified as common communication challenges between royalty owners and operators.
 - d. Areas where education and awareness of the oil and gas industry processes relating to royalty payment and royalty statements, division orders, ownership calculation, and title defects and opinions may be useful.
 - e. An assessment on the type, quality, and validity of royalty owner inquiries.
 - f. Any barriers to access to information for royalty owners.

Renumber accordingly