

Sixty-eighth
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2194

Introduced by

Senators Patten, Bekkedahl, Kannianen

Representatives Longmuir, J. Olson, Timmons

1 A BILL for an Act to create and enact a new section to chapter 4.1-01, ~~and a new subsection to~~
2 ~~section 54-44.4-05~~ of the North Dakota Century Code, relating to a post-production royalty
3 oversight program, ~~and to procurement exemptions~~; to amend and reenact subsection 2 of
4 section 38-08-04.5 of the North Dakota Century Code, relating to the abandoned oil and gas
5 well plugging and site reclamation fund; and to provide a report.

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

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

9 **Post-production royalty oversight program - Report.**

- 10 1. The commissioner shall establish a program providing technical assistance and
11 support to mineral owners, lease owners, and mineral companies relating to royalty
12 payment issues.
- 13 2. The commissioner may contract for ombudsmen to be a resource for technical
14 assistance and followup on royalty payment issues.
- 15 3. The program may provide technical education, support, and outreach on royalty
16 payment related matters in coordination with other entities.
- 17 4. The commissioner may contract with local individuals, deemed trustworthy by the
18 mineral owners, lease owners, and mineral companies, to be ombudsmen. The
19 commissioner is not subject to the provisions of chapter 54-44.4 when contracting for
20 the services of ombudsmen.
- 21 5. The names of mineral owners, lease owners, and mineral companies that receive
22 assistance under the program are not subject to section 44-04-18 and section 6 of
23 article XI of the Constitution of North Dakota.

1 6. The commissioner shall submit expenses related to the implementation of the program
2 to the industrial commission for reimbursement.

3 7. By June first of each even-numbered year, the commissioner shall provide a report to
4 the energy development and transmission committee.

5 ~~SECTION 2. A new subsection to section 54-44.4-05 of the North Dakota Century Code is~~
6 ~~created and enacted as follows:~~

7 ~~Contracts for ombudsmen by the agriculture commissioner, related to post-production~~
8 ~~royalty technical assistance under chapter 15-02.~~

9 **SECTION 2. AMENDMENT.** Subsection 2 of section 38-08-04.5 of the North Dakota
10 Century Code is amended and reenacted as follows:

11 2. Moneys in the fund may be used for the following purposes:

12 a. Contracting for the plugging of abandoned wells.

13 b. Contracting for the reclamation of abandoned drilling and production sites,
14 saltwater disposal pits, drilling fluid pits, and access roads.

15 c. To pay mineral owners their royalty share in confiscated oil and to defray the
16 expenses of the post-production royalty oversight program provided under
17 section 1 of this Act.

18 d. Defraying costs incurred under section 38-08-04.4 in reclamation of saltwater
19 handling facilities, treating plants, and oil and gas-related pipelines and
20 associated facilities and to defray the expenses of the pipeline restoration and
21 reclamation oversight program provided under chapter 4.1-01.

22 e. Reclamation and restoration of land and water resources impacted by oil and gas
23 development, including related pipelines and facilities that were abandoned or
24 were left in an inadequate reclamation status before August 1, 1983, and for
25 which there is not any continuing reclamation responsibility under state law. Land
26 and water degraded by any willful act of the current or any former surface owner
27 are not eligible for reclamation or restoration. The commission may expend up to
28 five million dollars per biennium from the fund in the following priority:

29 (1) For the restoration of eligible land and water that are degraded by the
30 adverse effects of oil and gas development including related pipelines and
31 facilities.

- 1 (2) For the development of publicly owned land adversely affected by oil and
- 2 gas development including related pipelines and facilities.
- 3 (3) For administrative expenses and cost in developing an abandoned site
- 4 reclamation plan and the program.
- 5 (4) Demonstration projects for the development of reclamation and water
- 6 quality control program methods and techniques for oil and gas
- 7 development, including related pipelines and facilities.
- 8 f. For transfer by the office of management and budget, upon request of the
- 9 industrial commission, to the environmental quality restoration fund for use by the
- 10 department of environmental quality for the purposes provided under chapter
- 11 23.1-10, if to address environmental emergencies relating to oil and natural gas
- 12 development, including the disposal of oilfield waste and oil or natural gas
- 13 production and transportation by rail, road, or pipeline. If a transfer requested by
- 14 the industrial commission has been made under this subdivision, the department
- 15 of environmental quality shall request the office of management and budget to
- 16 transfer from subsequent deposits in the environmental quality restoration fund
- 17 an amount sufficient to restore the amount transferred from the abandoned oil
- 18 and gas well plugging and site reclamation fund.