

**1999 SENATE NATURAL RESOURCES**

**SB 2202**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2202

Senate Natural Resources Committee

Conference Committee

Hearing Date January 21, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-4570
1	x		4570-5300
1	x		2550-4780
Committee Clerk Signature <i>Lyla W. Hagen</i>			

Minutes:

SENATOR TRAYNOR opened the hearing on SB 2202. A BILL FOR AN ACT TO PROVIDE FOR THE DISTRIBUTION OF FEDERAL MINERAL ROYALTIES; AND TO AMEND AND REENACT SECTION 15-40.1-13 OF THE NORTH DAKOTA CENTURY CODE, RELATING TO DISTRIBUTION OF FEDERAL MINERAL ROYALTY RECEIPTS.

SENATOR FISCHER called the meeting to order. Senator Traynor excused himself to testify at another hearing, and turned over the gavel to vice-chairman, Senator Fischer.

SENATOR BOWMAN testified that 1/3 of the land in Bowman County is owned by the BLM, the federal government, and that money is distributed totally different than all other monies dealing with oil revenue from our producing counties. 50% of the money goes directly to the federal government and 50% of the money goes to the state general fund. There are two types of lands in western North Dakota, BLM and forest service land. When an area is impacted, you



have a need, and the state has a responsibility to recognize that need. 25% of the royalties, including leasing, rent, or anything that is taken in on forest service land, goes back to the counties automatically. We're asking that the state give back 50% of the state's half, because we are not receiving money to take care of this problem.

DERRELL DIEGEL, representing Continental Resources, explained the process of setting up a well site which includes the abuse of roads and bridges caused by the use of heavy equipment.

DAN BROSZ, consulting engineer, testified on behalf of Bowman County on constructing roads, compared to other counties. Well drilling equipment runs 24 hours per day. More surfacing depth has to be done in this area which increases the cost per mile for repair of roads. Most bridges are handled through federal highway funds.

BOB FREYMILLER, Bowman County road man testified the maintenance expenses have doubled in the last 2 years, and outside blades have been hired to help with these expenses. Oil roads have been turned back to gravel which causes more dust and this has made the taxpayers unhappy. Work has to be done for safety and liability reasons.

JERRY JEFFERS, citizen of Bowman County testified in favor of a DO PASS.

JOE PORTEN, Bowman County Commissioner, testified the eastern part of the county receives very little funding to repair roads because most of the funds go to the oil patch. This is having a major impact on people throughout the whole county.

SENATOR HEITKAMP asked if there are any things that are available to the county commission to help with the road conditions.

JOE PORTEN replied that the oil companies help to repair and maintain roads to the wells in the townships and there is a very good working agreement with the companies.

SENATOR BOWMAN stated that any political subdivision within a county can ask for help from the county, if these funds are disbursed.

VICKY STEINER, ND Ass'n Oil & Gas Producing Counties and Coal-Producing Counties, testified in favor of a DO PASS. (See attached testimony)

DAVID DROVDAL, Representative from District 39, testified in support of a DO PASS.

TERRY TRAYNOR, ND Ass'n of Counties testified in support of the bill. (See attached testimony)

SENATOR BOWMAN stated that this money goes to the counties that have BLM land where there is oil production. What goes back to the counties is based strictly on production of oil on BLM land, and does not come out of the general fund.

ROGER CHINN, County Commissioner from McKenzie County, testified the state has received from 1990-1998, \$31,533,066.00 from BLM LAND. (See attached testimony)

JAMES LUPTAK, Director of Energy Development Impact Office, stated that this office receives money from oil production. This biennium, because of lower oil prices, the amount that will be received will be 3 to 3 1/2 million dollars.

ROD LANDBLOM, Director of Roosevelt Custer Regional Council of Dickinson, testified in support of the bill.

SENATOR FISCHER asked for testimony in support, against, or on a neutral ground. After receiving no response, Senator Fischer closed the hearing on SB2202.

**COMMITTEE ACTION-January 22, 1999-(Tape 1, Side A-Meter# 2550-4780)**

SENATOR BOWMAN presented information regarding revenues received by other counties in the form of mill levies, grants, etc. (See attached information)

SENATOR FREBORG asked that the fiscal note on SB2203 be applied to SB2202.

SENATOR TRAYNOR stated that the underlying language in SB2203 will be incorporated into SB2202 and the fiscal note on SB2203 will apply to SB2202. Section 1 of SB2202 will be eliminated, and Section 1 of SB2203 will take its place. Section 2 of SB2203 will also be incorporated into SB2202. (In other words, all of the language stated in SB2203 replaces the language in SB2202.

SENATOR FREBORG moved that the proposed amendment to SB2202 be adopted, seconded by SENATOR FISCHER. Vote indicated 5 YEAS, 0 NAYS, 1 ABSENT OR NOT VOTING.

A motion for DO PASS AS AMENDED AND REREFERRED TO APPROPRIATIONS COMMITTEE was made by SENATOR FISCHER, seconded by SENATOR CHRISTMANN.

Roll call vote indicated 5 YEAS, 0 NAYS, 1 ABSENT OR NOT VOTING. SENATOR CHRISTMANN volunteered to carry the bill.

# FISCAL NOTE

(Return original and 14 copies)

Bill/Resolution No.: \_\_\_\_\_

Amendment to: Eng. SB 2202-Conf. Comm.

Requested by Legislative Council

Date of Request: 4-13-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

2. State fiscal effect in dollar amounts:

	<b>1997-99 Biennium</b>		<b>1999-2001 Biennium</b>		<b>2001-03 Biennium</b>	
	General Fund	Other Funds	General Fund	Other Funds	General Funds	Other Funds
Revenues			(364,320)		(1,335,840)	
Expenditures						

What, if any, is the effect of this measure on the budget for your agency or department:

- a. For the rest of 1997-99 biennium: \_\_\_\_\_
- b. For the 1999-2001 biennium: \_\_\_\_\_
- c. For the 2001-03 biennium: \_\_\_\_\_

4. County, city, and school district fiscal effect in dollar amounts:

	<b>1997-99 Biennium</b>			<b>1999-2001 Biennium</b>			<b>2001-03 Biennium</b>		
	School			School			School		
	Counties	Cities	Districts	Counties	Cities	Districts	Counties	Cities	Districts

Date Prepared: 4-13-99

Signed: 

Typed Name: Pam Sharp

Department: OMB

Phone No.: 328-4606

**FISCAL NOTE**

(Return original and 10 copies)

Bill/Resolution No.: \_\_\_\_\_ Amendment to: Eng. SB 2202

Requested by Legislative Council \_\_\_\_\_ Date of Request: 3-31-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:** It will take the Treasurer's Office approximately three months to get the information necessary to make each distribution, therefore, even though Engrossed SB 2202 does not provide for a distribution in the 2001-2003 biennium, \$60,720 would be distributed attributable to the 99-01 biennium.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:			(303,600)		(60,720)	
Expenditures:						


3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: \_\_\_\_\_
- b. For the 1999-2001 biennium: \_\_\_\_\_
- c. For the 2001-03 biennium: \_\_\_\_\_

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name Pamela Sharp

Department OMB

Date Prepared: 3/31/99

Phone Number 328-4606

**FISCAL NOTE**

(Return original and 10 copies)

Bill/Resolution No.: \_\_\_\_\_ Amendment to: SB 2202

Requested by Legislative Council \_\_\_\_\_ Date of Request: 1-26-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:			(364,320)		(1,457,280)	
Expenditures:						

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: \_\_\_\_\_  
 b. For the 1999-2001 biennium: \_\_\_\_\_  
 c. For the 2001-03 biennium: \_\_\_\_\_

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
			364,320			1,457,280		

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name Pam Sharp

Department OMB

Phone Number 328-4606

Date Prepared: 1-27-99

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2202 Amendment to: \_\_\_\_\_

Requested by Legislative Council Date of Request: 1-12-99

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

This bill distributes to counties one-half of the monies received by the state under the Minerals Leasing Act of 1920.

- 2. State fiscal effect in dollar amounts:

1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds

Revenues: (2,640,000) (2,640,000)

Expenditures:

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: \_\_\_\_\_
b. For the 1999-2001 biennium: \_\_\_\_\_
c. For the 2001-03 biennium: \_\_\_\_\_

- 4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2,640,000 2,640,000

If additional space is needed, attach a supplemental sheet.

Signed Pam Sharp

Typed Name Pam Sharp

Department OMB

Date Prepared: 1-18-99

Phone Number 328.4606

January 22, 1999

PROPOSED AMENDMENTS TO SENATE BILL NO. 2202

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 15-40.1-13 of the North Dakota Century Code, relating to distribution of mineral royalties to counties and school districts; to provide a continuing appropriation; and to provide an effective date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 15-40.1-13 of the North Dakota Century Code is amended and reenacted as follows:

**15-40.1-13. Receipts from federal funds - Distribution to counties and school districts.** All moneys paid to the state by the secretary of the treasury of the United States under the provisions of an Act of Congress entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain" [Pub. L. 66-146; 41 Stat. 437; 30 U.S.C. 181 et seq.], must be credited to the state general fund and must be distributed only pursuant to ~~the terms of this chapter section.~~ Such

Three months following the calendar quarters ending in March, June, September, and December, the state auditor shall certify to the state treasurer the amount of money the state received during the preceding calendar quarter for royalties under the Act of Congress cited above. The state treasurer shall allocate the percentage of the total moneys received as required by this section among the counties in which the minerals were produced based on the proportion each county's mineral royalty revenue bears to the total mineral royalty revenue received by the state for that calendar quarter. The state treasurer shall pay the amount calculated to each county. The moneys must be used by the counties for planning, construction, and maintenance of public facilities, and the provision of public services.

The percentage of mineral royalty revenues received by the state under the Act of Congress cited above which is to be allocated and paid to the counties under this section is ten percent for collections in 2000, twenty percent for collections in 2001, thirty percent for collections in 2002, forty percent for collections in 2003, and fifty percent for collections in 2004 and thereafter. The funds needed to make the distribution to counties provided for in this section are hereby appropriated on a continuing basis for making these payments.

The balance of all revenue received under the Act of Congress cited above must be distributed only to school districts under this chapter and such moneys must be deemed the first moneys withdrawn or expended from the general fund for state school aid purposes.

**SECTION 2. EFFECTIVE DATE.** This Act is effective for all revenues received under the Act of Congress cited in section 1 of this Act after December 31, 1999."

Renumber accordingly



Date 1-22-99

Roll call vote # 1

Please type or use black pen to complete

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB2202

Senate Natural Resources Committee

Subcommittee on \_\_\_\_\_ (Identify or

Conference Committee \_\_\_\_\_ (check where appropriate)

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Adopt Amendment

Motion Made By Freborg Seconded By Fischer

Senators	Yes	No	Senators	Yes	No
SENATOR TRAYNOR, CHR	✓				
SENATOR FISCHER, VCHR	✓				
SENATOR CHRISTMANN	✓				
SENATOR FREBORG	✓				
SENATOR HEITKAMP					
SENATOR REDLIN	✓				
_____					
_____					
_____					
_____					

Total 5 0  
(Yes) (No)

Absent 1

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

DO NOT USE HIGHLIGHTER ON ANY FORMS

Please type or use  
black pen to complete

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB2202

Senate Natural Resources Committee

Subcommittee on \_\_\_\_\_ (Identify or  
(check where

Conference Committee \_\_\_\_\_ (appropriate

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do pass as amended, and be referred to Appropriations Committee

Motion Made By Fischer

Seconded By Christmann

Senators	Yes	No	Senators	Yes	No
SENATOR TRAYNOR, CHR	✓	_____	_____	_____	_____
SENATOR FISCHER, VCHR	✓	_____	_____	_____	_____
SENATOR CHRISTMANN	✓	_____	_____	_____	_____
SENATOR FREBORG	✓	_____	_____	_____	_____
SENATOR HEITKAMP	_____	_____	_____	_____	_____
SENATOR REDLIN	✓	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total 5 0  
(Yes) (No)

Absent 1

Floor Assignment Christmann

If the vote is on an amendment, briefly indicate intent:

DO NOT USE HIGH PENCIL ON ANY FORMS

**REPORT OF STANDING COMMITTEE**

**SB 2202: Natural Resources Committee (Sen. Traynor, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2202 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 15-40.1-13 of the North Dakota Century Code, relating to distribution of mineral royalties to counties and school districts; to provide a continuing appropriation; and to provide an effective date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 15-40.1-13 of the North Dakota Century Code is amended and reenacted as follows:

**15-40.1-13. Receipts from federal funds - Distribution to counties and school districts.** All moneys paid to the state by the secretary of the treasury of the United States under the provisions of an Act of Congress entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain" [Pub. L. 66-146; 41 Stat. 437; 30 U.S.C. 181 et seq.], must be credited to the state general fund and must be distributed only pursuant to ~~the terms of this chapter section.~~ Such

Three months following the calendar quarters ending in March, June, September, and December, the state auditor shall certify to the state treasurer the amount of money the state received during the preceding calendar quarter for royalties under the Act of Congress cited above. The state treasurer shall allocate the percentage of the total moneys received as required by this section among the counties in which the minerals were produced based on the proportion each county's mineral royalty revenue bears to the total mineral royalty revenue received by the state for that calendar quarter. The state treasurer shall pay the amount calculated to each county. The moneys must be used by the counties for planning, construction, and maintenance of public facilities, and the provision of public services.

The percentage of mineral royalty revenues received by the state under the Act of Congress cited above which is to be allocated and paid to the counties under this section is ten percent for collections in 2000, twenty percent for collections in 2001, thirty percent for collections in 2002, forty percent for collections in 2003, and fifty percent for collections in 2004 and thereafter. The funds needed to make the distribution to counties provided for in this section are hereby appropriated on a continuing basis for making these payments.

The balance of all revenue received under the Act of Congress cited above must be distributed only to school districts under this chapter and such moneys must be deemed the first moneys withdrawn or expended from the general fund for state school aid purposes.

**SECTION 2. EFFECTIVE DATE.** This Act is effective for all revenues received under the Act of Congress cited in section 1 of this Act after December 31, 1999."

Renumber accordingly

**1999 SENATE APPROPRIATIONS**

**SB 2202**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2202

Senate Appropriations Committee

Conference Committee

Hearing Date 2/4/99

Tape Number	Side A	Side B	Meter #
1		x	284-3312
Committee Clerk Signature <i>Georgia Anderson</i>			

Minutes:

**SENATOR NETHING:** Opened the hearing on SB 2202; a BILL for an Act to provide for the distribution of federal mineral royalties; and to amend and reenact section 15-40.1-13 of the North Dakota Century Code, relating to distribution of federal mineral royalty receipts. (tape 1, side B, 284-3312)

**SENATOR BILL BOWMAN:** District 39, and cosponsor of SB 2202 to testify in support of the bill. One-third of Bowman county land is leased through the BLM. Attached is a listing of the royalties received by the state for 1995, 1996, and 1997 (5 pages), as well as a copy of Section 35 of the Mineral Land Leasing Act of 1920, with specific reference to Section 317 of the FLPMA which provides that money paid to any state on or after January 1, 1976, is to be used by the state and its subdivisions "as the legislature of the State may direct giving priority to those subdivisions of the State socially or economically impacted by the development of minerals leased under this Act ... (tape 1, side B, 284-770)

**DERRELL DIEGEL:** Continental Oil Company, to testify in support of SB 2202. His testimony centered around the numbers of heavy truck loads of materials that must travel the roads to prepare and maintain an oil rig site. (tape 790-1075)

**DAN BROSZ:** Consulting Engineer, to testify in support of SB 2202. His testimony included an explanation of the differences between regular and oil field roads, and the differences associated with building and maintaining those two types of roads. (tape 1270-1630)

**BOB FRYMILLER:** County Road Man, to testify in support of SB 2202. He noted road costs have gone up 2.5 times the last few years. Additionally, the roads are becoming unsafe for school busses. (tape 1630-1717)

**BILL \_\_\_\_\_:** Bowman County Commissioner. He presented a map of Bowman County roads showing the number of miles impacted. (tape 1760-1970)

**SENATOR BOWMAN:** Presented a handout of December 1998 outlining those counties affected by this act and the amount requested and received by those counties. (attachment 4).

**SENATOR ROBINSON:** What impact does this phasing in over 5 years have on the fiscal note?

**SENATOR BOWMAN:** For every dollar coming in on BLM, 50 cents comes back to the county. This would be the same formula as forest lands operate under.

**PAM SHARP:** OMB presented an overview of how the budget would be phased in over the next five years with counties receiving 10 percent the first year, 20 percent the second year, etc., until reaching the maximum in 5 years of 50 percent. (tape 2517-2700)

**SENATOR KRAUTER:** How is the fee going to be monitored?

**PAM SHARP:** It would be based on the amount of oil revenues collected.

**SENATOR ROBINSON:** Are you consistent in all counties?

**SENATOR BOWMAN:** Yes, it covers all "oil counties and is based on the number of barrels of oil produced.

**SENATOR GRINDBERG:** What happens if oil prices increase?

**SENATOR BOWMAN:** The state and the counties would all benefit if oil prices increased; likewise they would both suffer if oil prices decreased. It is based on a share of the price of oil.

**SENATOR TALLACKSON:** Is this in the Governor's budget?

**SENATOR BOWMAN:** Yes.

**SENATOR NETHING:** Called for the motion.

**SENATOR ST. AUBYN:** Moved do pass as engrossed.

**SENATOR ROBINSON:** Seconded the motion.

**ROLL CALL: 12 Yeas; 0 Nays; 2 Absent & Not Voting**

**Yeas:** Nething; Naaden; Lindaas; Tallackson; Tomac; Robinson; Krauter; St. Aubyn; Grindberg; Kringstad; Bowman; Andrist;

**Absent & Not Voting:** Solberg; Holmberg

Page 3  
Senate Appropriations Committee  
Bill/Resolution Number SB 2202.lwp  
Hearing Date 2/4/99

**SB 2202 BILL CARRIED**

**CARRIER:** Senator Christman

**SENATOR NETHING:** Closed the hearing on SB 2202. (tape 3312)

Date: 2-4-99  
 Roll Call Vote #: 1

**1999 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2202**

Senate APPROPRIATIONS Committee

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number 90200-0101

Action Taken DO PASS AS ENGROSSED

Motion Made By SENATOR St Aubyn Seconded By SENATOR Robinson

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg					
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg					
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 12 No 0

Absent 2

Floor Assignment SENATOR CHRISTMANN

If the vote is on an amendment, briefly indicate intent:



REPORT OF STANDING COMMITTEE (410)  
February 4, 1999 1:30 p.m.

Module No: SR-23-1932  
Carrier: Christmann  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

SB 2202, as engrossed: Appropriations Committee (Sen. Nething, Chairman)  
recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).  
Engrossed SB 2202 was placed on the Eleventh order on the calendar.

**1999 HOUSE APPROPRIATIONS**

**SB 2202**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2202

House Appropriations Committee

Conference Committee

Hearing Date February 25, 1999

Tape Number	Side A	Side B	Meter #
2	x		37.3-end
2		x	0-30.0
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

**SB 2202 - A bill for an act to provide for the distribution of federal mineral royalties; and to amend and reenact section 15-40.1-13 of the ND Century Code, relating to distribution of federal mineral royalty receipts.**

**CHAIRMAN DALRYMPLE** opened the hearing on SB 2202.

**2A: 37.3 SENATOR BILL BOWMAN** presented the bill. (See attached testimony.)

**2A: 45.4 DERRELL DIEGEL, Continental Resources, Bowman County,** testified in favor of the bill. He discussed the costs of oil drilling, including equipment and road repairs.

**2A: 50.0 BOB FREYMILLER, Bowman County Road Foreman,** testified in favor of the bill. He discussed increasing costs of road maintenance.

**2B: 0.6 EUGENE MILLER, Bowman County Commissioner,** testified in favor of the bill. He discussed the eastern 2/3 of the county roads, and how they have been neglected.

**2B: 3.2 RON BLOCK, President of the ND Association of Oil and Gas Producing Counties,** testified in favor of the bill. (See attached testimony.)

**2B: 4.5 ROGER CHINN, McKenzie County Commissioner,** testified in favor of the bill. (See attached testimony.)

**2B: 7.6 REP. AARSVOLD** asked what the McKenzie county levy amounts to. Mr. Chinn said that it is in excess of 75 mills for county operations.

**2B: 8.3 MARK JOHNSON, ND Association of Counties** testified on behalf of the association in support of the bill. (See attached testimony.)

**2B: 8.9 CHAIRMAN DALRYMPLE** asked about funding in regards to the energy impact office. Mr. Johnson replied that it comes out of the 6 ½ %, from the gross production tax. The money goes to impacted areas only. Rep. Byerly noted that it is a \$5 million appropriation, which is actually closer to \$2.8 million.

**2B: 12.0 JIM LUPTAK, Energy Development Impact Office,** testified in favor of the bill. He said that he received \$12 million worth of application requests, of which Bowman county made up a large part. Even though Bowman county's share was so high, it was not enough to meet their needs.

**2B: 15.9 REP. DAVE DROVDAL,** co-sponsor of the bill, discussed the bill as an equity issue. He noted that even the federal government has made this a priority.

**2B: 20.1 DAN BROSE, Consulting Engineer for Bowman County,** testified as to the heavy traffic in the county as the need for repairs. The costs for repairs are three times as high as in other areas of the state.

**2B: 26.0 CHAIRMAN DALRYMPLE** asked about the coal miners. Pam Sharp, OMB, said that the Mineral Leasing Act of 1920 does not include coal, but is strictly for oil.

**2B: 29.1 CHAIRMAN DALRYMPLE** asked what the collections from these royalties were this biennium. Pam Sharp said that it was \$7 million. Of that, \$2 million was a one-time high audit collection.

**CHAIRMAN DALRYMPLE** closed the hearing for SB 2202.

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2202

~~Senate Government and Veterans Affairs Committee~~

*House Appropriations*

Conference Committee

Hearing Date 2/25/99

Tape Number	Side A	Side B	Meter #
2	X		40.0-End
2		X	0-30.3
Committee Clerk Signature			

Minutes: The hearing was opened on SB 2202. SENATOR BOWMAN, Thank you Mr.

Chairman and members of the house appropriations committee. First of all you probably wonder why the bill is here. In your packet you all find a piece of paper like this. We handed the packets out and everyone I believe is supposed to have been given a packet right. Okay. What is in that packet. The office of the state auditor, is that the one? Right. What's in that packet, well I gave the young lady enough of them and she said she had them all distributed. Any way the purpose of the bill being here is because of what the federal law requires. Last summer when I served as a county commissioner we met with the bureau of land management. They were talking about all the oil production in western ND and especially on BLM land. And after we had that meeting they also talked about how much money we should be getting because of all the oil development on BLM land. And in Bowman county we have approximately 33,000 surface acres which is the green down here on the map. But there's 245,000 subsurface mineral acres

which represents approximately 400 sections and that would be kind of equivalent to all of the yellow on the map. It's that plus a few more sections. About a third of all the oil production in Bowman County is on BLM land. In order to find out how we could get any money or where all the money was going I had to call Washington D.C. because I couldn't get any answers out of Bismarck. I called Senator Merbkowski's office from Alaska, she chairs all of the natural resources committee that has all of the BLM issues. I talked to a gentlemen by the name of Mike and he talked with me and faxed me a copy of the federal statutes and the federal statute reads if you have been impacted as a legislature may direct giving priority those subdivisions of the state that are socially or economically impacted by the development of minerals leased under this act. Now remember this is a mineral act back to 1920. The only way political subdivisions can receive any money is through the legislative process. Well, then you would ask yourself why would the word priority be in that law. And there is a very good reason for that. When you currently lease land, lease minerals, that's a paper transaction. There is some impact and that would be the seismic when they go out and seismograph but it doesn't really have a huge effect on your county roads or township roads until the decision is made to go ahead and drill. And I want you to understand that when that decision is made to drill I'll have a gentlemen here from Continental Oil and I'll let him talk just a little bit about what happens to county roads when that decision is made and what also happens to your township roads, so with that I'll turn it over to Delmar from Continental Oil. Bill, could we ask you a couple of questions? Could you kind of jump ahead and just tell us ahead of time what it is you're trying to get done with this bill? Okay, what this bill will actually do and I'll tell you right up front I worked with Office of Management and Budget all summer on this, so the governor's office was aware of what we're

doing, there's no big surprises to anybody in this. What we actually did is we worked with them to phase this in over a six year period or five years is what they actually come out to. We'll start out at the end of '99 on a 10% increase, 20% increase, 30 , 40 and 50. Now, why did we come up with 50 and that's a very important question and I'll also answer that because we have other types of land in western ND and that's called the National Grasslands. That's a different section of law in the federal statute and they automatically give back 25% of the total royalties to those counties or political subdivisions and I've got a copy of that law here. So, in order to compare apples to apples what this will actually do when we get all done with the 50% of the state's half will be equivalent to 25% of the total royalties. But what we also did, is we gave up the leasings which amounts to 4 to 5 to 6 to 7% of the total amount. We gave that back to the state. So we thought that was a pretty fair deal as far as if you want to get into the fairness issue. We gave up the leasing part, all we are interested in is the money that's generated from the royalties to get back enough so we can meet our county road needs and our township road needs and our schools because the impact money we currently get does not even come close to what we have and that's also in your packet by the way. That's the gist of the bill. Okay, right now it's supposedly going to schools? Right now it goes into the general fund under the section of the schools. They said that is the first money to come out for the schools, but you tell me where general fund money is and how they figure out what the first to the last dollars are. The dollars that are taken out are taken out no matter what. But the after the money is deposited half of it goes to the general fund of the state, the other half goes to the federal government. Every dollar remember that we are gonna be asking for back to our counties and there's like 11 counties that this will affect, is the same dollars that we put in only we're getting half of them back after six years. Okay. Now I

would like to introduce our gentleman to tell you about the huge impact when you have oil production it isn't all profit. My name is Darrel Diegel with Continental Resources, one of the oil companies that was drilling down in the Bowman area. When we move in to do a location, set up for a drill site it takes many heavy equipment to build a location. Approximately 40 loads of heavy trucking for the placing of scoria on the site. Along with each one you have to build a road and it varies from 200 feet to a mile, again you have to put scoria or rock on it and that's again about 40 trucks traveling there on the roads getting it there to the location. A total of about 80 truckloads, heavy loads until we get done with just the location before the rig moves in, drilling rigs move in, there's approximately 56 heavy loads to get the rig and all of the equipment in there. Two heavy cranes just to set it up. Following everything in operation you end up with water trucks about 60 loads traveling in and out. Hauling in dirt is 13 loads, tanks is 5, casing for the wells is 9, hauling drill pipe is 8 loads. Fill trucks is 4 loads. Hauling for horizontal drilling is three loads. Then we have to cement in the casing so you end up with 10 loads of cement that way. After the drilling is completed then we end up having to haul some of the water back out so you got about 30 loads there. Total of about 200 loads per rig. And that's just for one rig and there has been as high as six for our company and others have many others in the same time frame running down there. After the completion of the rigs when we bring in the work over rigs to complete the well you end up setting pumping equipment and heating equipment and then you have to haul the oil and water off of it for each day. So you get shipping pumps and what not. After you have done it you still have many many small vehicles always running the roads for maintenance. You do all the service there. Once the field is drilled out than unitization comes in and you possibly will see the same type of a run where you have to come in and drill more wells

for the secondary recovery. There'll always be roads needing construction and high maintenance, down in that area. While we are operating in that area. The next person who was going to speak couldn't make it. He was our county road engineer who does all the roads but we have BOB BRYMILLER, he's our road maintenance man. He can tell you about what happens to a township or county road when an impact hits like we've had. You get six or seven rigs drilling at the same time in one small area and you got to go through some of those small county roads to get there or township roads. It just absolutely destroys them. To see what it's like as a county roadman when all this happens and the telephone calls you get and the requirements to try and keep these roads up, I'll let Bob tell you about that. Good afternoon, my name is Bob Brymmiller, I work as road foreman for Bowman County. In the past three years Bowman County's road budget has tripled. Our average cost to build these roads for the oil companies is, it takes quite a little more road to stand up under this kind of traffic. We are running about \$80,000 to \$100,000 per mile. So, in the next 8 to 10 years we would like to rebuild 5 to 6 miles a year. **(REMAINDER OF TAPE IS BLANK and I AM NOT ABLE TO FURTHER TRANSCRIBE IT. SORRY)**



## General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 24, 1999			
Tape Number	Side A	B Side	Meter #
1		x	33.4-54.0
Committee Clerk Signature		<i>Roxanne Kohl</i>	

Minutes:

Chairman Dalrymple opened the discussion on Senate Bill 2202.

**1A: 34.0 Chairman Dalrymple** brief explanation of bill.

**1A: 37.1 Rep. Hoffner** asked if all of the revenue will go directly to schools. Rep. Dalrymple referred to lines 4 and 5 that are deemed first withdrawn from the general fund for school aid purposes. Ultimately the effect is to the general fund.

**1A: 39.6 Legislative Council** explanation of fiscal note changes.

**1A: 43.2 Rep. Byerly** commented on dollars in bill. Referred to testimony on federal forest service lands split 25% to county and 25% to state. This bill is an attempt to get to BLM land under the same mix. Fact of the matter is, in the western part of the state where oil is produced - roads are beat up to the point where they are barely passable, infrastructure is taxed to the max, and this is an attempt to some fairness.

**1A: 47.5 Rep. Carlisle** referred to testimony from Bowman county. Thinks the bill has some merit.

General Discussion  
Page 2  
House Appropriations  
March 24, 1999

**1A: 48.3 Rep. Byerly** moved for a DO PASS. Rep. Carlisle 2nd the motion. On a Roll Call Vote the motion carried. 11 voting YES and 9 voting NO.  
Carrier: Rep. Byerly

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2202

~~Senate Natural Resources Committee~~

*House Appropriations*

Conference Committee

Hearing Date March 24, 1999

Tape Number	Side A	Side B	Meter #
Committee Clerk Signature			

Minutes:

**MINUTES FROM HOUSE ON SB2202:** A BILL FOR THE DISTRIBUTION OF FEDERAL MINERAL ROYALTIES.

**MARCH 24, 1999:**

CHAIRMAN DALRYMPLE: SB2202 deals with royalties that are collected by the state from federal lands. According to federal statute it can be dedicated to education and any other public purpose which is impacted by the effect of the oil activity or coal activity. There is a little bit of coal royalties involved in this. The bill, as you recall, gradually over, I believe, over 4 bienniums will shift the funding entirely to the benefit of the counties that are affected, particularly oil counties with road impact, I guess, and that money will no longer be available to the general fund. This biennium is \$364,320.00. The eventual impact when the whole thing kicks in, which

I guess I see now would be 1999-2001, \$2,640,000.00. Before we take any motions, does anybody have questions about how the bill works or anything like that.

Could you explain those numbers again, Mr. Chairman,

CHAIRMAN DALRYMPLE: I'm just looking at the fiscal note and there are two of them which I am confused which is accurate here. The engrossed bill, I believe just graduates the transition a bit longer, right, so that you do eventually, or does it stop at 50%. Allen is nodding.

The engrossed version goes to 50% of the collections and then that's it. I misstated that. The eventual fiscal impact is \$1,457,000.00.

REP. HOFFNER: I'm reading from page 2, line 4 where the balance of all revenue received under this act of congress stated above must be distributed only to school districts under this chapter. I can remember this hearing and I can sympathize with their concern and I think they are delaying the impact but the question I would have is, do all of these monies go directly to schools that would show up in the fiscal note?

CHAIRMAN DALRYMPLE: There is some kind of trick language there on lines 4 and 5. It's monies that are deemed first withdrawn from the general fund for school aid purposes. As you know, there is another billion dollars beyond that so I mean ultimately the effect is just a general effect to the general fund, really.

(Carlson?) So we are assuming that whatever this money is when we put it in the pot, the first money we draw out, whatever amount of money for K-12 is that money.

CHAIRMAN DALRYMPLE?: That would be correct, but we only appropriate a fixed dollar amount so whatever this money contributes releases other dollars for other purposes, so you wind up back in the same place.

REP. MONSON: When I read this, I'm not so sure you weren't right on that fiscal note. I think it does take 50% in 2004 and 2004 is not listed in this fiscal note, so I think there is a little slight of hands here where they only put this fiscal note out for 2 bienniums, this biennium and the next one. There are still going to be further impacts in 2004.

CHAIRMAN DALRYMPLE: Allen, can you help.

ALLEN: I believe in that following biennium, 2003-2005, the impact could be the \$2,640,000.00 which is the 50%, and that would be the amount that they are after.

?)The bill was introduced as half the money so, you do get to this \$2,640,000.00 eventually.

REP. DELZER: I'm trying to remember back from testimony, was there some talk that this has been tested in lawsuits in other states or anything?

?) I don't recall any comment exactly to that effect. I believe that what we are doing now is perfectly acceptable. Senator Bowman I think he leans a bit more into it, perhaps more than we have been reading into it, but I think his interpretation is also legitimate. I don't think that really impacts too much on the situation. With a little more history on this, the oil and gas counties and the coal counties are truly the most impacted by these types of lands, but we do know also that when the negotiations took place years ago on Measure 6, and when the split was determined between the state and counties for oil and gas revenues, that this particular item was taken into account in that compromise. I realize that seems to be a long long time ago, but that is why it has stayed as long as it has in this form.

REP. AARSVOLD: I asked the question of one of the County Commissioners what their local levy is worth and he provided that information to me, and I don't have the information at hand, but my recollection is that they were something less than half than what we are accustomed to

paying when we go east, and a number of those school districts operate at a much lower mill levy than the districts that I represent. It seems to me that there should be some equity of local effort as well in these matters and unless someone can convince me otherwise, I would have difficulty supporting a measure like this.

REP. BYERLY: The money that is talked about in this bill, you have to remember the testimony on federal forest lands that has already slipped 25% to the state and 25% to the counties. This bill is an attempt to get the BLM land under the same mix. I find it very aggravating to listen to some of these arguments. The fact of the matter is that in the western part of the state where this oil is produced, it is as Roger Chinn, one of the County Commissioners from McKenzie County said, our roads are beat up to the point where they are barely passable. This is an attempt at some fairness. I remember certain years when it is wet in the Red River Valley when your roads become impassible, the Highway Dept. rolls out all of the equipment and does all of the work on them and stuff like that, you have got to remember again, when Mr. Chinn was here talking about that one particular road down into the Badlands, it is the only way in and out of an area that is probably as big as the state of Rhode Island, and it is constantly beat up by oil trucks going in and out of that area. Quite frankly, I think I know where this bill is going, but the trouble is is that there has to be some equity. The State of ND has to take either some responsibility to help out those people on those kinds of things, or they shouldn't expect the western part of the state of ND to inject as much oil money into the state's budget as we do. It costs money to get oil out of the ground in the west and right now the counties are absorbing all of that cost and if you have ever been out there in the summer time and especially this time of year in the spring when these roads are all broken up and everything, you will understand why these people were here looking

for some relief. It has nothing to do with what their school mill levy is, or anything else. If you read the bill, it says that the money is to be used for the maintenance of public facilities and provisions of public services. It doesn't say anything about schools. This money is to go and rebuild that infrastructure that for years and years and years, has just been constantly beat to death and these counties out there are scratched to try and pay for the money that seems to be distributed to the entire state.

? Let's get a little back up from the counties here again, tell us again that the oil extraction tax is divided 37%, is it 37%?

REP. BYERLY: I can't recall that from memory how that is divided.

REP. CARLISLE: Just a comment that Rep. Byerly talked about McKenzie Co. (Tape is terrible) I think it has some merit with oil and coal producing counties.

CHAIRMAN DALRYMPLE: I don't think this decision is going to be any easier. What are your wishes?

✓ REP. BYERLY made a motion for a DO PASS. REP. CARLISLE seconded the motion. On a roll call vote, the motion carried. 11 voting YES, 9 voting NO. Carrier: Rep. Byerly.

REP. CARLSON: As this was passed over to the Senate, what number would have been used in our budget reports that we get, would it have been this \$6,000,000.00?

CHAIRMAN DALRYMPLE: It will be the \$364,000.00.

REP. CARLSON: Was it not amended on our side or did it come to us amended? So that number had already been taken into account in the Senate's budget numbers and the reconciliation of the budget?

? Yes, it is in the budget status because it passed the Senate.

## General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 26, 1999			
Tape Number	Side A	B Side	Meter #
2		2,202	37.4-END
Committee Clerk Signature <i>Roxanne Hone</i>			

Minutes:

**2B: 38.8 Rep. Delzer** moved to reconsider action on Senate Bill 2202. Rep. Poolman 2nd the motion.

**2B: 41.4 Rep. Timm** asked if there is way to put a cap on the amount of money. It would be a 10% flat for two years with a sunset clause. Legislative Council explained how an amendment could be drawn up regarding Rep. Timm's concerns. Rep. Delzer moved the motion to amend. Rep. Monson 2nd the motion. On a Voice Vote the motion carried. Rep. Delzer moved for a DO PASS AS AMENDED. Rep. Poolman 2nd the motion. On a Roll Call Vote the motion failed. 8 voting YES, 10 voting NO.

**2B: 48.6 Rep. Carlson** moved for a DO NOT PASS. Rep. Bernstein 2nd the motion. Chairman Dalrymple briefly explained amendments to committee. Rep. Timm and Rep. Carlisle commented to committee to resist Rep. Carlson's motion. On a Roll Call Vote the motion failed. 7 voting YES, 11 voting NO.

**2B: 53.1 Rep. Wentz** moved for a DO PASS AS AMENDED. Rep. Carlisle 2nd the motion. On a Roll Call Vote the motion carried. 12 voting YES, 6 voting NO.  
Carrier: Rep. Byerly



1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2202

~~Senate Political Subdivisions Committee~~

*House Appropriations*

Conference Committee

Hearing Date: MARCH 26, 1999

Tape Number	Side A	Side B	Meter #
2		X	37.4 to end
Committee Clerk Signature <i>B. O. [Signature]</i>			

Minutes:

\* Tape is garbled and can not be heard clearly or accurately

CHAIRMAN: REPRESENTATIVE DELZER

REPRESENTATIVE DELZER: " Mr chairman, I would move that we reconsider action on 2202 and move for a "do pass" on 2202"

CHAIRMAN: REPRESENTATIVE DELZER moves the reconsider our action by which we placed a "do pass" recommendation on SB2202

SECONDED motion by REPRESENTATIVE COLMAN

CHAIRMAN: REPRESENTATIVE DELZER

REPRESENTATIVE DELZER: Mr chairman, I think that we should revisit this. I have far reaching implications out in the future, on future legislatures and we should have more discussion how far out this should go and putting an expiration date on this, I would.

CHAIRMAN: REPRESENTATIVE DELZER, if you are concerned about going upon the coming biennium, would we simply place a period after the numerals 2001 in line 24 page one and then deleting the words that refer to 2002, 2003, 2004. Would that have the desired effect.

REPRESENTATIVE DELZER: Mr chairman, I believe that it would, then get rid of everything on page two of the bill. That would mean that it would come back in the beginning of 2000 and 2001 session, correct?

REPRESENTATIVE CARLISLE: this would have to be brought in front of the legislature again (garbled severely)

REPRESENTATIVE KEMP: I would like to put a cap on that second year to, 2nd year biennium. Is there some way to put a cap on that. I don't know how that could be done, a cap on the amount of money

CHAIRMAN: already capped after 20%

REPRESENTATIVE KEMP: after the first year of the biennium.

CHAIRMAN: so you want a 10% flat then, both years

REPRESENTATIVE KEMP: that would be good, ya!

CHAIRMAN: OK Allen, before we go making a motion here, maybe you should tell us if you want to go 10% flat for two years and then sunset it, what would be the proper motion here?

REPRESENTATIVE CARLISLE: I think then, Mr. Chairman that the motion would be to divide on line 24 of the first page that the 10% requested in 2000 and 2001 and then remove the language beyond that to page two of line two and then end with there after that would be removed then we would pick up after the distribution would be made on a continuing basis, that would stand.

CHAIRMAN: Does the continuing basis mean as the revenues come in, or does it mean, that would mean beyond the biennium would it

REPRESENTATIVE CARLISLE: NO, there is no specific appropriation for this biennium for this amount. It based on revenues that come in and go out to the counties

CHAIRMAN: And then um, you would change the effective date then and terminate it at the end of the biennium.

REPRESENTATIVE CARLISLE: That's right, we would add an expiration date clause

CHAIRMAN: OK, so moved

REPRESENTATIVE CARLISLE: so moved

REPRESENTATIVE DELZER: moves that

CHAIRMAN: REPRESENTATIVE DELZER moves that, is there a second

REPRESENTATIVE MUNDSON: second

CHAIRMAN: seconded by REPRESENTATIVE MUNDSON, any discussion

REPRESENTATIVE CARLSON: what then would be the fiscal note for the upcoming biennium.

CHAIRMAN: I assume it would be reduced by one third, wouldn't it. That would be \$244,000 or something, \$230,00,

REPRESENTATIVE CARLSON: your right

CHAIRMAN: any further discussion? If not, all in favor of that amendment, signify by saying "I",

MOTION: all members said "I" and no opposition to the motion

CHAIRMAN: SENATE BILL is before us as amended

REPRESENTATIVE DELZER: I move the "do pass as amended"

CHAIRMAN: REPRESENTATIVE DELZER moves the do pass as amended, 2202 seconded by SENATOR PULLMAN, any further discussion?

REPRESENTATIVE RILEY: I don't think that REPRESENTATIVE PULLMAN seconded that, I did

CHAIRMAN: Oh, sorry, REPRESENTATIVE RILEY, any further discussion, if not

SENATOR CHRISTMANN:

SENATOR CHRISTMANN: (garbled) bill reconsidered with an amendment

CHAIRMAN: the bill was reconsidered, placed before us, we placed an amendment on the bill, and now we have a motion as "do pass as amended" excuse me, vote on the motion to reconsider.

I think he took a roll vote didn't he, no, OK, I am pretty sure that he did, anyhow

GARBLED DISCUSSION

CHAIRMAN: motion for do pass as amended on 2202

VOTE TAKEN:

✓ MOTION: motion failed

REPRESENTATIVE: bill passed the first time, I don't understand why it failed? It was worth allot more money than it is now. Allot more money!! What was the vote total

✓ CHAIRMAN: 3 yes, ten no

REPRESENTATIVE LLOYD: Mr. Chairman, some of us voted against the bill because we didn't like the amendment.

REPRESENTATIVE: MR. CHAIRMAN, REPRESENTATIVE LLOYD, no we don't have anything, we have a do not pass coming up on the floor

CHAIRMAN: REPRESENTATIVE CARLSON moves for a do-not pass on 2202 and seconded  
by REPRESENTATIVE BENSTIEN

GARBLED DISCUSSION

SENATOR BURNS: we have reduced, now, the amendments that were put on their, that were  
put on

CHAIRMAN: yes the amendments would allow a 10% share for each year of the biennium and  
then sunset the current legislation at the end of the current biennium. And I think that if this bill  
passes, it will be in conference committee and of course the Senate will have the chance to  
discuss the split

SENATOR KEMP: the fiscal amendment is for which biennium

CHAIRMAN: no, just for this biennium

SENATOR KEMP: for \$250,000

CHAIRMAN: that's right

SENATOR KEMP: and originally it was \$354,000

CHAIRMAN: that's right

SENATOR KEMP: and it was, for the second year it was what

CHAIRMAN: \$354,000

SENATOR KEMP: and now its only it's only a total of \$250,000, I don't see what the problem  
is here?? So, I hope that we would vote against SENATOR CARLSON'S motion for a do not  
pass

REPRESENTATIVE: Mr. Chairman, I agree with SENATOR KEMP

~~Senate Political Subdivisions Committee~~

Bill/Resolution Number appropriatons

Hearing Date March 26, 1999

CHAIRMAN: any further discussion, if not, Casey take the tally on the motion of a "do not pass recommendation" ✓

✓ ROLL TAKEN: MOTION FAILS

CHAIRMAN: normally we would send it out without recommendation when this happens, would you like to try another one

✓ REPRESENTATIVE BURNS: Mr. Chairman, I move for a do pass

✓ SECONDED BY REPRESENTATIVE CARLISLE:

CHAIRMAN: REPRESENTATIVE <sup>Bernstein</sup> BURNS moves for the do pass <sup>12-6</sup> recommendation seconded by REPRESENTATIVE CARLISLE, any further discussion

MOTION

CHAIRMAN: if not, Casey will try again

REPRESENTATIVE ? are we back to the original language, amend ended

TAPE ENDED

**\*\*\* TAPE WAS EXTREMELY GARBLED AND VERY DIFFICULT TO**

**UNDERSTAND. NAMES OF SENATORS AND REPRESENTATIVES MAY BE**

**CONFUSED**

Date: 3.24.99  
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2202

House APPROPRIATIONS Committee \_\_\_\_\_

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO PASS

Motion Made By BYERLY Seconded By CARLISLE

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple		✓	Nichols	✓	
Vice-Chairman Byerly	✓		Poolman		✓
Aarsvold		✓	Svedjan		✓
Bernstein		✓	Timm	✓	
Boehm	✓		Tollefson	✓	
Carlson		✓	Wentz		✓
Carlisle	✓				
Delzer	✓				
Gulleson	✓				
Hoffner	✓				
Huether		✓			
Kerzman	✓				
Lloyd	✓				
Monson		✓			

Total (Yes) 11 No 9

Absent 0

Floor Assignment Rep. Byerly

If the vote is on an amendment, briefly indicate intent:

Date: 3-26-99  
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2202

House \_\_\_\_\_ Committee \_\_\_\_\_

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DP as amended

Motion Made By DELZER Seconded By BYERLY

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple		✓	Nichols		
Vice-Chairman Byerly	✓		Poolman		✓
Aarsvold		✓	Svedjan		✓
Bernstein		✓	Timm	✓	
Boehm	✓		Tollefson	✓	
Carlson		✓	Wentz		✓
Carlisle	✓				
Delzer	✓				
Gulleson					
Hoffner	✓				
Huether		✓			
Kerzman	✓				
Lloyd		✓			
Monson		✓			

Total (Yes) 8 No 10

Absent 2

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

FAILED



Date: 3-26-99  
 Roll Call Vote #: 2

**1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2202**

House APPROPRIATIONS Committee \_\_\_\_\_

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DO NOT PASS

Motion Made By CARLSON Seconded By BERNSTEIN

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	X		Nichols		
Vice-Chairman Byerly		X	Poolman	X	
Aarsvold		X	Svedjan	<del>X</del>	X
Bernstein	X		Timm		X
Boehm		X	Tollefson		X
Carlson	X		Wentz		X
Carlisle		X			
Delzer		X			
Gulleson					
Hoffner		X			
Huether	X				
Kerzman		X			
Lloyd	X				
Monson	X				

Total (Yes) 7 No 11

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent: FAILS

VR  
3/29/99

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2202 APP 3-29-99

Page 1, line 3, remove "and" and after "date" insert "; and to provide an expiration date"

Page 1, line 24, replace ". twenty percent for collections in" with "and for the first two quarters of" and remove ". thirty percent for"

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2202 APP 3-29-99

Page 2, remove line 1

Page 2, line 2, remove "and thereafter"

Page 2, after line 8, insert:

**"SECTION 3. EXPIRATION DATE.** This Act is effective through June 30, 2001, and after that date is ineffective."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

HOUSE - This amendment discontinues the mineral royalty payments to counties provided for in this bill on June 30, 2001, and reduces the county percentage allocation of collections during the first two quarters of the year 2000 from 20 percent to 10 percent.

Date: 3-26-99  
Roll Call Vote #: 3

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2202

House Appropriations Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number 90200.0201

Action Taken DO PASS AS Amended

Motion Made By Wentz Seconded By Carlisle

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple		X	Nichols		
Vice-Chairman Byerly	X		Poolman		X
Aarsvold	X		Svedjan	X	
Bernstein		X	Timm	X	
Boehm	X		Tollefson	X	
Carlson		X	Wentz	X	
Carlisle	X				
Delzer	X				
Gulleson					
Hoffner	X				
Huether	X				
Kerzman	X				
Lloyd		X			
Monson		X			

Total (Yes) 12 No 6

Absent \_\_\_\_\_

Floor Assignment BYERLY

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

SB 2202, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (12 YEAS, 6 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2202 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "and" and after "date" insert "; and to provide an expiration date"

Page 1, line 24, replace ", twenty percent for collections in" with "and for the first two quarters of" and remove ", thirty percent for"

Page 2, remove line 1

Page 2, line 2, remove "and thereafter"

Page 2, after line 8, insert:

**"SECTION 3. EXPIRATION DATE.** This Act is effective through June 30, 2001, and after that date is ineffective."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

HOUSE - This amendment discontinues the mineral royalty payments to counties provided for in this bill on June 30, 2001, and reduces the county percentage allocation of collections during the first two quarters of the year 2000 from 20 percent to 10 percent.

**1999 SENATE NATURAL RESOURCES**

**SB 2202**

**CONFERENCE COMMITTEE**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2202

Senate Natural Resources Committee

Conference Committee

Hearing Date April 6, 1999

Tape Number	Side A	Side B	Meter #
04/06/99 1	x		0-2760
04/07/99 1	x		0-1450
04/08/99 1	x		0-1760
04/09/99 1	x		0-815
04/12/99 1	x		0-1130
04/12/99 1		x	0-225
Committee Clerk Signature <i>Sylvia A. Ziegen</i>			

Minutes:

**CONFERENCE COMMITTEE:**

SENATOR CHRISTMANN opened the conference committee on SB2202 with all members present: RELATING TO DISTRIBUTION OF MINERAL ROYALTIES.

SENATOR CHRISTMANN asked for an explanation of the House arriving at their amendments.

REP. CARLSON: We had several concerns. Obviously, the projection of general funds resources is one of them. As we looked at the bill and saw that it, as you read the years that the percentage changes, it starts out at 10%, then it goes to 20% in 2001, 30% in 2002, 40% in 2003, and it stops at 50% in 2004 and thereafter. Our thought was that we would like to do something with money in this area, but that we were not ready at this point in time to buy into the whole concept of going all the way up to 50% and so we arrived at a number and we wanted to revisit at

the end of the biennium to see how successful the program was, how the money has worked or not worked and then re-address the issue at that point in time. That was the logic behind our decision as we went through it. It is not that we didn't think that there was some merit to the parts of the bill that were there, we were not comfortable with the formula and how the money was increasing, and I guess the fiscal note scared us so we ended up looking at the next biennium of being 1.457 million dollars. We decided to go with a number, and I believe that the current fiscal note here ends up at \$250,000. I don't see that exact number anyplace.

SENATOR CHRISTMANN: Without the House minutes, I don't have a fiscal note on it either, but it seems like it would be.

REP. CARLSON: Didn't it end up at about \$250,000?

PAM SHARP: \$303,000.

REP. CARLSON: That's what the percentage works out to, \$303,000. I'm glad you came down. That is where we ended up. OMB says \$303,000. I think the original fiscal note was for \$364,320 for the year 1999-2001.

SENATOR BOWMAN: It is based on production.

SENATOR CHRISTMANN: That seems to figure about right. I thought it was going to be about \$250,000.

SENATOR HEITKAMP: It goes down daily, doesn't it?

SENATOR BOWMAN: Yes, it is all based on production.

SENATOR CHRISTMANN: It can vary a great deal. On the House side, did you ever look at the original bill as it was proposed, the engrossment, I don't know how your hearing process went.

REP. CARLSON: It was explained to us how it was originally introduced. Sen. Bowman did explain to us the evolution of the whole thing, so we did have somewhat of an understanding where it was going.

SENATOR CHRISTMANN: Senator Bowman would you explain how you came to the original proposal.

SENATOR BOWMAN: This all started out with a meeting with the Bureau of Land Management people meeting with the county in Bowman and telling us how rich our county was getting with all of the oil production and the huge increase in oil production. We knew our county road budget had skyrocketed from a little over \$500,000 a year to 1.7 million dollars. We were in dire need of buying equipment and trying to keep up with this. I looked at the other 2 county commissioners and I said where is our money from the BLM share of this and they had no idea, and neither did I. I said well let me look into this, if we are supposed to be getting this money, where is it at. I called Sen. Dorgan and Sen. Conrad in Washington and I never got an immediate response and it was kind of imperative that we did, so I called another senator up and he sent me a copy of the federal law. The federal law which I included in my testimony says "as the legislature of the State may give direct giving priority to those subdivisions of the State that are socially or economically impacted by the development of minerals leased under this Act." There is a cost incurred to the counties when you develop minerals on federal lands. It took quite a while before I could understand why they would put the word priority in federal statute. I am dealing with a guy now that works with all of the BLM issues at the federal level, Mike is his name, and we were in correspondence on this. The way I read this, there is a very good reason for this word (priority) in federal statute, because if there is no development of minerals, then



there is no impact to those counties, so the State has really no obligation to look at that until there is an impact. Now that impact starts once they decide to drill oil because the rigs start to come over your county and township roads going over the Badlands and there is definitely an impact. So what does the State get out of it. Once development is there, the State gets 50% of the royalties and the federal government gets 50% of the royalties. The counties get zilch. I asked how can that be? It has never been asked for before from the reseach I could find from any legislator. So, for 20 some years we have been producing oil basically giving the federal government and the State 50% at the county's expense. Now, why wouldn't the counties know that, because they also have other federal lands and they have other state lands and other lands where they are producing oil on. They are getting revenues coming in, but when almost a third of all your oil production is on BLM land, you are giving a tremendous amount of wealth to someone else at 100% of our expense and there was really 2 options. Option 1 was doing what we are doing today, recognizing that there is a problem recognizing that there is a need. Option 2 is going to the state court system and proving in court that we have got a big problem and we have to get some money to pay our expenses. I opt this route. I also went, after I started researching this, I went directly to Rod Backman's office and told him there is a major impact to our counties and I was going to put in a bill and bring half of that revenue back to our counties. The question then is why would you bring half of the revenue back? There is a very good reason because this federal statute that deals with our other federal lands, that is exactly what they pay us. This is the statute that gives 25% of the total royalties, including leases, including rent, including all of that on your national grasslands where you have oil production. To make it parallel, so we are not asking for 1 cent more, we thought this was a good approach. When I

visited with Rod, Rod said that is a fairly big impact, could we phase that in. I said, yes, I will talk to the commissioners about it, but I said I want to put in a bill that starts immediately. Rod said we would like to put in a bill that would phase us in. I said I'd sponsor both bills so I could keep them in track. The amendments that were put on the original bill were the amendments drafted by OMB so that we could work this into the budget and not make a huge dent in the budget and take away the monies. That is how this came about. There was a lot of work done working with the oil-producing counties, making sure that we were all on track with this. We got the support of everyone we worked with. There is one thing you have to remember that we did, that we didn't want to do, over and above phasing this in over the 6 years, we gave up all of the lease money on that land. We are only talking about the royalties now, not the leases, if this on our federal lands, we get the lease money included in that. We thought we gave a lot by phasing this in over 6 years, plus giving up the lease money that is collected off of that land to keep the general fund balance stronger than what it is. How do we all benefit from this? This is all very simple. After 6 years, we had better pray that we get a lot of money because every dollar we get, the State gets a dollar. It compliments each other, but it can't break the State, because if the level goes down, every dollar the State loses, we lose a dollar. It just stays parallel with production and this is by far the fairest way that we could figure out how to do this because you are not hurting the general fund balance, or you are not hurting the county fund balance, we are all hurting together at the same time, we are all benefiting together at the same time. You have to understand those counties out there, their costs don't go down when production goes down. Their road maintenance has to be there every single day, every day of the year, because we are hauling water, oil, and the county has an expense that has incurred. Almost 1/3 of it is directly

related to BLM land and we have no income, so we think phasing this in like we did working with the State was the most prudent way to do it and we would hope that you would consider that.

SENATOR CHRISTMANN: You hit on a couple of the points, one of them being that already the counties are agreeing to not ask for a 50% share of the rents and bonuses. It is important to emphasize in this process of the fiscal note of \$364,000 that the Senate passed it originally for this biennium, but that is not a draw down from the Governor's original budget that we began at the starting point on the budget process. This was considered into the Governor's passing of this bill, what is considered into the Governor's original budget.

SEN. BOWMAN: It was in the original budget when we came forward.

SENATOR CHRISTMANN: That was something you had worked out with him on not your original bill, but the version that the Senate ultimately passed with the 5-year phase and you did the leg work and he built into his budget on the assumption that this was passed.

? Where would I find that in the Governor's budget?

PAM SHARP: Under the extraction from mineral resources.

REP. CARLSON: My recollection was that this was on top of the budget numbers, it was not explained to us that it was built into the budget. Am I wrong on this?

REP. AARSVOLD: I don't recall that this was ever discussed in the hearing in the House.

SENATOR BOWMAN: It was at the testimony because you were at the testimony in the House, Pam, when I brought this up and said this was in the Governor's budget, because I thought that was really important that the House knew that I worked all summer with the Governor's office to

make sure that this was done right. They could look at the alternative and decide that this was the best plan for the State and we could work with that plan.

REP. AARSVOLD: What portion of your county's budget is funded with energy resources?

SENATOR BOWMAN: I don't have the total budget but I can tell you that the amount of money that the impact share that we got last year was \$461,000. When you have 1.7 million dollar budget just for roads, that doesn't go very far. This is not BLM, this is other oil revenues.

REP. AARSVOLD: That includes leasing and royalty payments to the county?

SENATOR BOWMAN: You don't get any leasing on BLM land at all.

SENATOR CHRISTMANN: For clarification, counties get half of the leasing and rents on other types of federal land like the national grasslands. On this there is nothing. Even under this proposal, there still would be nothing from the rents and bonuses.

REP. CARLSON: Where does this money normally go? Is it targeted for anything.

PAM SHARP: It goes directly into the general fund. There is a statute that says the first money out goes for education.

SENATOR BOWMAN: What difference does it make on education if it is 1.7 million or 1.6 million, the 1.6 million is coming out of general funds, regardless of whether it is the first dollar or the last dollar. That is a mute subject because you are going to find general fund dollars for education at a certain level. Who can pick and choose what dollars that was out of the general fund.

SENATOR CHRISTMANN: It is not a separate fund like a dollar of your registration fee or gas tax goes into the DOT for transportation, does not go into a pool for education, but the first general fund money goes for education.

REP. CARLSON: If 7 million dollars goes in, the first 7 million that comes out goes for education. Is that correct? Can we live with this formula and go into the next bienniums, or can't we. When you look at it, where \$303,000 or \$364,000, it is more the concept are we willing to go into the next biennium or not. I'm not willing to do that. I'm not adverse to going the \$364,000 like the bill says, but I would still prefer it that this issue be dealt with again the next biennium.

SENATOR CHRISTMANN: I would tend to agree that no matter what we do here, unless it is constitutional amendments, they all will be, if there is dramatic turnaround through some reason that we are pumping so much oil that we can't get the money spent fast enough, the Legislature can address it at that time. It can also be adjusted backward. I think one of the big problems the counties have when a group of county commissioners are looking at their budget for the next few years, they can't build a whole set of roads up to a new fresh oil exploration area based on just a year or two. That is a long-term project, they can't even lease or purchase their road equipment based on just a year or two. Even though anything we do, it is subject to change in the future if conditions change dramatically, that is why we felt on the Senate side when we had our hearings, that it was important to build this into the future so there is some stability and some idea of what to expect for the mineral-producing counties.

SENATOR BOWMAN: When has this state recognized any oil-producing county's needs since we have developed oil in ND. Can you remember any bill that has ever addressed any county needs from an oil-producing county, ever, other than to take from us.

REP. CARLSON: I have no problem going back to the number you had for the biennium. I probably could even buy into the fact that we tie that number in the next biennium and you want

to come back and deal with more and go through the whole process and justify it. I can probably live with that, but to lock it in at a number that continually raises when we have no idea what is going to happen, not only to the population base, the oil base, or anything that is happening out there, I have trouble with that. It isn't that we don't acknowledge that there are costs that go with it, that is not the point.

SENATOR CHRISTMANN: I think that continually raises is not quite accurate, it raises until it meets the 50% mark which is where the grassland type minerals are distributed. If you actually look at who these minerals belong to, and who is selling them, it is actually the federal government. We sometimes look at the federal government as kind of an evil big brother, but the fact is we don't go to them and justify each year and each biennium, that we would like them to share 50% of their revenues with the State because we have a lot of impact here in ND from the taking of minerals. They put this into effect many years ago and in presumably many years to come, the State should deal with counties, the way we expect the federal government to deal with us as a State.

REP. AARSVOLD: Why are these BLM properties being handled differently than other federal properties, but the transition troubles me, and if there is some way we could minimize the impact on the general fund, I would appreciate that kind of compromise position. I think that what you have said is worthy of consideration and adjustment. The pace at which we do that has become a concern of mine.

SENATOR BOWMAN: If we had accepted the top dollar and gone on immediately. We are all grabbing for these precious general fund dollars, and we felt if we phased it in, there would be less of a burden on the general fund and we could all live with that.

SENATOR CHRISTMANN: This does not start immediately, the first 6 months of the biennium remain as they have been with the state absorbing their entire share of the minerals.

SENATOR BOWMAN: There a people that own the minerals that don't live out there. When it comes to living out there and you own nothing, it is difficult for those people because they get the rock chips, rough roads, all of the traffic and the safety for the people that actually work there is terrible.

SENATOR CHRISTMANN: It is difficult for the counties to enforce load restrictions, too.

REP. CARLSON: I move that we adjourn because we are not able to make a decision on this today. We are willing to continue the dialogue amongst our group.

REP. CARLSON moved for adjournment, seconded by SENATOR HEITKAMP.

SENATOR CHRISTMANN closed the hearing.

**CONFERENCE COMMITTEE: 04/07/99, Tape 1, Meter# 0-1450:**

SENATOR CHRISTMANN opened the hearing on SB2202 with all committee members present.

REP. CARLSON: Pam came down and gave us the information that shows that OMB has reduced the revenue side by the \$364,000 to \$320,000 so we are comfortable that number has been covered in the budgeting process and is not in fact new general fund dollars, so from that side of the issue we are comfortable.

SENATOR CHRISTMANN: Under the bill as it passed the Senate for the 2001-2003 biennium, the fiscal impact, I think there is a bit of an error in there, instead of 1,457,000, it would be 1,335,840.

REP. CARLSON: Our amendments would have said 10% for the collections in 2000 and for the first 2 quarters of 2001. That is where our number came up with \$303,000 by using those as dates certain, so the bill still stands with our amendments on it and you are not concurring? Have you changed your mind?

SENATOR CHRISTMANN: Figures are correct but we are not concurring. From yesterday's meeting I thought it was kind of your feelings that you were sort of leaning in agreement about the first biennium that the 20% figure should stand in bringing the total to the biennium of \$364,000 so I focused in on 2001-2003 biennium thereafter. Is that where you are still at on the upcoming 1999-2001 biennium.

REP. CARLSON: I would be willing to make a motion if one is in order.

SENATOR CHRISTMANN: We would like to discuss a little further the thereafter part and find out where you are at. As we discussed yesterday, there is a lot of expense to these counties who need to do some financial planning for more than a year or two. They can keep pouring money into the farm to market roads and pretend like its a few farmers and ranchers who are using it and then have trucks ripping back and forth and destroying them weekly before they can plan for the future and spend a good amount of money and build things up so they will last, but they need to know they are going to get money for a little farther beyond. So before we take motions, I would like to hear your thoughts on the second biennium and on down the road.

REP. POOLMAN: I think there is a feeling in the House that we will go along with the first biennium and revisit the issue, so that way before losing revenues to the State general fund we can see where the new projections are going to be for the next biennium. If the farm economy and the oil prices come back, and the revenues picture looks a little better, we can go put that



ducktail back in. At this point in time, many in the House feel that to commit for a ducktail on this particular bill, would be prudent.

SENATOR BOWMAN: The ducktail was created with working with OMB on trying to work out a formula. We are not dealing with state land, we are dealing with federal land and federal statutes, so the law requires the State to recognize the impact to the counties and the only comparison that we can compare the impact to is other federal lands. That is where we came up with the formula to phase this in over the bienniums so that it wasn't such a major impact but recognizing the federal statute and recognizing what they do with other federal lands. That is why this formula came about and I thought it was a very fair formula because it lets OMB phase this in and the general fund dollars that come into this fund, every dollar of that comes from this land. It is not other dollars that we are talking about, it's only dollars that are generated from the royalties off this land. We gave back to the State all of the leases on that land as a compromise. The oil-producing counties gave up and I think its around a 6th or an 8th of the total amount and it boils down to something like that, we gave back to the State. We felt that was a big compromise. On the other federal lands we didn't have to compromise that. That automatically goes back to the counties so we felt the phasing in process was the very best process we could ask the State to look at and thought that was an awfully good compromise.

REP. CARLSON: None of the issues have changed, but you have to realize that we are American citizens as well. You are fortunate enough that the oil is in your county, but that land is owned by all of us. We have a stake in this. We don't drive over our road to get it, but it is still the US of America that owns the land, so we understand it is everybody's. That is why there is a disagreement about how you spend this because we as the citizens of US and ND said we are

getting royalties off of this and this is going to benefit all of the citizens of the State. I don't disagree that it should benefit your area more, because of the damage done to the roads, what we are not agreeing upon is how long we extend that out. There is money that should be split with all of us because we all own that land and the oil is under all of our land. We have used that theory in most everything we do.

SENATOR CHRISTMANN: The way I see it is the minerals we are dealing with here don't belong to us anymore than it belongs to someone in another state. These minerals belong exclusively to people of the US of America and it is the federal policy that they recognize as the impact when they share half of this with ND.

REP. CARLSON: It is my contention it gets shared many ways, whether it be in classrooms, or other roads across the state, or whatever things the general fund takes care of.

SENATOR BOWMAN: The other avenue is to request that money from the federal government. Part of that 25% or 50% that they get, see, that is the other avenue the State has a right to go after. If we feel like giving the oil-producing counties the money to meet their needs, and we are shortchanged as a state, our avenue then as a state is to take the same thing to Washington, D.C. and ask Congress to give us a little more of their 50%. That is the other half of the formula. It's quite clear in law the State has a responsibility to our political subdivisions and we are supposed to be given priority and now for 30 years of production, we haven't one dime of priority. We have been left out completely. We have been neglecting a lot of roads in the county at the expense of this production on this land and we can't catch up. This little amount of money we are talking about at this rate, it doesn't go very far for building roads.

REP. AARSVOLD: There were 2 bills filed and the language was virtually identical, SB2202 and SB2203. Why do we have those 2 filings.

SENATOR BOWMAN: The first bill, SB2202 originally was to trigger the half immediately. The only difference was that OMB wanted to work this out over the 6 years and this became the 2nd bill. They recognized me and the law and said they would like to compromise with me to consider this. After the hearing we compromised with OMB to set this up for 6 years so OMB could work with this impact and those dollars and they worked this in just like they did with this biennium. They recognized that there was a need and what the federal law was and the alternative to this. We gave the State all of the lease money in OMB compromise.

REP. CARLSON: I would like to make a motion that we dissolve this conference committee because I don't believe Rep. Poolman and I are willing to go the direction you are headed and I am also uncomfortable with the fact that I have never been on a conference committee before where 2 of the sponsors of the bill are on the conference committee. I don't think that is a good ix to try and get a final resolution. I move that we move the conference committee and go forward and have new ones appointed. Senator Bowman is very strong in his convictions and I think it is going to take an independent group of people to do that.

SENATOR CHRISTMANN: I think this is an important issue and we should think about it more over night.

Roll call vote to dissolve the conference committee indicated: 3 NAYS, Christmann; Bowman; Heitkamp. 3 YEAS, Carlson; Poolman; Aarsvold.

SENATOR CHRISTMANN: The motion failed.

SENATOR POOLMAN: I move we adjourn, and Sen. Christmann adjourned the meeting.

**CONFERENCE COMMITTEE, April 8, 1999, Tape 1, Side A, Meter# 0-1760**

SENATOR CHRISTMANN opened the conference committee hearing on SB2202: All committee members were present.

SENATOR BOWMAN: There's more to this bill than roads. It's your political subdivisions and that's in federal statute. That's your schools that are impacted, hospitals and ambulances, police to patrol roads due to traffic increase.

SENATOR HEITKAMP: Has anyone come up with any compromised position?

REP. CARLSON: We haven't changed our thoughts much. We have never argued about the worth of the bill.

REP. AARSVOLD: We would like to consistency in the manner in which those federal royalties and leases are allocated back to the subdivisions. It was our conclusion that we should graduate the process to full reimbursement of 25% or half of the State's share of the process, so I would be agreeable to some plan that would put that in code and graduate that to eventual full reimbursement and would open to any negotiations as far as how long that should be.

SENATOR BOWMAN: I would like to see that because that does give a different focus when you know that in code that we have a goal that we can work towards.

REP. AARSVOLD: My concern is the pace at which we achieve this ultimate full distribution of the 1/2 of the State's share back to the local subdivisions. I don't have numbers here to offer but I'm sure that Pam Sharp could provide those for us. We need to spend a little bit of time drafting these numbers that I can be content with and perhaps discuss my leadership.

SENATOR CHRISTMANN: Closed the hearing.

**CONFERENCE COMMITTEE, April 9, 1999, Tape 1, Side A, Meter# 0-815**

SENATOR CHRISTMANN opened the conference committee hearing on SB2202 with all members present.

SENATOR BOWMAN presented amendments and explained he took off the last year completely, we only went up to the 4th year, 40%, so we save the State 10%. I included all royalties and revenues, but if a county has a big impact and they can show that the general fund balance has increased by 25% over their last year of production, then that particular county would go up to the 40%. When we talk only with your language in spreading this over the 7 years, I can accept that also. If we gave up the 10%, maybe we could have a mechanism that would trigger this if anything happens in the next 4 years to a county. On the original bill, nothing changes with the phase in problem, except when it gets up to the 50%, page 2, line 1 (see attached proposed amendment), in other words, it all stops at 40%. We are giving up the 40% and what we are getting in return for giving up that 10% for as long as we have oil production, what we have done is allow part of the revenues that come in from the leases. But, if there is a big hit to a county, and they have shown an increase in production, like 25%, the language should be, "However, if a county's revenues to the general fund increases by 25% on any given year, the county percentage for the increase in mineral revenues will be paid to the counties under this section at the 40% for collections of the next calendar quarter and thereafter." The dollar figures, approximately, and because of our commitment to this first year's budget, it would amount to about \$32,000 more if the production is the same as it was when this was figured months ago. What I am willing to do with this particular part of this is to exclude that if we have to make this work so we are not going to hit the general fund one more dollar than what we ask for for this very first part of it.

REP. AARSVOLD: These are side by side comparisons that Pam Sharp put together and you will note as you compare Scenario #1 and Scenario #2, the numbers and the sequence of those numbers does not change. For the sake of ease, I would prefer that we look at Scenario #2. (See attached Scenarios)

SENATOR BOWMAN: As far as your amendments, I can support them if you would consider the language for any county that would have a big hit, and that would trigger that up to the 50% because that is very critical.

REP. AARSVOLD: The concern I have has to do with potential litigation that a county might bring against the State, whether it be for previous years, higher payments into the future, and I think the plan that we have looked at here suggests some permanency and predictability that I think is important.

SENATOR CHRISTMANN closed the hearing.

**CONFERENCE COMMITTEE, April 12, 1999, Tape 1, Side A, Meter# 0-1130**

SENATOR CHRISTMANN opened the conference committee hearing on SB2202 with all members present.

PAM SHARP, OMB submitted a scenario which included the fiscal effects of Rep. Aarsvold, 2nd column effects that passed the Senate and 3rd column contained Sen. Bowman's proposal. (See attached)

SENATOR BOWMAN: When I made the amendment to shorten it up to 40% rather than 50%, but include all revenues in that formula, that puts us at the same type of approach that the other federal lands have and that includes all revenues, that is not something new and above any other federal law. That keeps parallel with the national grasslands that we have out there. The only

difference is that we get 50% on national grasslands, and this would only generate 40%. With that triggering amendment on there, if the revenues in any given year increase by 25%, it automatically triggers them to the 40%.

SENATOR CHRISTMANN: The way that is worded, would this just be that one county that triggers up?

SENATOR BOWMAN: Yes, it is by county because that is where the impact is. At the same time that is happening, your general fund revenues are increasing also.

RECESS. SENATOR CHRISTMANN reopened the hearing.

SENATOR BOWMAN: I would forgo because we did lock in the one figure, not adding the leases to the first part of that, around \$30,000, that would not affect the general fund dollars if we did that for this biennium.

SENATOR CHRISTMANN: Senator Bowman's amendment was drafted off the Senate version.

REP. CARLSON: Our proposal is \$364,320 for 1999-2001 and the next biennium we could go up to whatever formula we agree on but we are talking about putting a \$500,000 cap for future bienniums and no sunset.

REP. POOLMAN: Basically, we could leave the formulas in there but just add additional language that the maximum amount transferred would be \$500,000.

REP. CARLSON: We are concerned about looking long-term future revenues and if it is meritorious, obviously there is going to be support in here to raise that number. We took the sunset away and want it put into statute that there is no question that some of the money is yours to use, whether it is 10, 20, 30 or 40% and next time if you want to come back and say we really need that 1.3 million, because it is justified because the revenues are up, the oil production is up,

and let the House and Senate vote on it because it will be in code that there is a formula with a cap.

REP. POOLMAN: Made the motion that the House recede from the House amendments and further amend by adding a copy of \$500,000 per biennium. Rep. Carlson seconded the motion.

SENATOR HEITKAMP: What about the first year? You'd actually gain \$140,000 in the first biennium.

REP. POOLMAN: Not with the formula. The formula has a copy of \$500,000. Pam Sharp, does that work? The formula works and ties in with the cap as the bill originally stood?

PAM SHARP, OMB affirmed this for the record.

SENATOR BOWMAN: We still haven't recognized the need, even with the cap. The \$500,000 is what our road budget went up in 1 year. In 2 years it went up almost 1 million dollars since we had this big discovery. The general fund has risen considerably by that discovery, but yet our county still doesn't have enough money to pay its road bill. The \$500,000 goes to all of the counties. If we can't prove our case and go through this fight every single year we come back, the total revenues on that one would go up to almost 2 million dollars, but that means the State is getting the same amount of money back. I can't accept this, even though it is better than we had before.

SENATOR HEITKAMP: How can a county budget if they don't know after 2 years whether they have a revenue source coming and you buy a product that takes more than 2 years to buy. This amendment deals with that, it may not have the amount of dollars in it that it has that you would like to have, but if you have 11 counties, you are looking at \$46,000 in a biennium. That is a good first step. The need shows it's there.



Page 20

Senate Natural Resources Committee

Bill/Resolution Number SB 2202-CONF COMM

Hearing Date April 6, 1999

SENATOR CHRISTMANN: The motion is to follow the formula adopted as the bill passed the Senate, but add a copy of \$500,000 per biennium. Roll call vote indicated 4 YEAS, 2 NAYS.

REP. POOLMAN: I move we adjourn.

SENATOR CHRISTMANN closed the hearing.

**CONFERENCE COMMITTEE, April 12, 1999, Tape 1, Side B, Meter# 0-225**

SENATOR CHRISTMANN opened the conference committee on SB2202 with all members present.

REPRESENTATIVE POOLMAN: Moved that the House recede from the House amendments, seconded by REPRESENTATIVE CARLSON. Roll call vote indicated 5 YEAS, 1 NAY, 0 Absent and not voting.

(Bill Number) SB2202 (, as (re)engrossed):

Your Conference Committee

For the Senate:

For the House:

Christmann  
Boyman  
Heitkamp

Carlson  
Boalman (Boalman)  
Carroll

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)  
723/724      725/726      S724/H726      S723/H725  
the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ - \_\_\_\_\_

and place \_\_\_\_\_ on the Seventh order.  
727

, adopt (further) amendments as follows, and place  
\_\_\_\_\_ on the Seventh order:

having been unable to agree, recommends that the committee be discharged  
and a new committee be appointed. 690/515

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the  
calendar.

DATE: 04/06/99

CARRIER: \_\_\_\_\_

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of amendment

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2202 (, as (re)engrossed):

Your Conference Committee

For the Senate:

For the House:

Christmann<sup>N</sup>  
Bozman<sup>N</sup>  
Heitkamp<sup>N</sup>

Carlson<sup>Y</sup>  
Polman<sup>Y</sup>  
Carverold<sup>Y</sup>

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)  
723/724      725/726      S724/H726      S723/H725  
the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ - \_\_\_\_\_

and place \_\_\_\_\_ on the Seventh order.  
727

, adopt (further) amendments as follows, and place  
\_\_\_\_\_ on the Seventh order:

having been unable to agree, recommends that the committee be discharged  
and a new committee be appointed. 690/515

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the  
calendar.

DATE: 04/07/99

CARRIER: \_\_\_\_\_

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of amendment

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2202 (, as (re)engrossed):

Your Conference Committee

For the Senate:

For the House:

Christmann N  
Bowman N  
Zeitkamp N

Carlson Y  
Poolman Y  
Aarsvold N

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)  
723/724      725/726      S724/H726      S723/H725  
the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ - \_\_\_\_\_

and place \_\_\_\_\_ on the Seventh order.  
727

, adopt (further) amendments as follows, and place  
\_\_\_\_\_ on the Seventh order:

having been unable to agree, recommends that the committee be discharged  
and a new committee be appointed. 690/515

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the  
calendar.

=====  
DATE: 04/08/99

CARRIER: \_\_\_\_\_

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of amendment

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_  
=====

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2202 (, as (re)engrossed):

Your Conference Committee

For the Senate:

Christmann  
Bowman  
Heitkamp

For the House:

Carlson  
Foolman  
Barssvold

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)  
723/724      725/726      S724/H726      S723/H725  
the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ - \_\_\_\_\_

and place \_\_\_\_\_ on the Seventh order.  
727

, adopt (further) amendments as follows, and place  
\_\_\_\_\_ on the Seventh order:

having been unable to agree, recommends that the committee be discharged  
and a new committee be appointed. 690/515

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the  
calendar.

DATE: 04/09/99

CARRIER: \_\_\_\_\_

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of amendment

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB2202 (, as (re)engrossed):

Your Conference Committee

For the Senate:

Christmann N
Bowman N
Heitkamp N

For the House:

Carlson Y
Poolman Y
Aarsvold N

[ ] recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
the (Senate/House) amendments on (SJ/HJ) page(s) -

[ ] and place on the Seventh order.

[ ], adopt (further) amendments as follows, and place
on the Seventh order:

[ ] having been unable to agree, recommends that the committee be discharged
and a new committee be appointed.

((Re)Engrossed) was placed on the Seventh order of business on the
calendar.

DATE: 04/12/99

CARRIER:

LC NO. of amendment

LC NO. of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

(Bill Number) SB2202 (, as (re)engrossed):

Your Conference Committee

For the Senate:

Christmann y
Bowman y
Heitkamp y

For the House:

Carlson y
Poolman y
Aarvold N

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
the (Senate/House) amendments on (SJ/HJ) page(s)

and place on the Seventh order.

, adopt (further) amendments as follows, and place
on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed.

((Re)Engrossed) was placed on the Seventh order of business on the
calendar.

DATE: 04/12/99

CARRIER:

LC NO. of amendment

LC NO. of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

(1) LC (2) LC (3) DESK (4) COMM.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2202, as engrossed:** Your conference committee (Sens. Christmann, Bowman, Heitkamp and Reps. Carlson, Poolman, Aarsvold) recommends that the **HOUSE RECEDE** from the House amendments on SJ page 985 and place SB 2202 on the Seventh order.

Engrossed SB 2202 was placed on the Seventh order of business on the calendar.



1999 TESTIMONY

SB 2202

**TESTIMONY TO THE  
SENATE NATURAL RESOURCES COMMITTEE  
Prepared January 21, 1999 by the  
North Dakota Association of Counties  
Terry Traynor, NDACo Assistant Director**

**Concerning Senate Bill 2202 and Senate Bill 2203**

Chairman Traynor and members of the Senate Natural Resources Committee, very briefly I would like to express the support of all 53 counties for the redistribution of federal mineral royalty receipts proposed in these two bills.

Our Association recognizes that this will directly impact only a few of our members. At our annual convention however, all of our members took a very strong position in favor of the concept. County officials recognize that the oil industry is of major importance to the economy of our entire state, but that the county road budgets in a very few counties must contribute to supporting this industry. Support of these bills is about support of that industry and about fairness and equity to the taxpayers of those counties.

For this reason, the North Dakota Association of Counties wishes to go on record in support of our western members, and the redistribution contemplated by this legislation.



# *North Dakota Association of Oil & Gas Producing Counties*

## **EXECUTIVE COMMITTEE**

Ron Block  
President  
Bottineau County

Roger Chinn  
McKenzie County

Julian Gunlikson  
Williams County

Dennis Hartman  
Killdeer

Dean Koppelman  
Dickinson PSD

Dick Ross  
Ray

David Rust  
Past President  
Moga PSD

Allen Ryberg  
Bowbells

Sherman Sylling  
McKenzie County PSD

Jane Erickson  
Secretary/Treasurer  
Killdeer

**January 21, 1999  
In support of SB 2202**

**Mr. Chairman and Members of the Senate Natural Resources  
Committee...**

**My name is Vicky Steiner. I represent the North Dakota Association  
of Oil and Gas Producing Counties and the Coal Conversion  
Counties Association. My lobbyist number is 228. I live in  
Dickinson.**

**Senator Bowman met with our Oil County Association twice. He met  
with our legislative review committee in New Town in September and  
met with our general membership in Bowman in October at our  
annual meeting.**

**We have 133 member county, city and school district subdivisions in the oil-  
producing region. Our membership supports the bill. In Bowman, Senator  
Bowman said the federal law includes all political subdivisions and that  
even though county commissions receive the BLM royalty share, the money  
is to be shared on impacts of all political subdivisions, including cities and  
school districts demonstrating impact.**

**Our Association conducted an informal oil impact needs assessment in  
December. It's in the blue booklet. Over \$54 million dollars were reported  
in impact needs. We asked Energy Impact Director Jim Luptak to review  
the projects and see how many he could fund under his impact program  
guidelines. He estimated of the \$54 million requested, he could fund \$18  
million if money were available.**

**We commend Senator Bowman for his willingness to research and  
pursue this bill.**

**Please give Senate Bill 2202 a do pass recommendation. Thank you.**

**VICKY STEINER - EXECUTIVE DIRECTOR**

859 Senior Ave. ~ Dickinson, ND 58601-3755 ~ Phone: (701) 225-0884 ~ Fax: (701) 227-3040  
E-mail: ndoilcos@dickinson.ctctel.com ~ Web: www.ND-oilcounties.org

**Ray Gedeon - Permit Operator**

409 East 21st Street ~ Williston, ND 58801 ~ Evenings: (701) 572-6808 ~ E-mail: rgedeon@host1.dia

Section 35 of the Mineral Land Leasing Act of 1920, as subsequently amended prior to 1971, granted the states the authority to use the federal money received under the Act "for the construction and maintenance of public roads or other public educational institutions, as the legislature of the State may direct. . . ." 30 U.S.C. 131. The Federal Land Policy and Management Act of 1976 (FLPMA) amended Section 35 of the Mineral Land Leasing Act of 1920. Section 317 of FLPMA provides that money paid to any state on or after January 1, 1976, is to be used by the state and its subdivisions "as the legislature of the State may direct giving priority to those subdivisions of the State socially or economically impacted by the development of minerals leased under this Act, for (i) planning, (ii) construction and maintenance of public facilities, and (iii) provision of public service." 30 U.S.C. 191. (Emphasis supplied.)

Section 15-40.1-13, N.D.C.C., authorizes the distribution of this federal money for state school aid purposes. It states:

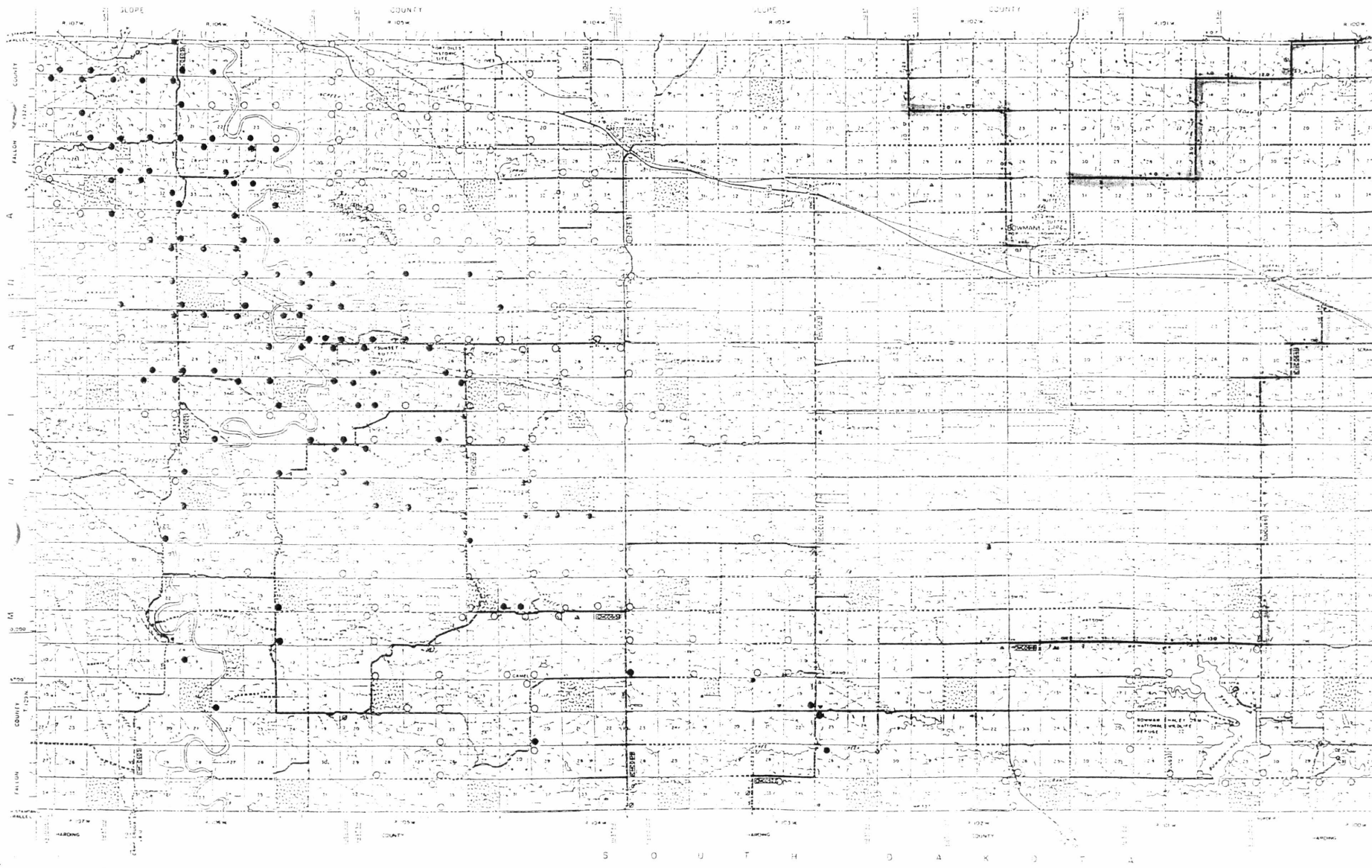
All moneys paid to the state by the secretary of the treasury of the United States under the provisions of an Act of Congress of February 25, 1920, chapter 85, 41 Statutes at Large, page 437, entitled "An Act to Promote the Mining of Coal, Phosphate, Oil, Oil Shale,

County	General Mills	Rd Mills	
Billings	122.6	32.26	
Golden Valley	45.		
DUNN	83.97	32.85	
BOWMAN	87.38		VARY Township Rd. 32 UNORGANIZED 16. Mills. Small Bridge Rd.
			BUT Auditor SAID WE ARE MAXED.
McKENZIE	43	18.36	18 UNORGANIZED.

STARK

Williams	30.1	7.61	Township 12.12 <sup>T</sup> 46.13. 5.1-6.5
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- Eddy
- McLEAN
- Mercer
- oliver



BOWMAN COUNTY ENERGY IMPACT

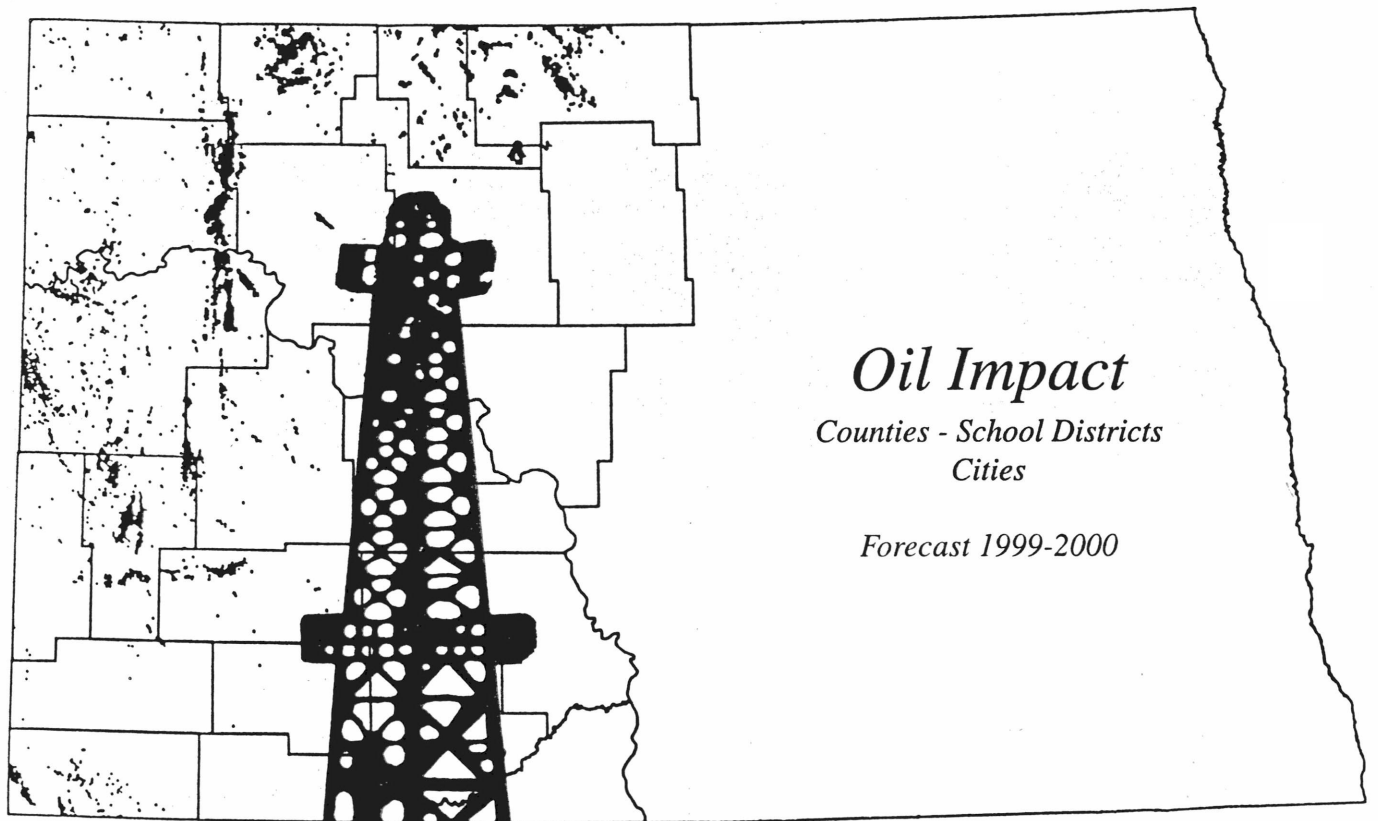
MILES OF ROADS WORKED ON PRIOR TO 1996	27	MILES OF COUNTY ROADS IN NEED OF REPAIR	68
MILES OF ROADS WORKED ON DURING 1996-98	32	MILES OF TOWNSHIP ROADS IN NEED OF REPAIR	58
		MILES OF COUNTY ROADS IN NEED OF REPAIR NOT IN OILFIELD AREA	11



*500,000*  
*GRANTS*

County	Fiscal Year 1997				Fiscal Year 1998				Total 1982 to 1998			
	Amount Requested	Amount Granted	Percent of Request Granted	Percent of Total Grants	Amount Requested	Amount Granted	Percent of Request Granted	Percent of Total Grants	Total Amount Requested	Total Amount Granted	Percent of Total Requests Granted	Percent of Total Grants
Adams	\$0	\$0		0.0%	\$0	\$0		0.0%	\$453,736	\$140,000	30.9%	0.4%
Billings	900,000	0	0.0%	0.0%	700,000	0	0.0%	0.0%	7,685,000	75,000	1.0%	0.2%
Bottineau	686,802	170,000	24.8%	8.1%	591,725	111,400	18.8%	6.4%	12,876,518	1,913,759	14.9%	5.2%
Bowman	3,490,213	390,500	11.2%	18.6%	2,485,956	605,000	24.3%	34.6%	18,783,890	2,571,940	13.7%	7.0%
Burke	243,976	86,000	35.2%	4.1%	450,200	78,500	17.4%	4.5%	7,979,695	1,645,780	20.6%	4.5%
Divide	161,050	57,000	35.4%	2.7%	171,500	55,500	32.4%	3.2%	4,726,090	1,190,050	25.2%	3.2%
Dunn	218,000	67,000	30.7%	3.2%	97,000	50,500	52.1%	2.9%	18,612,980	2,150,500	11.6%	5.8%
Golden Valley	168,046	72,000	42.8%	3.4%	244,501	49,000	20.0%	2.8%	9,997,645	1,245,359	12.5%	3.4%
Grant	0	0		0.0%	0	0		0.0%	5,850	0	0.0%	0.0%
Hettinger	0	0		0.0%	0	0		0.0%	353,000	120,000	34.0%	0.3%
McHenry	0	0		0.0%	0	0		0.0%	85,574	22,400	26.2%	0.1%
McKenzie	60,412	34,500	57.1%	1.6%	45,330	17,000	37.5%	1.0%	17,080,103	1,668,600	9.8%	4.5%
McLean	6,000	1,000	16.7%	0.0%	12,000	1,500	12.5%	0.1%	279,969	46,200	16.5%	0.1%
Mercer	0	0		0.0%	0	0		0.0%	22,500	0	0.0%	0.0%
Morton	0	0		0.0%	0	0		0.0%	734,845	78,500	10.7%	0.2%
Mountrail	608,595	93,200	15.3%	4.4%	678,487	108,000	15.9%	6.2%	15,672,754	2,004,558	12.8%	5.4%
Renville	367,525	90,600	24.7%	4.3%	392,840	95,900	24.4%	5.5%	5,060,445	1,373,350	27.1%	3.7%
Slope	883,400	107,000	12.1%	5.1%	146,000	35,000	24.0%	2.0%	5,177,805	374,180	7.2%	1.0%
Stark	1,973,608	451,000	22.9%	21.5%	1,756,381	186,400	10.6%	10.7%	60,230,161	10,270,768	17.1%	27.9%
Ward	10,200	1,000	9.8%	0.0%	16,800	4,250	25.3%	0.2%	1,806,460	318,746	17.6%	0.9%
Williams	1,892,025	479,200	25.3%	22.8%	3,901,776	352,050	9.0%	20.1%	69,696,345	9,573,827	13.7%	26.0%
<b>Total</b>	<b>\$11,669,852</b>	<b>\$2,100,000</b>		<b>100.0%</b>	<b>\$11,690,496</b>	<b>\$1,750,000</b>		<b>100.0%</b>	<b>\$257,321,365</b>	<b>\$36,783,517</b>	<b>14.3%</b>	<b>100.0%</b>

# *Needs Assessment Survey*



## *Oil Impact*

*Counties - School Districts  
Cities*

*Forecast 1999-2000*



*ND Association of Oil & Gas Producing Counties  
December 1998*



# ND Association of Oil Gas Producing Counties Needs Assessment List

<i>PROJECT</i>	<i>COST</i>	<i>IMPACT</i>
<b>BILLINGS COUNTY</b>		
<i>BILLINGS COUNTY</i>		
1.75 miles overlay -- Old Highway 10 from Exit 23 to Golden Valley County	\$125,000	\$125,000
2 miles overlay -- Blacktail Road	\$310,000	\$310,000
2 miles overlay -- Old Highway 10 from Fryburg to I-94	\$150,000	\$150,000
<b>TOTAL FOR BILLINGS COUNTY</b>	<b>\$585,000</b>	<b>\$585,000</b>
<i>CITY OF MEDORA</i>		
pedestrian walkway along E River Road	\$55,000	\$0
Little Missouri Bank Stabilization	\$1,300,000	\$0
East River Road reconstruction	\$900,000	\$900,000
<b>TOTAL FOR CITY OF MEDORA</b>	<b>\$2,255,000</b>	<b>\$900,000</b>
<b>TOTAL FOR BILLINGS COUNTY</b>	<b>\$2,840,000</b>	<b>\$1,485,000</b>
<b>BOTTINEAU COUNTY</b>		
<i>CITY OF LANSFORD</i>		
street repair	\$20,000	\$20,000
<b>TOTAL FOR CITY OF LANSFORD</b>	<b>\$20,000</b>	<b>\$20,000</b>
<i>CITY OF WESTHOPE</i>		
water treatment plant renovation	\$360,450	\$100,000
<b>TOTAL FOR CITY OF WESTHOPE</b>	<b>\$360,450</b>	<b>\$100,000</b>
<b>TOTAL FOR BOTTINEAU COUNTY</b>	<b>\$380,450</b>	<b>\$120,000</b>
<b>BOWMAN COUNTY</b>		
<i>BOWMAN COUNTY</i>		
patrol car	\$14,500	\$14,500
Marmarth Road	\$380,000	\$380,000

# ND Association of Oil Gas Producing Counties Needs Assessment List

<i>PROJECT</i>	<i>COST</i>	<i>IMPACT</i>
Rhame Road	\$125,000	\$125,000
Dialhouse Road	\$340,000	\$340,000
Road work south and west of Rhame	\$290,000	\$290,000
Loop Road	\$425,000	\$425,000
<b>TOTAL FOR BOWMAN COUNTY</b>	<b>\$1,574,500</b>	<b>\$1,574,500</b>
<i>CITY OF BOWMAN</i>		
fire department turn-out gear and other equipment	\$52,868	\$35,000
new ambulance	\$74,200	\$35,000
<b>TOTAL FOR CITY OF BOWMAN</b>	<b>\$127,068</b>	<b>\$70,000</b>
<i>CITY OF RHAME</i>		
street construction	\$245,000	\$245,000
<b>TOTAL FOR CITY OF RHAME</b>	<b>\$245,000</b>	<b>\$245,000</b>
<i>RHAME RURAL FIRE DIS</i>		
generator and lighting system	\$3,000	\$3,000
air packs	\$7,000	\$7,000
fire station sprinkler system	\$20,000	\$20,000
foam and tools	\$5,000	\$5,000
<b>TOTAL FOR RHAME RURAL FIRE DIS</b>	<b>\$35,000</b>	<b>\$35,000</b>
<b>TOTAL FOR BOWMAN COUNTY</b>	<b>\$1,981,568</b>	<b>\$1,924,500</b>
<b>BURKE COUNTY</b>		
<i>CITY OF BOWBELLS</i>		
lift station renovation	\$203,600	\$50,000
<b>TOTAL FOR CITY OF BOWBELLS</b>	<b>\$203,600</b>	<b>\$50,000</b>
<i>CITY OF FLAXTON</i>		
waste water treatment repairs	\$4,000	\$4,000

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

<b>PROJECT</b>	<b>COST</b>	<b>IMPACT</b>
equipment for streets and landfill	\$5,000	\$5,000
<b>TOTAL FOR CITY OF FLAXTON</b>	<b>\$9,000</b>	<b>\$9,000</b>
<b>TOTAL FOR BURKE COUNTY</b>	<b>\$212,600</b>	<b>\$59,000</b>
<b>DUNN COUNTY</b>		
<i>DUNN COUNTY</i>		
gravel transport	\$50,000	\$50,000
gravel for oil roads	\$60,000	\$60,000
2 miles overlay by Billings County Gas Plant	\$200,000	\$200,000
1.25 miles road in Killdeer Mountains	\$75,000	\$75,000
6 miles road north of South Heart	\$120,000	\$120,000
<b>TOTAL FOR DUNN COUNTY</b>	<b>\$505,000</b>	<b>\$505,000</b>
<b>TOTAL FOR DUNN COUNTY</b>	<b>\$505,000</b>	<b>\$505,000</b>
<b>GOLDEN VALLEY COUNTY</b>		
<i>GOLDEN VALLEY COUNT</i>		
Westerheim and Bell Lake Roads	\$60,000	\$60,000
<b>TOTAL FOR GOLDEN VALLEY COUN</b>	<b>\$60,000</b>	<b>\$60,000</b>
<b>TOTAL FOR GOLDEN VALLEY COUNTY</b>	<b>\$60,000</b>	<b>\$60,000</b>
<b>MCKENZIE COUNTY</b>		
<i>CITY OF ALEXANDER</i>		
police costs	\$12,000	\$12,000
street equipment	\$40,000	\$40,000
water well	\$100,000	\$0
garbage truck	\$65,000	\$0
<b>TOTAL FOR CITY OF ALEXANDER</b>	<b>\$217,000</b>	<b>\$52,000</b>

# ND Association of Oil Gas Producing Counties Needs Assessment List

<b>PROJECT</b>	<b>COST</b>	<b>IMPACT</b>
<b>CITY OF ARNEGARD</b>		
street repair	\$4,000	\$4,000
<b>TOTAL FOR CITY OF ARNEGARD</b>	<b>\$4,000</b>	<b>\$4,000</b>
<b>CITY OF WATFORD CITY</b>		
ambulance department equipment	\$5,000	\$5,000
fire department equipment	\$5,000	\$5,000
water storage tank renovation	\$30,000	\$30,000
water treatment plant renovation	\$750,000	\$100,000
<b>TOTAL FOR CITY OF WATFORD CITY</b>	<b>\$790,000</b>	<b>\$140,000</b>
<b>TOTAL FOR MCKENZIE COUNTY</b>	<b>\$1,011,000</b>	<b>\$196,000</b>
<b>MCLEAN COUNTY</b>		
<b>CITY OF GARRISON</b>		
old water main repair	\$600,000	\$0
<b>TOTAL FOR CITY OF GARRISON</b>	<b>\$600,000</b>	<b>\$0</b>
<b>CITY OF MAX</b>		
water tower repair	\$63,300	\$0
<b>TOTAL FOR CITY OF MAX</b>	<b>\$63,300</b>	<b>\$0</b>
<b>TOTAL FOR MCLEAN COUNTY</b>	<b>\$663,300</b>	<b>\$0</b>
<b>MOUNTRAIL COUNTY</b>		
<b>MOUNTRAIL COUNTY</b>		
road equipment	\$225,000	\$225,000
4" overlay -- lake road	\$2,200,000	\$2,200,000
2" overlay -- old highway 2	\$1,800,000	\$1,800,000
gravel road repair	\$500,000	\$500,000

# ND Association of Oil Gas Producing Counties Needs Assessment List

<i>PROJECT</i>	<i>COST</i>	<i>IMPACT</i>
<b>TOTAL FOR MOUNTRAIL COUNTY</b>	<b>\$4,725,000</b>	<b>\$4,725,000</b>
<i>CITY OF STANLEY</i>		
foam for oil fires	\$1,000	\$1,000
street repair equipment	\$35,000	\$35,000
<b>TOTAL FOR CITY OF STANLEY</b>	<b>\$36,000</b>	<b>\$36,000</b>
<i>STANLEY RURAL FIRE DI</i>		
ambulance equipment	\$6,000	\$6,000
<b>TOTAL FOR STANLEY RURAL FIRE D</b>	<b>\$6,000</b>	<b>\$6,000</b>
<b>TOTAL FOR MOUNTRAIL COUNTY</b>	<b>\$4,767,000</b>	<b>\$4,767,000</b>
 <b>RENVILLE COUNTY</b>		
<i>RENVILLE COUNTY</i>		
radios for sheriff's cars	\$13,860	\$13,860
6 miles overlay -- from Norma north	\$360,000	\$360,000
2 miles overlay -- from Tolley north	\$250,000	\$250,000
4 miles overlay -- from Mohall north	\$240,000	\$240,000
patrol car	\$21,000	\$21,000
motor grader	\$140,000	\$140,000
3 miles grading and gravel CR26	\$60,000	\$60,000
<b>TOTAL FOR RENVILLE COUNTY</b>	<b>\$1,084,860</b>	<b>\$1,084,860</b>
<i>CITY OF MOHALL</i>		
water and sewer line repair	\$45,000	\$0
<b>TOTAL FOR CITY OF MOHALL</b>	<b>\$45,000</b>	<b>\$0</b>
<i>CITY OF SHERWOOD</i>		
drainage ditch	\$8,000	\$8,000
street signs	\$1,500	\$0

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

<b>PROJECT</b>	<b>COST</b>	<b>IMPACT</b>
tar wagon	\$4,000	\$4,000
street repair	\$2,000	\$2,000
<b>TOTAL FOR CITY OF SHERWOOD</b>	<b>\$15,500</b>	<b>\$14,000</b>
<b>CITY OF TOLLEY</b>		
payloader	\$35,000	\$35,000
<b>TOTAL FOR CITY OF TOLLEY</b>	<b>\$35,000</b>	<b>\$35,000</b>
<b>TOTAL FOR RENVILLE COUNTY</b>	<b>\$1,180,360</b>	<b>\$1,133,860</b>
<b>STARK COUNTY</b>		
<b>STARK COUNTY</b>		
gravel truck	\$51,000	\$51,000
Slope Estate Roads	\$200,000	\$200,000
<b>TOTAL FOR STARK COUNTY</b>	<b>\$251,000</b>	<b>\$251,000</b>
<b>CITY OF BELFIELD</b>		
street repair	\$55,000	\$55,000
<b>TOTAL FOR CITY OF BELFIELD</b>	<b>\$55,000</b>	<b>\$55,000</b>
<b>CITY OF DICKINSON</b>		
street inspection vehicle	\$15,000	\$15,000
street construction and repair	\$2,000,000	\$2,000,000
fire department training facilities	\$90,000	\$90,000
<b>TOTAL FOR CITY OF DICKINSON</b>	<b>\$2,105,000</b>	<b>\$2,105,000</b>
<b>CITY OF RICHARDTON</b>		
handicap curb replacement	\$40,000	\$0
<b>TOTAL FOR CITY OF RICHARDTON</b>	<b>\$40,000</b>	<b>\$0</b>
<b>TOTAL FOR STARK COUNTY</b>	<b>\$2,451,000</b>	<b>\$2,411,000</b>

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

<b>PROJECT</b>	<b>COST</b>	<b>IMPACT</b>
<b>WARD COUNTY</b>		
<i>CITY OF KENMARE</i>		
police car	\$20,000	\$20,000
fire equipment	\$10,000	\$10,000
<b>TOTAL FOR CITY OF KENMARE</b>	<b>\$30,000</b>	<b>\$30,000</b>
<b>TOTAL FOR WARD COUNTY</b>	<b>\$30,000</b>	<b>\$30,000</b>
<b>WILLIAMS COUNTY</b>		
<i>CITY OF EPPING</i>		
community park	\$20,000	\$0
<b>TOTAL FOR CITY OF EPPING</b>	<b>\$20,000</b>	<b>\$0</b>
<i>CITY OF GRENORA</i>		
maintenance of city owned lots	\$3,000	\$3,000
<b>TOTAL FOR CITY OF GRENORA</b>	<b>\$3,000</b>	<b>\$3,000</b>
<i>CITY OF TIOGA</i>		
street sweeper	\$45,000	\$0
street sander	\$3,000	\$0
hydraulic valve wrench	\$1,500	\$1,500
new city shop building	\$50,000	\$0
street repair	\$10,000	\$10,000
<b>TOTAL FOR CITY OF TIOGA</b>	<b>\$109,500</b>	<b>\$11,500</b>
<i>CITY OF WILLISTON</i>		
water distribution projects	\$15,455,000	\$2,000,000
cemetery projects	\$175,000	\$0
landfill projects	\$1,000,000	\$0
storm sewer and drainage projects	\$2,615,000	\$750,000

# **ND Association of Oil Gas Producing Counties Needs Assessment List**

<b>PROJECT</b>	<b>COST</b>	<b>IMPACT</b>
sewer projects	\$1,265,000	\$500,000
street repair and construction	\$12,675,000	\$2,500,000
street lighting	\$345,500	\$0
water treatment projects	\$5,000,000	\$100,000
<b>TOTAL FOR CITY OF WILLISTON</b>	<b>\$38,530,500</b>	<b>\$5,850,000</b>
<b>TOTAL FOR WILLIAMS COUNTY</b>	<b>\$38,663,000</b>	<b>\$5,864,500</b>
<b>GRAND TOTAL</b>	<b>\$54,745,278</b>	<b>\$18,555,860</b>



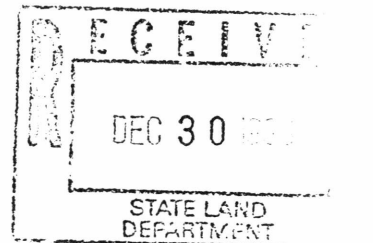
COPY FOR YOUR  
INFORMATION

POST OFFICE BOX 1306  
WILLISTON, NORTH DAKOTA 58802-1306  
PHONE (701) 572-8161  
FAX (701) 572-8880  
TDD (800) 366-6888  
(State Relay)



CITY OF *Williston* NORTH DAKOTA

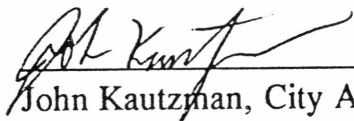
# Memo



TO: Vicky Steiner

FAX: (701)227-3040

FROM:

  
John Kautzman, City Auditor

RE: Needs due to Energy Impact

DATE: December 9, 1998

Vicky, attached is the City of Williston's list of Capital Improvement Needs for your survey. Although not all of the projects have a direct relationship with the oil economy, they have long been delayed due to using tax dollars to cover the special assessment deficiency, which is directly related to the oil "bust". If you have any questions, please feel free to give me a call at (701)572-8161.

JK:sks

Attachment

CAPITAL IMPROVEMENT NEEDS  
WILLISTON, ND  
PROJECT SUMMARY

DEPARTMENT: WATER DISTRIBUTION

Project Location/Description	Cost Estimate	Remarks
Water Dispenser Controls Replm't	\$ 25,000	Change From Key to Card
Meter & Remote Replm't	450,000	5,500 Meters
11th St Pump Sta. Replm't Control Valve	100,000	2 Centrifugal Pumps - 2500 & 1500 gpm
System Connection (16th Av W)	200,000	Approx 1,800' - 18"
System Connection (4th St W)	225,000	Approx 1,800' - 12"
System Connection (Basin Ind Pk)	110,000	Approx 1,000' - 18"
Water Line Replm't 20th St W (1st - Univ)	175,000	Bad 6" Cast Iron Pipe
Water Line Replm't 1st Av E (14th - 22nd)	280,000	Bad 6" Cast Iron Pipe
Water Line Replm't 2nd Av W (11th - 25th)	490,000	Fed Aid St Project Bad 6" & 8" Cast Iron Pipe
Water Line Replm't 2nd Av E (14th - 22nd)	280,000	Bad 6" Cast Iron Pipe
Water Line Replm't 5th Av W (1st - Highland)	70,000	Bad 6" Cast Iron Pipe
Water Line Replm't 12th St W (5th - 8th)	105,000	Bad 6" Cast Iron Pipe
Water Line Replm't 8th Av W (12th - 13th)	35,000	Bad 6" Cast Iron Pipe
Water Line Replm't 3rd Av W (Ferndale - 18th St)	35,000	Bad 6" Cast Iron Pipe
Water Line Replm't 4" Cast Iron Pipe (117 Blocks)	4,095,000	Low Pressure & Rusty Water
Water Line Replm't 6" Cast Iron Pipe (208 Blocks)	7,280,000	Low Pressure & Rusty Water
Water Transmission Line Alternate	1,500,000	Existing transmission line only source of water

DEPARTMENT: WATER TREATMENT PLANT

Project Location/Description	Cost Estimate	Remarks
Grade Water Treatment Plant	\$4-5,000,000	Estimate based on NAWS Report

CAPITAL IMPROVEMENT NEEDS  
WILLISTON, ND  
PROJECT SUMMARY

DEPARTMENT: STREET LIGHTING

<u>Project Location/Description</u>	<u>Cost Estimate</u>	<u>Remarks</u>
Joan Hagan Subdivision	\$ 82,500	No Lights (11 Blocks)
Fox Glenn	263,000	No Lights (35 Blocks)
Nothing considered for North Meadows or Endres at this time as sparsely developed.		

DEPARTMENT: STREET

<u>Project Location/Description</u>	<u>Cost Estimate</u>	<u>Remarks</u>
16th Av W (9th Av NW - 26th)	\$4,000,000	Storm Sewer \$2.5M Street Lights, Curb & Gutter Section
4th Av W		
11th St - 14th	255,000	Subgrade Replacement
18th St - W Bypass	680,000	Subgrade Replacement
9th Av NW (11th St - Wilkinson)	425,000	Subgrade Replacement
Davidson Dr (11th St - 9th Av NW)	255,000	Subgrade Replacement Doesn't Include Library Parking
Highland Dr (2nd Av W - 6th Av W)	340,000	Subgrade Replacement
Foster Trailer Court		
6th Av W (19th St - 9th Av)	340,000	Subgrade Replacement
21st St W (4th Av - 6th Av)	170,000	Other Bad Streets
E Dakota Pkwy	375,000	Possible County Spec. Road Levy
12th Av E (Broadway - R/R Tracks)	340,000	Widen w/Curb & Gutter Road, South of R/R Not Included
Million Dollar Way (11th - 26th)	280,000	Program Fed Aid 10% Local Cost
18th St (W Bypass - E Bypass)	165,000	Program Fed Aid 20% Local Cost
Glacier Park Ind. Park (Av R & S)	375,000	Storm Sewer Included
Handicap Ramps	400,000	ADA Requirement For All City
Seal Coats	175,000.yr	Seal Coat Street & Alley Every 10 y
Concrete Alley Replm't (downtown)	35,000.blk	
Credit Union Frontage Rd & 18th St	215,000	Subgrade Replacement
9th Ave W & Park St	255,000	Subgrade Replacement
Highland Dr (Ask Hsg - E Bypass)	150,000	Include Water & Sewer Extension
19th ST W (2nd Ave - 4th Ave)	170,000	Subgrade Replacement
6th Ave W (1st St - 2nd St)	60,000	Possible Grade Stabilize Needed

CAPITAL IMPROVEMENT NEEDS  
WILLISTON, ND  
PROJECT SUMMARY

DEPARTMENT: SANITARY SEWER

<u>Project Location/Description</u>	<u>Cost Estimate</u>	<u>Remarks</u>
Sewer Replm't 2nd Av W (11th - Ferndale)	\$ 250,000	Capacity Problem, Federal Aid Project
Sewer Replm't 11th St (2nd Av W - 1st Av E)	150,000	Capacity Problem
Sewer Replm't Broadway (3rd Av W - 14th)	550,000	Capacity Problem
Line - 15" SAS (3rd St - 11th St)	240,000	3 Block Program - 1995 8 Blocks Remain
Aeration Ponds-DeSludge/Fix O <sub>2</sub> Line	75,000	Approx. 1/3 of air defusers not working

DEPARTMENT: STORM SEWER/DRAINAGE

<u>Project Location/Description</u>	<u>Cost Estimate</u>	<u>Remarks</u>
Storm Water Detention 26th St/Airport	\$ 100,000	Remove Residents on 26th St W From Flood Hazard
Airport/Interstate Drain Improvement Study	15,000	Study to Determine What Improvements Would Reduce Flood Hazard
14th Ave Drainage Ditch	2,500,000	Considered in Street Section too

DEPARTMENT: LANDFILL

<u>Project Location/Description</u>	<u>Cost Estimate</u>	<u>Remarks</u>
New Landfill	\$ 800,000	Develop Remaining Cells
CML Site Monitoring	15,000.yr	5 yr Plan with C.O.E.
Old Landfill West of Town	100,000	Surface Water Control

DEPARTMENT: CEMETERY

<u>Project Location/Description</u>	<u>Cost Estimate</u>	<u>Remarks</u>
Riverview Irrigate New Site	\$ 30,000	G.M. Thomas
Rollside Irrigation	15,000	Above Ground Now
Riverview Fence	30,000	Front on 9th Av W
Asphalt Overlay - Riverview	100,000	12,000' @ 15' Wide

CAPITAL IMPROVEMENT NEEDS  
WILLISTON, ND  
PROJECT SUMMARY

DEPARTMENT: STREET continued....

Project Location/Description	Cost Estimate	Remarks
23rd St W (18th - 19th)	\$ 140,000	Platted St Completion w/Water/Sewer
25th St W (17th - 19th)	240,000	Platted St Completion w/Water/Sewer
19th Av W (22½ - 26th)	310,000	Platted St Completion w/Water/Sewer
Sand Creek Drive (16th - 17th Ct)	190,000	Platted St Completion w/Water/Sewer
16th Court W (Sand Creek - 22nd)	95,000	Platted St Completion w/Water/Sewer
19th Av W (15th - Bison Dr)	135,000	Platted Street Completion
20th Av W (14th - Bison Dr)	155,000	Platted Street Completion
21st Av W (14th - Bison Dr)	325,000	Platted St Completion w/Water/Sewer
22nd Av W (14th - Bison Dr)	285,000	Platted St Completion w/Water/Sewer
16th St W (19th - 22nd)	310,000	Platted St Completion w/Water/Sewer
24th St W (9th - 12½th)	255,000	Platted St Completion w/Water/Sewer
h Av W (Knoll - 26th)	380,000	Platted St Completion w/Water/Sewer
h Av W (22½th - 26th)	325,000	Platted St Completion w/Water/Sewer
Fox Glen Temporary Street	105,000	Mill & Overlay, Temp. St Surfacing

Nothing included for curb, gutter, sidewalks, trees and asphalt street overlays, which are needed throughout city.

STATE AUDITOR  
ROBERT R. PETERSON  
PHONE  
(701) 328-2241

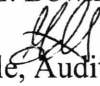


AUDIT MANAGER  
GEORGE STAIGLE  
PHONE  
(701) 250-4681

STATE OF NORTH DAKOTA  
**OFFICE OF THE STATE AUDITOR**  
ROYALTY AUDIT SECTION  
425 N. 5TH STREET - P.O. BOX 3009  
BISMARCK, NORTH DAKOTA 58502-3009

## MEMORANDUM

To: Senator Bill L. Bowman

From:  George Staigle, Audit Manager  
ND State Auditor's Office

Date: January 21, 1999

RE: Royalties from Federal Lands

Attached are the royalty numbers for the years 1995, 1996, 1997 and the information we have to date in 1998. These numbers are provided based on a request to this office from Vicki Steiner of the Association of Royalty Producing Counties.

If you have any questions, please call me at (701) 250-4681.

cc: Vicki Steiner

TOTAL STATE SHARE AMOUNT

MO/YR	STATE OF					
	NORTH DAKOTA	BILLINGS COUNTY	BOTTINEAU COUNTY	BOWMAN COUNTY	BURKE COUNTY	BURLEIGH COUNTY
Jan-95	(371.78)	44,452.32	(0.12)	24,443.94	19.35	
Feb-95	(371.78)	35,784.95	19.88	30,611.18	(0.65)	
Mar-95	(371.78)	44,226.47	(0.12)	22,251.47	(0.65)	
Apr-95	(371.78)	44,339.08	(0.12)	23,671.16	(0.65)	
May-95	(27.49)	56,020.37	(0.01)	25,970.23	(0.05)	
Jun-95	(716.06)	63,605.25	(0.22)	355,372.16	(1.25)	
Jul-95	(371.78)	77,665.29	(0.12)	81,097.67	(0.65)	
Aug-95	(2.97)	(294,334.40)	0.00	16,131.35	17.49	
Sep-95	(740.58)	49,816.05	(0.23)	26,354.34	(1.30)	
Oct-95	0.00	63,854.43	(0.11)	33,795.32	39.31	
Nov-95	0.00	49,750.98	(0.11)	16,216.18	39.31	
Dec-95	0.00	41,351.19	(0.22)	10,709.79	(1.38)	
<b>1995 TOTAL</b>	<b>(3,346.00)</b>	<b>276,531.98</b>	<b>18.50</b>	<b>666,624.79</b>	<b>108.88</b>	<b>0.00</b>
Jan-96	0.00	(78,205.60)	0.00	17,721.27	20.00	
Feb-96	0.00	58,196.67	(0.11)	18,619.07	(0.69)	
Mar-96	0.00	54,701.38	19.89	23,693.26	(0.69)	
Apr-96	0.00	57,969.37	(0.11)	19,204.81	(0.69)	
May-96	0.00	65,856.80	19.89	45,055.79	(0.69)	
Jun-96	0.00	67,724.87	(0.11)	51,926.90	(0.69)	
Jul-96	0.00	59,272.75	(0.11)	60,002.00	19.31	
Aug-96	0.00	46,061.99	(0.11)	48,566.40	34.34	
Sep-96	0.00	55,077.88	(0.11)	68,121.99	(0.69)	
Oct-96	0.00	61,146.70	(0.20)	49,347.55	39.22	
Nov-96	0.00	67,234.88	(0.20)	56,277.18	79.24	
Dec-96	0.00	72,427.12	(0.20)	61,882.76	(0.77)	
<b>1996 TOTAL</b>	<b>0.00</b>	<b>587,464.81</b>	<b>38.52</b>	<b>520,418.98</b>	<b>187.20</b>	<b>0.00</b>
Jan-97	0.00	65,636.56	(0.20)	59,375.60	(0.77)	
Feb-97	0.00	81,131.73	(0.20)	64,739.05	(0.76)	
Mar-97	0.00	74,033.01	(0.20)	74,001.88	(0.77)	
Apr-97	0.00	65,000.77	(0.20)	94,504.56	(0.77)	
May-97	0.00	81,100.43	(0.20)	83,745.35	(0.77)	
Jun-97	0.00	71,340.76	(0.20)	75,314.47	(0.77)	
Jul-97	0.00	48,856.16	(0.20)	48,355.67	(0.77)	
Aug-97	0.00	66,413.40	(0.20)	125,619.47	(0.77)	
Sep-97	0.00	32,878.02	(0.20)	78,518.23	(0.77)	
Oct-97	0.00	71,011.75	0.00	207,492.54	(0.50)	0.00
Nov-97	0.00	64,655.60	0.00	151,134.20	(0.50)	365.53
Dec-97	0.00	51,882.37	0.00	78,446.99	(0.50)	0.00
<b>1997 TOTAL</b>	<b>0.00</b>	<b>773,940.56</b>	<b>(1.80)</b>	<b>1,141,248.01</b>	<b>(8.42)</b>	<b>365.53</b>
Jan-98	0.00	50,626.98	0.00	137,654.46	(0.50)	0.00
Feb-98	0.00	52,218.62	0.00	153,910.72	(0.50)	0.00
Mar-98	0.00	39,179.59	0.00	105,206.23	(0.37)	0.00
Apr-98	0.00	39,926.48	0.00	71,188.99	(0.48)	0.00
May-98	0.00	36,969.60	0.00	62,948.59	(0.48)	0.00
Jun-98	0.00	44,466.04	0.00	76,061.51	(0.48)	0.00
Jul-98	0.00	34,837.13	0.00	102,899.72	(0.48)	0.00
Aug-98	0.00	29,444.12	0.00	65,036.30	(0.48)	0.00
Sep-98	0.00	33,252.60	0.00	66,193.95	(0.48)	0.00
Oct-98	0.00	27,217.54	0.00	64,240.46	0.00	44.18
Nov-98	0.00	39,971.42	0.00	71,640.87	0.00	(1.51)
Dec-98	0.00	32,597.35	0.00	55,809.01	0.00	(1.51)
<b>1998 TOTAL</b>	<b>0.00</b>	<b>460,707.47</b>	<b>0.00</b>	<b>1,032,790.81</b>	<b>(4.25)</b>	<b>41.16</b>

## TOTAL STATE SHA

MO/YR	DIVIDE COUNTY	DUNN COUNTY	EDDY COUNTY	GOLDEN VALLEY COUNTY	GRANT COUNTY	MCHEMRY COUNTY
Jan-95	39.00	3,997.82	(1.24)	4,114.18	(1.10)	(0.55)
Feb-95	(1.00)	(5,398.18)	(1.24)	4,064.87	(1.10)	(0.55)
Mar-95	(1.00)	1,879.80	(1.24)	4,233.14	(1.10)	(0.55)
Apr-95	6.50	2,695.47	(1.24)	6,314.91	(1.10)	(0.55)
May-95	(0.07)	6,547.47	(0.09)	3,966.42	(0.08)	(0.04)
Jun-95	(1.59)	5,906.41	(2.40)	3,785.04	(2.12)	(1.06)
Jul-95	(0.83)	5,173.18	223.26	7,158.95	(1.10)	(0.55)
Aug-95	0.15	6,577.82	(0.01)	3,975.81	(0.01)	0.00
Sep-95	11.10	4,954.62	(2.48)	4,468.05	(2.19)	(1.10)
Oct-95	(0.99)	4,297.03	(1.31)	4,158.76	0.00	(0.59)
Nov-95	118.99	4,147.49	(1.31)	3,769.64	0.00	(0.59)
Dec-95	(2.12)	3,992.38	(2.63)	4,669.72	0.00	(1.19)
<b>1995 TOTAL</b>	<b>168.14</b>	<b>44,771.31</b>	<b>208.07</b>	<b>54,679.49</b>	<b>(9.90)</b>	<b>(7.32)</b>
Jan-96	47.62	(1,052.41)	0.00	3,511.92	0.00	0.00
Feb-96	(1.14)	5,377.56	(1.31)	4,371.36	0.00	(0.59)
Mar-96	(0.86)	3,740.71	(1.31)	5,189.05	0.00	(0.59)
Apr-96	(0.97)	6,021.62	(1.31)	4,784.61	0.00	(0.59)
May-96	(0.98)	4,220.93	(1.31)	2,951.72	0.00	(0.59)
Jun-96	(0.93)	6,573.17	(1.31)	5,225.97	0.00	(0.59)
Jul-96	(0.95)	5,815.06	(1.31)	4,317.37	0.00	(0.59)
Aug-96	(0.90)	4,720.48	(1.25)	4,754.06	0.00	(0.56)
Sep-96	(0.97)	7,467.98	(1.31)	4,362.32	0.00	(0.59)
Oct-96	(0.64)	5,985.03	0.00	4,600.25	0.00	0.00
Nov-96	119.49	6,332.38	0.00	5,208.90	0.00	0.00
Dec-96	1,759.37	6,416.47	0.00	5,410.66	0.00	0.00
<b>1996 TOTAL</b>	<b>1,918.14</b>	<b>61,618.98</b>	<b>(10.42)</b>	<b>54,688.19</b>	<b>0.00</b>	<b>(4.69)</b>
Jan-97	3.52	6,033.99	0.00	3,851.02	0.00	0.00
Feb-97	(0.59)	23,880.34	0.00	5,113.25	0.00	0.00
Mar-97	(0.60)	6,939.84	1,209.16	3,589.70	0.00	0.00
Apr-97	952.61	9,246.46	7,521.90	11,067.14	0.00	0.00
May-97	(0.68)	5,673.72	241.56	3,916.08	0.00	0.00
Jun-97	(0.69)	5,207.17	23,345.90	5,050.62	0.00	0.00
Jul-97	(0.68)	5,361.04	101.62	3,143.53	0.00	0.00
Aug-97	(0.67)	6,769.07	567.74	5,171.86	0.00	0.00
Sep-97	(0.69)	7,102.91	542.64	3,969.03	0.00	0.00
Oct-97	48.30	11,306.68	96.68	7,934.02	0.00	0.00
Nov-97	108.32	5,974.24	45.11	3,499.02	0.00	0.00
Dec-97	(11.69)	10,367.66	80.85	3,381.99	0.00	0.00
<b>1997 TOTAL</b>	<b>1,096.46</b>	<b>103,863.12</b>	<b>33,753.16</b>	<b>59,687.26</b>	<b>0.00</b>	<b>0.00</b>
Jan-98	(11.70)	4,627.42	217.19	6,945.62	0.00	0.00
Feb-98	(1.96)	10,001.94	(21.00)	5,297.57	0.00	0.00
Mar-98	602.29	9,941.99	19.02	5,546.21	0.00	0.00
Apr-98	(11.18)	923.60	36.68	3,378.32	0.00	0.00
May-98	(11.21)	11,579.01	(52.19)	2,605.20	0.00	0.00
Jun-98	(11.19)	3,651.45	(24.53)	3,262.34	0.00	0.00
Jul-98	(11.21)	3,771.74	23.16	3,039.85	0.00	0.00
Aug-98	347.54	3,542.03	1,840.72	3,026.11	0.00	0.00
Sep-98	(11.21)	5,265.35	95.79	2,538.43	0.00	0.00
Oct-98	55.30	2,279.08	53.22	3,203.93	0.00	0.00
Nov-98	(4.66)	22,736.90	27.16	3,053.98	0.00	0.00
Dec-98	(4.60)	5,580.19	1,282.50	1,718.87	0.00	0.00
<b>1998 TOTAL</b>	<b>926.21</b>	<b>83,900.70</b>	<b>3,497.72</b>	<b>43,616.43</b>	<b>0.00</b>	<b>0.00</b>



## TOTAL STATE SHA

MO/YR	MCKENZIE COUNTY	MCLEAN COUNTY	MERCER COUNTY	MOUNTRAIL COUNTY	OLIVER COUNTY	RENVILLE COUNTY
Jan-95	71,559.11	(1.33)	2,515.29	37.28	5,059.49	0.00
Feb-95	14,054.18	(1.33)	26,683.12	17.28	6,804.14	0.00
Mar-95	48,477.10	(1.33)	2,358.27	17.28	89,453.33	0.00
Apr-95	291,468.57	(1.33)	1,862.82	(2.72)	83,293.01	0.00
May-95	(109,843.68)	(0.10)	13,643.68	(0.20)	771.04	0.00
Jun-95	57,247.89	(2.57)	(179.27)	(5.24)	19,616.30	0.00
Jul-95	103,622.25	238.67	(147.65)	(2.72)	12,849.31	0.00
Aug-95	77,519.23	(0.01)	(1.18)	(0.02)	70,962.64	0.00
Sep-95	4,480.84	(2.65)	2,681.35	(5.42)	15,376.24	0.00
Oct-95	30,194.44	(1.41)	9,882.26	177.02	5,669.25	0.00
Nov-95	52,047.03	(1.41)	13,629.69	35.77	10,510.05	0.00
Dec-95	49,897.21	(2.82)	22,965.41	(8.46)	22,278.94	0.00
<b>1995 TOTAL</b>	<b>690,724.17</b>	<b>222.38</b>	<b>95,893.79</b>	<b>259.85</b>	<b>342,643.74</b>	<b>0.00</b>
Jan-96	41,879.33	0.00	26,350.36	0.00	660.00	0.00
Feb-96	58,137.42	(1.41)	174.56	15.77	105,615.47	0.00
Mar-96	71,331.99	(1.41)	19,568.69	(4.23)	20,627.26	630.00
Apr-96	58,899.40	(1.41)	15,311.65	(4.23)	12,037.53	0.00
May-96	100,249.15	(1.41)	(388.60)	(4.23)	23,139.17	0.00
Jun-96	46,965.32	(1.41)	1,401.57	(4.23)	88,417.87	0.00
Jul-96	75,081.71	238.59	2,815.58	(4.23)	22,780.70	0.00
Aug-96	100,844.80	(1.34)	12,986.02	(4.03)	2,438.75	0.00
Sep-96	79,818.16	(1.40)	15,152.54	55.79	271.88	0.00
Oct-96	77,628.28	(1.20)	13,097.02	89.24	105,500.55	(3.15)
Nov-96	52,723.06	(1.17)	17.06	138.53	5,763.30	(3.07)
Dec-96	77,135.65	(1.18)	12,349.47	68.51	3,662.41	(3.11)
<b>1996 TOTAL</b>	<b>840,694.27</b>	<b>225.25</b>	<b>118,835.92</b>	<b>342.66</b>	<b>390,914.89</b>	<b>620.67</b>
Jan-97	217,833.70	(1.18)	6,331.06	(1.49)	27,262.97	(3.11)
Feb-97	52,194.04	(1.17)	123,527.66	138.53	53,866.67	(3.07)
Mar-97	53,342.59	(1.18)	(64,027.57)	(1.48)	42,598.61	26.90
Apr-97	65,685.44	(1.18)	44,549.95	(1.48)	7,243.04	(3.10)
May-97	91,016.40	(1.18)	3,038.98	(1.48)	28,321.36	(3.10)
Jun-97	42,898.41	(1.18)	23,431.57	(1.48)	85,305.08	(3.10)
Jul-97	37,734.06	(1.18)	66,478.35	(1.48)	(83,246.80)	(3.10)
Aug-97	47,041.97	(241.18)	22,271.62	(1.48)	110,310.74	(3.10)
Sep-97	71,666.24	(1.18)	2,146.64	28.52	25,924.91	(3.10)
Oct-97	203,360.23	0.00	1,193.12	58.03	68,931.46	(0.12)
Nov-97	142,842.48	0.00	(833.23)	58.03	(1,220.14)	(0.12)
Dec-97	912,942.26	0.00	22,027.88	(1.97)	8,302.21	(0.12)
<b>1997 TOTAL</b>	<b>1,938,557.82</b>	<b>(250.61)</b>	<b>250,136.03</b>	<b>270.77</b>	<b>373,600.11</b>	<b>1.76</b>
Jan-98	62,902.32	1,590.00	9,531.23	(1.97)	28,398.29	(0.12)
Feb-98	59,279.18	0.00	2,297.61	68.03	20,767.87	29.88
Mar-98	49,935.19	0.00	1,325.49	(1.43)	36,919.17	(0.09)
Apr-98	19,744.26	0.00	1,432.75	(1.88)	58,813.32	(0.11)
May-98	22,580.32	0.00	15,015.98	(1.88)	25,607.37	(0.11)
Jun-98	55,960.82	1,828.50	30,008.73	(1.88)	(343.80)	(0.11)
Jul-98	92,747.38	0.00	48,085.94	(1.88)	39,668.54	(0.11)
Aug-98	33,686.28	0.00	51,403.32	(1.88)	46,184.60	(0.11)
Sep-98	43,741.08	0.00	4,310.48	28.12	28,489.43	(0.11)
Oct-98	77,270.11	(14.09)	844.72	59.08	(595.37)	(0.12)
Nov-98	42,585.14	288.81	(156.12)	59.08	(1,241.11)	(0.12)
Dec-98	43,722.68	112.01	13,299.64	29.08	38,244.08	(0.12)
<b>1998 TOTAL</b>	<b>604,154.76</b>	<b>3,805.23</b>	<b>177,399.77</b>	<b>230.59</b>	<b>320,912.39</b>	<b>28.65</b>

TOTAL STATE SHA

MO/YR	ROLETTE COUNTY	SLOPE COUNTY	STARK COUNTY	WARD COUNTY	WILLIAMS COUNTY	TOTAL
Jan-95		(0.64)	92.39	(1.10)	1,094.07	157,046.38
Feb-95		(0.64)	76.10	(1.10)	868.35	113,206.48
Mar-95		(0.64)	86.33	58.90	865.22	213,528.90
Apr-95		(0.64)	62.56	(1.10)	637.38	453,970.23
May-95		14.95	75.17	(0.08)	1,048.21	(1,814.35)
Jun-95		59.68	376.42	(2.12)	743.65	505,798.90
Jul-95		(0.64)	436.20	(1.10)	607.09	288,544.73
Aug-95		(0.01)	1,601.93	(0.01)	1,029.66	(116,522.54)
Sep-95		(1.27)	13,937.03	(2.19)	976.12	122,296.33
Oct-95		(0.67)	587.70	(0.70)	905.41	153,555.15
Nov-95		(0.67)	1,492.17	(0.70)	411.93	152,164.44
Dec-95		(1.35)	405.19	(1.41)	1,418.46	157,666.71
1995 TOTAL	0.00	67.46	19,229.19	47.29	10,605.55	2,199,441.36
Jan-96		40.00	927.15	0.00	775.76	12,675.40
Feb-96		(0.67)	21,813.76	99.30	775.61	273,190.63
Mar-96		(0.67)	4,060.60	(0.70)	910.23	204,462.60
Apr-96		(0.67)	1,989.05	19.30	1,146.17	177,373.53
May-96		(0.67)	10,695.77	(0.70)	1,154.33	252,944.37
Jun-96		29.33	13,270.27	(0.70)	739.67	282,264.97
Jul-96		(0.67)	3,606.51	(0.70)	753.45	234,694.47
Aug-96		(0.64)	4,294.91	(0.67)	960.46	225,652.71
Sep-96		(0.67)	4,030.57	(0.70)	736.64	235,089.31
Oct-96		(0.34)	7,812.79	(0.60)	746.66	325,987.16
Nov-96		(0.34)	3,936.48	(0.58)	1,382.33	199,207.47
Dec-96		39.66	2,544.64	(0.59)	859.85	244,550.72
1996 TOTAL	0.00	103.65	78,982.50	112.66	10,941.16	2,668,093.34
Jan-97		(0.34)	1,227.72	(0.59)	1,030.79	388,579.25
Feb-97		89,439.66	437.57	(0.58)	617.59	495,079.72
Mar-97		174,757.16	105.88	(0.59)	921.03	367,493.37
Apr-97		(0.34)	24.25	(0.59)	710.59	306,499.05
May-97	0.00	3,294.41	824.67	(0.59)	1,089.04	302,254.00
Jun-97	280.00	(0.34)	669.89	(0.59)	2,995.89	335,831.41
Jul-97	0.00	45.16	6,843.09	(0.59)	799.44	134,463.32
Aug-97	0.00	6,859.66	150,409.19	(0.59)	647.10	541,833.83
Sep-97	0.00	1,446.66	6,008.00	(0.59)	12,238.76	242,464.03
Oct-97	(1.16)	(1,109.70)	183,344.71	0.00	796.90	754,828.47
Nov-97	(1.16)	(753.70)	15,929.14	0.00	900.52	382,337.81
Dec-97	(1.16)	5,150.30	33,659.22	0.00	(625.52)	1,125,600.77
1997 TOTAL	276.52	279,128.59	399,483.33	(5.30)	22,122.13	5,377,265.03
Jan-98	(1.16)	10,438.95	37,688.46	0.00	155.50	350,760.97
Feb-98	(1.16)	5,467.94	16,737.56	0.00	837.02	326,889.32
Mar-98	(0.84)	1,190.67	9,977.64	0.00	1,602.95	261,443.71
Apr-98	118.89	11,618.41	11,126.54	0.00	366.55	218,661.14
May-98	(1.11)	9,548.82	11,914.95	0.00	665.71	199,368.57
Jun-98	(1.11)	4,024.56	11,670.07	0.00	434.76	230,985.68
Jul-98	(1.11)	6,315.59	15,752.58	0.00	899.25	348,026.09
Aug-98	(1.11)	3,309.45	8,412.95	0.00	676.61	246,906.45
Sep-98	(1.11)	(258.10)	10,978.21	0.00	695.87	195,318.30
Oct-98	(0.50)	7,950.71	9,294.98	0.00	687.90	192,591.13
Nov-98	(0.50)	3,497.92	8,868.02	0.00	398.05	191,723.33
Dec-98	(0.50)	4,442.95	10,313.81	0.00	385.67	207,531.11
1998 TOTAL	108.68	67,547.87	162,735.77	0.00	7,805.84	2,970,205.80

**Scenario #1**

This scenario keeps the distribution for the 1999-01 biennium at the same level as the bill that passed out of the Senate, but phases in the remaining distributions over the next 4 bienniums. The distribution for the 1999-01 biennium is still delayed until January 1 and increases from 10 percent to 20 percent on January 1, 2001. The distribution remains at 20 percent throughout the 2001-03 biennium. (stays at 20 percent for 30 months)

Total estimated revenues for mineral leasing fees for 1999-01 biennium	5,280,000
Less estimated collection of leases and bonuses	<u>(422,400)</u>
Total available for computation	4,857,600
 Yearly Amount	 2,428,800

**Senate Version****1999-01 Biennium**

July 1, 1999 through December 31, 1999	-	
2,428,800 x .10 for 12 months	242,880	
2,428,800 x .20 for 6 months	242,880	
Last quarter carried forward to 2001-03 biennium	<u>(121,440)</u>	
<b>Total 1999-01 Biennium</b>	<b>364,320</b>	<b>364,320</b>

2001-03 Biennium		
24 months at .20 x 4,857,600	971,520	
Net timing effects of last quarter	<u>-</u>	
<b>Total 2001-03 Biennium</b>	<b>971,520</b>	<b>1,335,840</b>

2003-05 Biennium		
24 months at .30 x 4,857,600	1,457,280	
Net timing effects of last quarter	<u>(60,720)</u>	
<b>Total 2003-05 Biennium</b>	<b>1,396,560</b>	<b>2,207,006</b>

2005-07 Biennium		
24 months at .4 x 4,857,600	1,943,040	
Net timing effects of last quarter	<u>(60,720)</u>	
<b>Total 2005-07 biennium</b>	<b>1,882,320</b>	<b>2,428,800</b>

2007-09 Biennium		
24 months at .50 x 4,857,600	2,428,800	
Net timing effects of last quarter	<u>(60,780)</u>	
<b>Total 2007-09 Biennium</b>	<b>2,368,020</b>	<b>2,428,800</b>

2009-11 Biennium and beyond	2,428,800	2,428,800
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**Scenario #2**

This scenario phases the distribution in evenly over 5 bienniums and begins July 1, 1999 rather than January 1, 2000. Each biennium increases the distribution by 10 percent of the amount available.

Total estimated revenues for mineral leasing fees for 1999-01 biennium	5,280,000		
Less estimated collection of leases and bonuses	<u>(422,400)</u>		
Total available for computation per biennium	4,857,600		
Yearly Amount	2,428,800		
		<u>Senate Version</u>	<u>Sen Bowman's amendment</u>
<b>1999-01 Biennium</b>			
24 months at .10 x 4,857,600	485,760		
Last quarter carried forward to 2001-03 biennium	<u>(121,440)</u>		
<b>Total 1999-01 Biennium</b>	<b>364,320</b>	<b>364,320</b>	<b>396,000</b>
 2001-03 Biennium			
24 months at .20 x 4,857,600	971,520		
Net timing effects of last quarter	<u>-</u>		
<b>Total 2001-03 Biennium</b>	<b>971,520</b>	<b>1,335,840</b>	<b>1,320,000</b>
 2003-05 Biennium			
24 months at .30 x 4,857,600	1,457,280		
Net timing effects of last quarter	<u>(60,720)</u>		
<b>Total 2003-05 Biennium</b>	<b>1,396,560</b>	<b>2,207,006</b>	<b>2,112,000</b>
 2005-07 Biennium			
24 months at .4 x 4,857,600	1,943,040		
Net timing effects of last quarter	<u>(60,720)</u>		
<b>Total 2005-07 biennium</b>	<b>1,882,320</b>	<b>2,428,800</b>	<b>2,112,000</b>
 2007-09 Biennium			
24 months at .50 x 4,857,600	2,428,800		
Net timing effects of last quarter	<u>(60,780)</u>		
<b>Total 2007-09 Biennium</b>	<b>2,368,020</b>	<b>2,428,800</b>	<b>2,112,000</b>
 2009-11 Biennium and beyond			
	<b>2,428,800</b>	<b>2,428,800</b>	<b>2,112,000</b>

Testimony prepared for House  
Appropriations Committee  
February 25, 1999  
Roger Chinn  
Grassy Butte, ND

Mr. Chairman and members of the House Appropriations Committee. My name is Roger Chinn. I ranch near the small community of Grassy Butte and have also had the privilege of serving as a McKenzie County Commissioner the past 12 years. I appear before you today in support of Senate Bill 2202. This bill would return to the county of origin a portion of royalties received by the state for production of Bureau of Land Management minerals.

McKenzie County has had oil production on National Grasslands and B.L.M. land for over 40 years. Production of Oil and gas within a county provides positive impacts. It creates jobs, diversifies the economy, broadens and increases the tax base. However, along with the days of sunshine, one also gets the rainy days. Production of oil, gas and other minerals also creates negative impacts within a county, mainly to roads and bridges which were not designed or constructed to handle the large volume of traffic consisting mostly of very heavy trucks with some overwidth and overweight vehicles in all weather conditions. I would use as an example the county road west of Grassy Butte, from highway 85 to the Little Missouri River, a distance of 25 miles. This road was constructed to serve approximately 20 ranches in the area. During the peak of the oil drilling in the 1980's, our county traffic counts recorded approximately 500 vehicles daily on this road.

The impact of producing oil and gas off Federal lands not only severely damaged this road, but also created a very dangerous environment for local traffic including the transportation of school children. I am pleased to report in this case, due to the late Senator Burdick's efforts, the first eleven miles of the road became a demonstration project and was upgraded at 80% Federal dollars and 20% county dollars.

McKenzie County could not afford this project alone. Passage of Senate Bill 2202 would allow counties to address the negative impacts of oil, gas and other minerals produced on B.L.M. lands.

I would like to thank the appropriations committee for the opportunity to testify and would answer any questions.



# *North Dakota Association of Oil & Gas Producing Counties*

## **EXECUTIVE COMMITTEE**

Ron Block  
President  
Bottineau County

Roger Chinn  
McKenzie County

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McKenzie County PSD

Jane Erickson  
Secretary/Treasurer  
Killdeer

**February 25, 1999  
In support of SB 2202**

**Mr. Chairman and Members of the House Appropriations**

**Committee...**

**My name is Ron Block. I am president of the North Dakota Association of Oil and Gas Producing Counties. I live in Willow City.**

**Senator Bowman met with our Oil County Association twice.**

**He met with our legislative review committee in New Town in September and in Bowman at our annual meeting in October.**

**We have 133 members consisting of county, city and school district subdivisions in the oil- producing region.**

**Our membership supports this bill. We commend Senator Bowman for his research on this bill.**

**Please give Senate Bill 2202 a do pass recommendation.**

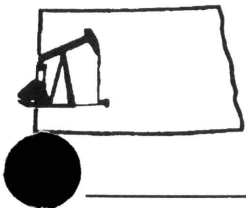
**Thank you.**

**VICKY STEINER - EXECUTIVE DIRECTOR**

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**Ray Gedeon - Permit Operator**

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# North Dakota Association of Oil & Gas Producing Counties

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Dear House Appropriations Member:

Please vote YES on Senate bill *2202*.

The North Dakota Association of Oil and Gas Producing Counties, the Coal Conversion Counties Association, and the North Dakota Association of Counties support this crucial legislation.

Under current law, the Bureau of Land Management (BLM) oil and coal royalties are paid to the state general fund. Under 2202, the state would share the same distribution as is already done in federal Forest Service oil royalties. The bill phases in a 25% share for the state and 25% share for the counties over a six-year time frame.

Today the state takes the full 50% share with no compensation for federal impacts to the producing oil or coal counties. The fiscal note is \$364,320 and is included in the Governor's budget.

The energy impact office will fund \$1 million next year and the oil counties have \$18 million in unmet needs because of previous oil production, according to a recent membership survey.

The 1920 federal law says BLM royalty money may be used as "the legislature of the State may direct giving priority to those subdivisions of the State socially or economically impacted by development of minerals leased under this Act for planning, construction and maintenance of public facilities and provision of public service...".

Please vote yes on 2202. Thank you.

Sincerely,

*Ron Block*

Ron Block  
President, NDAOGPC

Gerald Bauman  
Chairman, CCCA

Contact: Vicky Steiner 225-0884  
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*VS*

### VICKY STEINER - EXECUTIVE DIRECTOR

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**TESTIMONY TO THE  
HOUSE APPROPRIATIONS COMMITTEE  
Prepared February 25, 1999 by the  
North Dakota Association of Counties  
Mark Johnson, NDA Co Executive Director**

**Concerning Senate Bill 2202**

Chairman Dalrymple and members of the House Appropriations Committee, very briefly I would like to express the support of all 53 counties for the redistribution of federal mineral royalty receipts proposed in this bill.

Our Association recognizes that this will directly impact only a few of our members. At our annual convention however, all of our members took a very strong position in favor of the concept. County officials recognize that the oil industry is of major importance to the economy of our entire state, but that the county road budgets in a very few counties must contribute to supporting this industry. Support of these bills is about support of that industry and about fairness and equity to the taxpayers of those counties.

For this reason, the North Dakota Association of Counties wishes to go on record in support of our western members, and the redistribution contemplated by this legislation.