

**2011 HOUSE ENERGY AND NATURAL RESOURCES**

**HB 1387**

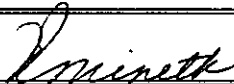
# 2011 HOUSE STANDING COMMITTEE MINUTES

## House Energy and Natural Resources Committee Pioneer Room, State Capitol

HB 1387  
01/27/2011  
13657

☐ Conference Committee

Committee Clerk Signature



### Minutes:

3 attached testimony."

Rep. Porter: We will open the hearing HB 1387.

Rep. Damschen: I am the representative from district 10 in Northeastern North Dakota. A lot the testimony you have heard applies to it. The point of this bill is to open the lines of communication between surface owners and mineral developers. It does remove the damage and disruption issue from the loss of production issue and addresses them in separate sections. The damage and disruption payments would be a single payment. The loss of production would be negotiated as to whether it was changed to being negotiated to a onetime payment or an annual payment that was made between the developer and the surface owner.

Rep. Onstad: I am the representative district 4 in Western North Dakota. I stand in support of HB 1387. In the beginning of 2007 director of the Oil and Gas division Lynn Helms asked for Attorney General's opinion from Mr. Stenehjem. The Attorney General's opinion was clear that damages need to be paid in a lump sum for initial expiration.

In the other part they may make annual payments for loss of production that occurs. Some of the companies make annual payments. Most of them do not. There will be an annual payment for loss of production, the payment is mutually agreed upon between the surface and that particular oil company. All companies that are across the border in Canada make annual payments because Canada requires that. Those same companies down here will not consider that because we don't force that issue.

Part two identifies the loss of production and the life of that well. It is unreasonable to come in and have a lump sum for that land owner unless he wants the lump payment. If there is not annual payments tied to that property that property will lose value. If there are annual payments tied to that well then he would see additional value for that property because he will receive some surface damage payments. We are not saying amounts we are saying what is agreed upon by the oil company and the surface owner.

If you are going to take out a piece of your property in knowing it might be gone for 50 years and you don't have a whole lot of say in that matter, is it not reasonable that that person can get an annual payment for the life of that well.

Rep. Porter: Are there any questions for Rep. Onstad? Is there further testimony in support of HB 1387?

Tom Wheeler: I am from Williams County. Every day I see the benefits of the oil in Northwest North Dakota. I also see the drawbacks from the oil. I am here to speak about the compensation received by the landowner when the location is on his land. (see attachment 1)

Rep. Porter: Are there any questions for Mr. Wheeler? Is there further testimony in support of HB 1387?

Myron Hanson: I am from Souris North Dakota and I am here on behalf of the Northwest Landowners. The Northwest Landowners request that the committee give a do pass to HB 1387. (See Attachment 2)

Rep. Porter: Are there questions for Mr. Hanson?

Rep. Brabandt: What is the average of the payments?

Myron Hanson: I have heard as low as \$6,500 and my personal experience \$15,000 for a one time settlement. When I replied to Continental Oil that I felt this was insufficient that we would take a lesser amount up front for the damage settlement, that I my wife and sister-in-law would like annual compensation for the production loss that we would suffer over the course of them occupying our land. Continental response was "no we do not pay in annual payments." That was the end of the discussion.

Rep. Porter: Are there any further questions? Is there any further support for HB 1387?

Sandy Clark: I am here for the North Dakota Farm Bureau. We stand today in support of HB 1387. We do concur that we believe there are two forms of damages. One is the one time surface damage and the other is recurring lost opportunity type payment. We think they should be negotiated separately. Instead of using market value what if you considered using the productivity formula that is used in the property tax assessment system. One of the values of doing that is bringing a county wide average value for each county. It also breaks down the average crop land value and the average non crop land value. That would give you a base to work with that would be consistent base number. That is only a starting point. The productivity formula will be less than the market value.

Lines 14 -18 where it starts to talk about the surface owner and the tenant, those relationships we do not have policy on relative to this issue.

Rep. Porter: Are there any questions for Sandy Clark?

Rep. Anderson: There is a lot of difference in even 3 or 4 miles, I think it would be better to use crop insurance approved yields if you want to go in that direction.

Rep. Porter: Are there any other questions? Is there further testimony for HB 1387?

Derrick Braaten: I am an Attorney with Vogel Law Partners. We work with a lot of farmers and ranchers across the state and would like to make some comments in support of this bill. The number of cases that are settled and unsettled, I want to make a comment on that. In 100 cases only 3 of them didn't settle. That is not a fair indication of how people feel. What people hear from the companies a lot of times is "this is our offer, that is the only offer we make if you don't like it sue us. These companies need to not only make a onetime offer but actually engage the landowner and say what do you think is fair for us to pay you on an annual basis. (see attachment 3)

Rep. Porter: Are there any questions for Mr. Braaten?

Rep. Keiser: I think it is designed to be both of those payments, there are winners and losers in whatever system you have.

Derrick Braaten: I respectfully disagree. I think their response would be "that is the damage and disruption payment and also the annual payment all folded into one. I think that is a fair response but I don't think that when a landowner says "I want a upfront payment and I want annual payments" that it is fair for the oil company to say no that is not how we do business and you can take it or leave it. If a person wants to have that paid over the years it is very important that agreement can be made.

Rep. Porter: Are there any further questions?

Rep. Kreun: Have you studied section 2 starting with line 6 on how that payment is developed? On line 6 it says the mineral developer shall pay the surface owner and the surface owner's tenant. Then it goes to the amount of damages in line 9 determined by a formula, agreed by the surface owner and the mineral developer doesn't involve the tenant on there. Then it goes down to line 11 loss of production must be paid annually unless the surface elects to receive a single lump sum payment. The compensation of the surface owner for the loss, except to the tenant for the surface, the state is prohibited and then it goes on, in the absence of the agreement between the surface owner and the tenant to the division of compensation payable under the section. The tenant is entitled to recover from the surface owner that portion of the compensation attributed the tenant share of the damage sustained. This is very confusing. I hope you understand it.

Derrick Braaten: I do agree that it is somewhat confusing. I think this section was pulled from some of the original language. Most of the leases are 1-3 year leases and that is outside of the purview of the mineral developer and the surface owner that is something that the tenant is likely to work out with the surface owner.

Rep. Kreun: We could clear that up in subcommittee then?

Derrick Braaten: Yes I believe so.

Rep. Porter: Is there any other testimony in support of HB 1387?

Matt Brandjord: I farm near Souris in North central North Dakota. I am in favor of HB 1387 and would like to share my experience with E.O.G. Resources. Last January I was

contacted by Context Energy who is doing lease and settlement work for EOG Resources. I met with the representative from Context Energy shortly after that, he informed me that EOG Resources was going to drill on some land where I own the surface and not the minerals. (see attachment 4)

Rep. Porter: Are there any questions for Mr. Brandjord?

Peter S?? I am from Mckenzie County We have had oil and gas since the 70's On one piece of land I have an old farmstead that I wanted to sell to a fiend that wanted a place out in the country. I took him out there and he said " you have oil wells out here" I said they are not mine, just then an oil tanker went by, dust was all over the place. About that time he said " I have no desire to own this piece of property. It was an agreement that the oil company would not use the road. But the drivers are paid on commission so the faster they can turnaround the more money they can make. I talked to the County Commissioner about that and he said he would put a minimum maintenance on that road and then that should take care of the problem. The county quite taking care of the road, since it is a minimum maintenance road but the trucks kept coming. I really think this is a good bill and I think it would help us. These companies know what they can get away with.

Rep. Porter: Are there any questions for Peter? Is there further testimony in support of HB 1387? Is there any opposition for HB 1387?

Ron Ness: I represent the North Dakota Petroleum Council. We are in opposition of this bill because I think it needs work. If you look at what the bill is doing it is clearly separating the damage for the pad created and the annual loss of production. Industry considers them together. As a farmer he considers them separately. Industry looks at it from a standpoint of I have to pay, we understand we have to pay for the damage and the crop loss over time. That time thing is where it gets to be a little iffy. As a surface owner you then begin to weigh things like is this going to be successful or not. If you take the whole cash up front for the whole works the well may or may not be a success. What often happens is a company comes up with what they think is there number. They make the offer to the surface owner. The question to that surface owner is do they want the \$20,000 today? Or do they want the \$5,000 today and the annual over a period of time.

What I hear is that most of the people will take the money today, which can cause problems down the road especially if you transfer the asset to another owner who didn't get in on the collection today. We believe the current law when you read line 16 and 17 it says the loss occurs and surface owner may elect to be paid damages in annual installments over a period of time except that the surface must be paid for harm caused by expiration only by a single sum payment. You are not going to get both the damage and the annual payment up front and then get an annual payment down the road. The tenant issue is a good catch that is something I don't think anyone wants to throw the tenant in the middle of these negotiations. That is between the surface owner and the tenants and not between the two parties that are negotiating the deal.

Rep. Porter: Are there any questions for Ron Ness? If the individual still wants to accept the full lump sum payment for both up front, would that be an option to do so? Should that tie that annual payment back to the land if they should sell it?

Ron Ness: I would say we need to stay out of their business just like the Government needs to stay out of most businesses. We are on the right approach here but the subcommittee has a lot of work to do.

Rep. Porter: Are there any other questions for Mr. Ness? Is there further testimony in opposition?

Jim Crom: I am with Ward Williston Oil Company. In regards to HB 1387 in its current form we recommend a do not pass. My firm tries to do the best but we are not perfect. This is an interesting situation. We don't support throwing the tenant into the mix at all. We are in the position where most people accept the lump sum payment and it is hard for us to come up with a lump sum payment because we are depending on our conversation with the land owner to give us a number and we give them a number and they don't think it is reasonable that is not the end of the discussion. The other thing is determining the value. The thing we don't like about the long term rentals is the formula that could be interrupted for their use. We play in the rocks that shade the Baaken wells so our economics are not the same as the Baaken wells. We are going to be here to take over after some of those players are done but we are not able to support that with a high yearly rental. Right now we have 160 employees throughout the state we would like to keep that employment growth going. Be very thoughtful about this because it has some long term implications for the businesses and employment of North Dakota natives like myself. We try to work with the tenants that are there, but we feel if the tenant wants to farm that land that is between him and the surface owner. I disagree with some of the earlier testimony about this being a toxic industrial site. If that were the case maybe it should be taxed as an industrial site.

Rep. Porter: Are there any questions for Mr. Crom?

Rep. Damschen: I think it is still the number one industry in the state

Jim Crom: I think of it as the bedrock of the state. I was talking about industrial sites.

Rep. Damschen: The language is probably flawed there was an attempt to take into consideration the effect on a farmer who is renting that land.

Jim Crom: If we work with the surface owner and a tenant we would take the direction of from the surface owner. In terms of payments I think it is unfair to the operators to say throw the tenant into the mix. If you rent that land and see that there is a well on it, where is, as it is in my opinion.

Rep. Damschen: I agree the language is properly not right. I don't totally disagree with the concept. I would take into consideration an exceptional case if the rental might be affected. I don't think the tenant should be in the negotiation with the mineral developer or the oil company.

Jim Crom: We need to consider is that there is a lot of my generation that left North Dakota and didn't come back but they will be at some point, because many of them have farming roots.

Rep. Damschen: You hit on a point that makes me repeat what has already been said. You do have to work with the people that are already there. You need to be a good neighbor and I think you are.

Jim Crom: We do work with the tenants in terms of their needs, in terms of compensation that is with the landowner.

Rep. Hunskor: You agree with the concept of the bill. As this bill moves through the subcommittee do you have wiggle room, something that you would be move in agreement with?

Jim Crom: Not with this current language. I would have to talk to the Vice President Rodney, as my guide and get his opinion as well.

Attachment handed out by Julie Ellingson. Did not speak.

Rep. Porter: Is any further opposition to HB 1387? We will close the hearing to HB 1387.

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Energy and Natural Resources Committee  
Pioneer Room, State Capitol

HB1387  
02/10/2011  
14348

☐ Conference Committee

Committee Clerk Signature
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Minutes:

Rep. Porter: We will open HB 1387

Rep. DeKrey: I move a do not pass on HB1387

Rep. Kreun: Second.

Rep. Porter: Is there any discussion? Motion carried

Yes 13    No 0    Absent 2    Carrier: Nathe



Date: 2-10-11  
Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1387

House House Energy and Natural Resources Committee

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

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep DeKrey Seconded By Rep Kreun

Representatives	Yes	No	Representatives	Yes	No
Chairman Porter	✓		Rep. Hanson	✓	
Vice Chairman Damschen	✓		Rep. Hunsakor	✓	
Rep. Brabandt	✓		Rep. Kelsh	✓	
Rep. Clark	✓		Rep. Nelson	✓	
Rep. DeKrey	✓				
Rep. Hofstad	✓				
Rep. Kasper					
Rep. Keiser					
Rep. Kreun	✓				
Rep. Nathe	✓				
Rep. Anderson	✓				

Total (Yes) 13 No 0

Absent 2

Floor Assignment Rep. Nathe

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

27.013

**REPORT OF STANDING COMMITTEE**

**HB 1387: Energy and Natural Resources Committee (Rep. Porter, Chairman)**  
recommends **DO NOT PASS** (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING).  
HB 1387 was placed on the Eleventh order on the calendar.

2011 TESTIMONY

HB 1387

*Tom Wheeler*  
*Attachment 1*

Mr. Chairman, and members of the Natural Resources Committee, my name is Tom Wheeler from Ray, North Dakota. Every day I see the benefits of oil in NW ND. I also see the drawbacks to oil. But the reason I am here is to talk about the compensation received by the land owner when a location is built on his land. I had heard about the activity when the hot spot was in Bowman Co. ND. I heard about the all the action in Mountrail Co. ND. But I had no idea what it was all about until it happened in my back yard. The traffic has changed how we farm. We must have a flag vehicle whenever we move machinery now. How does the dust from the gravel roads affect the growth of our crops? Do the chemicals used on those crops lose efficacy with all the dust covering the plants?

At the location itself, we have the issues with the extra turning. Overlap when seeding, spraying or any other use of machinery around the location. And spills will happen.

We have the loss of production. An annual payment is needed to make up for the loss of production of crops on those acres taken for the location.

Also there needs to be an adjustment of the annual payment as time goes on tied to inflation or some type of index. Crop inputs will continue to rise and hopefully so will the returns. Any payments for a location received now are not even close to payments received 40 - 50 years ago and the same will happen in the next 40 - 50 years.

When an oil company produces a new well they do not lock in \$90 / barrel price for the duration of the production on that well. Likewise I do not want to be locked into today's price for an annual payment on the location for the duration of that well. It needs to be looked at every 5 years or so.

Some oil companies want to give the landowner less of an annual payment if they have any minerals under that land. There is absolutely no relevance for this practice. If I own 10 mineral acres under my quarter of land and my neighbor owns 10 acres under his quarter in the same spacing, I will make less \$ than he will make because I lost the production on the acres the location sits on.

The land man tells me if I do not sign the surface agreement or release, the oil company has the right to go ahead anyway. Do not have much of a right to negotiate. It's either take the offer or they will drill anyway and you can go to litigation.

I know a farmer that would not sign the offer made. The company drilled the well. When he talked to his attorney, the attorney said the lawsuit could cost \$30,000 and you could lose. The farmer just let it drop. After three years the farmer has never received \$1 for the location on his land.

I believe the laws in place for compensation need to evolve to adapt to the change of the separation of the surface rights from the mineral rights. If I owned all the minerals under my land maybe I would not care about the compensation for the location because I would be getting a substantial amount of money from the royalties. But there needs to be adequate compensation for the surface owner that owns none or very few of the minerals under that location. The land needs to be made whole so that anyone owning the surface rights to land does not suffer any detrimental effects of the oil well being on their land.

Mr. Chairman, members of the committee, my name is Myron Hanson from Souris ND and I am here on behalf of the Northwest Landowners.

The Northwest Landowners respectfully request that this committee give a due pass recommendation to House Bill 1387.

Our organization would like it clearly understood that we support the reasonable and prudent development of the natural resources that are located within our state. We all understand the importance of the development of these natural resources as one of the economic vehicles that will carry this state forward into the future.

However, the Northwest Landowners feel that one of the critical things that is being overlooked with the unprecedented size and speed of this activity is the true economic impact on the farmers and ranchers of North Dakota.

We believe that there are two components to the economic impact of mineral exploration: the damage caused by the exploration itself, and the ongoing impact incurred by the loss of production, use, access, and any improvements that may have been made to the property.

Currently, it is the common practice of a mineral development company to offer one time, take it or leave it settlements for as little as \$6500.00. In my area land has sold in the range of \$1200.00/\$1600.00 per acre. These settlement offers are barely sufficient as damages to cover the destruction of the productive value of a typical four to six acre well site.

Additionally, this does nothing to address the loss to the surface owner for the production, use, access, or improvements for the occupation of these sites for possibly the next forty years and beyond. With the oil and gas industries' plans to develop thousands of additional wells, this represents a substantial economic burden on the farmers and ranchers of North Dakota.

We believe that the current thinking on the part of these energy companies to maximize their profits does not take into account the changes that have occurred in production agriculture in the past five to ten years. The advent of no-till, one pass farming has seen increasing yield potential. The change in genetics has seen the increased planting of higher value crops such as soybeans, corn, canola, flax, and lentils into areas all the way to the Canadian border and into the western parts of the state. Because of these and other factors the impact on the production efficiency and the equity values can not be overstated.

As stated in a letter opinion from the Attorney Generals Office in March of 2007, one reason for introducing this legislation is that there is no way to determine years in advance what actual damages might be. The possibility of saltwater spills, oil spills, the impact of dust from the heavy truck traffic, health issues related to hydrogen sulfide gas along with other as yet unforeseen circumstances need to be addressed.

As I stated earlier, we support the reasonable and prudent development of the mineral resource of this state. However we feel that it is essential that the economic impact on the farmers and ranchers of North Dakota be recognized and that they are not left alone to shoulder that burden.

Thank you for consideration of this matter.

*attachment-3*

SARAH VOGEL  
LAW PARTNERS

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Testimony of Derrick Braaten Concerning HB 1387  
House Energy and Natural Resources Committee  
January 27, 2011

My name is Derrick Braaten, and I am here to testify in support of House Bill 1387. I am an attorney in Bismarck, ND, and I am a partner with Sarah Vogel Law Partners. Our firm has a history of working on behalf of North Dakota's farmers and ranchers. Over the course of the past year or two, we have been asked by many farmers and ranchers for help with issues they are facing as a result of oil and gas development. Our initial response to our clients' inquiries was to direct them to attorneys who specialize in oil and gas law. We discovered, however, that most of these farmers and ranchers would return several months later explaining that they were unable to find an oil and gas attorney that did not have a conflict or was not too busy to help them. Our firm has responded by expanding our practice to serve North Dakota's farmers and ranchers, and other landowners, with their issues related to oil and gas, and other energy development.

I offer this background as context for the following statement: Upon expanding our practice to work for landowners dealing with issues related to oil and gas development, we have found ourselves just barely able to keep up with the phone calls we are receiving from North Dakota's landowners. Over the past year or so, I have had conversations with many North Dakota citizens. I have also heard some of the statements and arguments put forth by oil companies related to surface damage payments, and I'd like to take this opportunity to comment on these.

I have heard, for example, that the industry often quotes statistics about how few cases it has unsettled. The implication is that all of the cases that are not settled represent landowners who are happy with the companies and the damage payment they received. This simply is not the case. What I hear from landowners is that often when they are approached by the companies, whether it's an independent landman or a company representative, the attitude is "here is our offer, take it or sue us if you don't like it." Left with the alternative of receiving nothing and having to pursue a costly and lengthy lawsuit, many people sign the release and take the payment. That does not mean they are happy about it, or more importantly, that it was fair or adequate compensation.

The companies also often make the point that they are paying above market value sale or rental rates. This argument is attractive, but entirely misleading. Market value is meaningless when there is no free market. As one of my clients put it, the oil companies, the mineral owners, the drillers, the pumpers and other contractors all get to negotiate their prices and participate in a competitive free market. Surface owners do not get to participate in a free

market. The companies dictate the terms, and if the surface owner doesn't like it, his only recourse is an expensive lawsuit against a giant oil company. That's not much of a choice.

The market rates the companies rely on are misleading for another reason as well. You might find a rancher willing to rent out some of his pasture land so his neighbor can run 50 head of cattle on it. The so-called market rates these companies pay are based on that kind of a transaction. If that rancher's neighbor came back and asked if, rather than running those 50 head, could he instead put up an industrial site laden with toxic chemicals and leave it there for 40 years, he'd be laughed off the ranch; at best. In other words, if these companies want to put up an industrial site that will generate millions for them, they should be paying what other industries do for industrial sites. The companies are misleading us when they pretend they should be able to pay the same rates as a neighbor down the road with a few cattle.

Regardless, though, many of the offers from the companies, until recently almost always lump sum offers, are completely insufficient to cover the ongoing losses from the well pad and road. Farmers are expected at times to take a payment of, for example, \$8,000, and sign a full release for any damages that might arise. Putting aside the fact that no person can anticipate what other damages might arise in the life of a well, that lump sum payment does not account for the ongoing lost production which must be borne by the farmer. The law needs to be clear that the mineral developer must pay for the damage done to the property, and thereafter, it must also pay for the ongoing loss of production from the farmer or rancher's operation. That is what House Bill 1387 does.

As someone who has spoken to landowners across the state, I wholeheartedly support this bill, and I urge a do pass on House Bill 1387.

Thank you,

A handwritten signature in black ink, appearing to read 'Derrick Braaten', with a stylized, flowing script.

Derrick Braaten



HB 1387

Jan. 27, 2011

Mr. Chairman and members of the committee, my name is Matt Brandjord. I live in Bottineau and farm near Souris in north central North Dakota. I'm in favor of House bill 1387 and would like to share my experience dealing with EOG resources.

Last January, I was contacted by Contex Energy Co. of Dickinson, ND, who was doing lease and damage settlement work for EOG resources. I met with a representative from Contex shortly after, and he informed me EOG resources was going to drill on some land where I own the surface and not the minerals. The well site would take up approx. 5 acres and would be located next to the section line along a township road, so there would be no roads in the field. Their offer was \$1600/per acre or \$8000 as a one-time payment. We discussed our options and Contex Energy said if I didn't accept the offer that they could proceed in 20 days anyway, and if I signed they could start immediately, which is state law. I signed the agreement and said that I would like to be notified when they were going to start dirt work and would like some input on where the approach would be, and the placement of culverts. This was verbally agreed to.

A few days were later I was away at a meeting and received two calls, one from my brother, and one from my hired man, telling me that they were moving dirt on the proposed site. Several hours later a representative from the company called, contacting me to say they were ready to start moving dirt.

After this I started to question signing the damage settlement and cashing the check. I would like to share some reasons why.

*I believe if I were to sell this whole parcel of land I could possibly get close to \$1600/acre, therefore I feel a small parcel that I didn't want to sell should be worth considerably more. I realize this isn't a true sale and more of a lease. It has been my experience if a well is abandoned and reclaimed, it will not produce like before. I believe a yearly payment along with their initial offer could be fair for both parties.*

I feel going around the location takes more time and just as many inputs as farming the whole field did before. Therefore, I believe the payment should at least equal gross income per acre. I planned to farm this land until retirement, and then sell or rent, so I believe I am out yearly income while the well is there.

In April I was again approached by Contex Energy on behalf of EOG resources for another location. I informed them I would not sign the proposed agreement, which was basically the same as the first one. I also said I wasn't trying to prevent the well from being drilled and realized in 20 days it could be done anyway. I said I would sign the proposed offer if an additional yearly payment was attached. Contex said that EOG would never do this. I responded that it was a well known fact the EOG does exactly this, just a few miles north in Manitoba, since this is the law in Manitoba. I also said I would sign the proposal if we add a sentence that said if the laws changed in North Dakota this well would participate. EOG responded no, and both wells were drilled and are pumping.

I currently have an attorney working on a settlement on the second location.

Thank you for your consideration of House bill 1387.

North Dakota



## STOCKMEN'S ASSOCIATION

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HB SB 1387

Good morning, Chairman Porter, and House Natural Resources Committee members. For the record, my name is Julie Ellingson and I represent the North Dakota Stockmen's Association.

The Stockmen's Association stands in support of HB 1387, which provides for loss-of-production payments to surface owners or their tenants when damage results from oil and gas development on their property. This appears to be a very straightforward bill, with a direct relationship to our organization's policy regarding such damages and giving surface owners a fair shake.

We'd suggest that the agricultural productivity formula may be the most logical formula to use in the determination of the loss-of-production payment.

Thanks again for the opportunity to speak to you today. I'd be happy to stand for any questions.