

SENATE BILL NO. 2319

Introduced by

Senators Heckaman, Hogan, Oehlke

Representative Klemin

1 A BILL for an Act to create and enact a new section to chapter 38-01 of the North Dakota
2 Century Code, relating to indemnity agreements in oil and gas production contracts.

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

4 **SECTION 1.** A new section to chapter 38-01 of the North Dakota Century Code is created
5 and enacted as follows:

6 **Indemnity agreement in oil and gas production contracts void.**

7 1. An agreement, covenant, or promise contained in, collateral to, or affecting an
8 agreement pertaining to a well for oil or gas which purports to indemnify the
9 indemnitee against loss or liability for damages for death, bodily injury, or injury to
10 property is against public policy, and is void and unenforceable to the extent the
11 contract of indemnity by its terms purports to relieve the indemnitee from loss or
12 liability for:

13 a. The indemnitee's own negligence;

14 b. The negligence of the indemnitee's agents or employees or an independent
15 contractor who is directly responsible to the indemnitee; or

16 c. An accident that occurs in operations carried on at the direction or under the
17 supervision of the indemnitee or an employee or representative of the indemnitee
18 or in accordance with methods and means specified by the indemnitee or an
19 employee or representative of the indemnitee.

20 2. As used in this section, "agreement pertaining to a well for oil or gas" means a written
21 or oral agreement or understanding concerning operations relating to drilling,
22 deepening, reworking, repairing, improving, testing, treating, perforating, acidizing,
23 logging, conditioning, altering, plugging, or otherwise rendering services in or in
24 connection with a well drilled to produce or dispose of oil or gas; or an agreement to

- 1 perform any part of those activities or any act collateral to those activities including
2 furnishing or renting equipment, incidental transportation, or other goods and services.
3 3. This section does not affect the validity of an insurance contract or a benefit conferred
4 by the workforce safety and insurance laws of this state.
5 4. This section does not deprive an owner of the surface estate of the right to secure an
6 indemnity from a lessee, operator, contractor, or other person conducting operations
7 for the exploration or production of oil or gas on the owner's land.