



**TESTIMONY OF JODI SMITH  
COMMISSIONER  
North Dakota Department of Trust Lands**

**Senate Bill 2065**

**House Energy and Natural Resources Sub-Committee**

**March 18, 2021**

Chairman Keiser and members of the House Energy and Natural Resources Sub-Committee, I am Jodi Smith, the Commissioner and Secretary for the Board of University and School Lands (Board). I am here to testify on Senate Bill 2065.

The Department of Trust Lands (Department) met with representatives of the Northwest Landowners Association, the North Dakota Petroleum Council, and the Department of Mineral Resources to review the Department's proposed amendment to SB 2065 (version 21.8029.02000). The Department proposes the following:

Page 1, line 1 remove "section 15-05-09.1 and"

Page 1, line 1, after "38-25" insert "and to amend and reenact sections 15-05-09 and 15-05-10,"

Page 1, line 7, replace "Section 15-05-09.1" with "Sections 15-05-09 and 15-05-10"

Page 1, line 7, replace "is created and enacted" with "are amended and reenacted"

Page 1, remove lines 9 through 13

Page 1, after line 8, insert:

**15-05-09. Leases for oil, gas, and other products.**

The board of university and school lands may lease any lands under its control believed to contain oil, gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, ~~or~~ colloidal or other clays, or other naturally occurring elements and their compounds, and may make and establish rules and regulations for development, ~~and drilling,~~ and mining operations.

**15-05-10. Royalties from oil and gas leases - Rents from other leases  
- Rules.**

Oil and gas leases must be made by the board of university and school lands at such annual minimum payments as are determined by the board, but the royalty shall be not less than twelve and one-half percent of the gross output of oil from the lands leased. Oil and gas leases made by the board may authorize a royalty of less than twelve and one-half percent for production from stripper well properties or individual stripper wells and qualifying secondary recovery and qualifying tertiary recovery projects as defined in section 57-51.1-01. ~~Leases for gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, or colloidal or other clays issued by the board under section 15-05-09 for products other than oil and gas must be made by the board in such annual payments provide for adequate rental payments and other provisions as are determined by the board.~~ The board may adopt rules regarding annual rental payments and royalties under this section.

The Northwest Landowners Association, the North Dakota Petroleum Council, and the Department of Mineral Resources have agreed to the Department's proposed amendments.

We look forward to working with the Sub-Committee on these issues and would be happy to answer any questions.