

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2311**

Introduced by

Senators Beard, Bekkedahl, Kessel, Patten

Representatives Dyk, Rios

1 A BILL for an Act to amend and reenact subsection 11 of section 35-24-01 and sections
2 35-24-03 and 35-27-02 of the North Dakota Century Code, relating to well or pipeline
3 construction liens and construction liens.

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

5 **SECTION 1. AMENDMENT.** Subsection 11 of section 35-24-01 of the North Dakota Century
6 Code is amended and reenacted as follows:

7 11. "Pipeline" means any pipeline and related facilities laid and designed as a means of
8 transporting ~~natural gas, oil, or gasoline, or their components or derivatives, liquid or~~
9 gaseous substances of any kind and the right of way ~~therefor~~ where the pipeline is
10 situated.

11 **SECTION 2. AMENDMENT.** Section 35-24-03 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **35-24-03. Property subject to lien.**

14 1. Liens created under section 35-24-02 extend to:

15 1.a. The whole of the leasehold for oil or gas purposes to which the materials or
16 services were furnished, or for which the labor was performed, and the
17 appurtenances thereunto belonging; and

18 2.b. All materials and fixtures owned by the owner or owners of such leasehold and
19 used or employed, or furnished to be used or employed in the drilling or operating
20 of any oil or gas well located thereon; and

21 3.c. All oil or gas wells located on such leasehold, and the oil or gas produced
22 therefrom, and the proceeds thereof inuring to the working interest therein as
23 such working interest existed on the date such labor was first performed or such
24 material or services were first furnished; or

1 4.d. The whole of the pipeline to which the materials or services were furnished, or for
2 which labor was performed, and all buildings and appurtenances thereunto
3 belonging, including, without limiting the generality of the foregoing, gates,
4 valves, pumps, pump stations, and booster stations, and upon all materials and
5 fixtures owned by the owner of such pipeline and used or employed or furnished
6 to be used or employed in the construction thereof.

7 2. Notwithstanding any provision in this chapter, liens created under section 35-24-02
8 may not extend to a freehold estate unless that freehold estate is owned by the owner
9 of the leasehold for oil and gas purposes or a pipeline for which the labor, materials, or
10 services were supplied.

11 **SECTION 3. AMENDMENT.** Section 35-27-02 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **35-27-02. Persons entitled to construction lien - Notice.**

14 1. Any person that improves real estate, whether under contract with the owner of such
15 real estate or under contract with any agent, trustee, contractor, or subcontractor of
16 the owner, has a lien upon the improvement and upon the land on which the
17 improvement is situated or to which the improvement may be removed for the price or
18 value of such contribution. Provided, however, that the amount of the lien is only for
19 the difference between the price paid by the owner or agent and the price or value of
20 the contribution. If the owner or agent has paid the full price or value of the
21 contribution, no lien is allowed. Provided further that if the owner or an agent of the
22 owner has received a waiver of lien signed by the person that improves the real
23 estate, a lien is not allowed.

24 2. Any person that extends credit or makes a contract with any agent, trustee, contractor,
25 or subcontractor of the owner for the improvement of real estate, upon demand, has
26 the right to request and secure evidence of the legal description of the real estate
27 upon which the improvement is located, including the name of the title owner of the
28 real estate. Written notice that a lien will be claimed must be given to the owner of the
29 real estate by certified mail at least ten days before the recording of the construction
30 lien.

- 1 3. Notwithstanding any provision in this section, any person that performs labor or
- 2 furnishes materials or services under chapter 35-24 is prohibited from claiming or
- 3 maintaining a lien under this chapter.