

2025 SENATE ENERGY AND NATURAL RESOURCES

SB 2302

2025 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Peace Garden Room, State Capitol

SB 2302
1/30/2025

Relating to qualifications for applications for oil and gas leases on state lands or state school lands; and to provide a penalty.

11:12 a.m. Vice Chairman Kessel opened the hearing.

Members present: Chairman Patten, Vice Chairman Kessel, Senators: Beard, Boehm, Enget, Gerhardt, and Van Oosting.

Discussion Topics:

- Lease lands for mineral extraction
- Proposed amendment
- Hinder development

11:12 a.m. Senator Dale Patten introduced the bill.

11:14 a.m. Chris Sellsly, Minerals Director of Department of Trust Lands, testified in favor.

11:17 a.m. Ron Ness, President of ND Petroleum Council, testified in favor.

11:19 a.m. Vice Chairman Kessel closed the hearing.

Kendra McCann, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Peace Garden Room, State Capitol

SB 2302
2/6/2025

Relating to qualifications for applications for oil and gas leases on state lands or state school lands; and to provide a penalty.

9:50 a.m. Chairman Patten opened the hearing.

Members present: Chairman Patten, Senators: Beard, Boehm, Enget, Gerhardt, and Van Oosting. Vice Chairmen Kessel absent.

Discussion Topics:

- State and leases
- Intent to develop resources
- Authority of the state land board
- Economic considerations in leasing

9:44 a.m. Chairman Patten introduced proposed amendment, testimony #38374.

9:58 a.m. Senator Gerhardt moved amendment LC# 25.0531.01002.

9:58 a.m. Senator Beard seconded.

Senators	Vote
Senator Dale Patten	Y
Senator Greg Kessel	A
Senator Todd Beard	Y
Senator Keith Boehm	Y
Senator Mark Enget	Y
Senator Justin Gerhardt	Y
Senator Desiree Van Oosting	Y

Motion Passed 6-0-1.

9:59 a.m. Senator Beard moved Do Pass as Amended.

9:59 a.m. Senator Enget seconded the motion.

Senators	Vote
Senator Dale Patten	Y
Senator Greg Kessel	A
Senator Todd Beard	Y
Senator Keith Boehm	Y
Senator Mark Enget	Y
Senator Justin Gerhardt	Y
Senator Desiree Van Oosting	Y

Senate Energy and Natural Resources Committee
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Motion Passed 6-0-1.

Chairman Patten will carry the bill.

9:59 a.m. Chairman Patten closed the hearing.

Kendra McCann, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2302

Introduced by

Senators Patten, Beard, Kessel

Representatives Hagert, Novak, Porter

1 A BILL for an Act to create and enact a new section to chapter 38-09 of the North Dakota
2 Century Code, relating to qualifications for applications for oil and gas leases on state lands or
3 state school lands; and to provide a penalty for an Act to amend and reenact sections 15-01-02
4 and 15-05-09 of the North Dakota Century Code, relating to the powers of the board of
5 university and school lands and leases on state lands.

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

7 ~~SECTION 1. A new section to chapter 38-09 of the North Dakota Century Code is created~~
8 ~~and enacted as follows:~~

9 ~~Oil and gas lease sales - Permissibility - Penalty.~~

10 ~~1. The industrial commission shall adopt and issue rules establishing if an applicant for~~
11 ~~an oil and gas lease on state lands or state school lands is considered a qualified oil~~
12 ~~and gas lease applicant. Before issuing a lease of any state lands or state school~~
13 ~~lands for oil and gas production under this chapter or chapter 15-05, the commissioner~~
14 ~~of university and school lands, subject to criteria established by the industrial~~
15 ~~commission, shall review the highest bid offered by an applicant to determine if the~~
16 ~~applicant is a qualified oil and gas lease applicant.~~

17 ~~2. If the highest bidder is not a qualified bidder, the commissioner of university and~~
18 ~~school lands shall consider the second highest bidder to determine if that bidder is a~~
19 ~~qualified applicant, to which the commissioner of university and school lands may~~
20 ~~issue the lease if the applicant agrees to lease the lands for the highest amount bid~~

~~before the disqualified applicant entered the lease auction or process or for the
amount the second highest bidder bid, whichever is lower.~~

~~3. An applicant whose bid is rejected under this section because the applicant is not a
qualified oil and gas lease applicant is subject to a civil penalty in the amount of the
applicant's highest bid. The attorney general may bring an action in a court of
competent jurisdiction to recover the penalty specified in this subsection.~~

SECTION 1. AMENDMENT. Section 15-01-02 of the North Dakota Century Code is
amended and reenacted as follows:

15-01-02. Powers - Control of public lands and permanent funds.

The board has:

1. Full control of the selection, appraisal, rental, sale, disposal, and management of:
 - a. Lands donated or granted by or received from the United States or from any other source for the support and maintenance of the common schools.
 - b. All lands which fall to the state by escheat.
 - c. All lands donated or granted by or received from the United States or from any other source for the maintenance of the educational, penal, or charitable institutions.
 - d. All lands acquired by the state through the investment of the permanent school funds of the state as the result of mortgage foreclosure or otherwise.
2. Full control of the investment of the permanent funds derived from the sale of any of the lands described in subsection 1.
3. Full control of such percent of the proceeds of any sale of public lands as may be granted to the state by the United States on such sale.
4. Full control of the proceeds of any property that fall to the state by escheat and of the proceeds of all gifts and donations to the state for the support or maintenance of the common schools, and of all other property otherwise acquired by the state for the maintenance of the common schools. Any gift to the state not specifically appropriated to any other purpose must be considered as a gift for the support and maintenance of the common schools.
5. Authority to expend moneys for the purpose of making refunds in cases in which an error has been made by the board, or a person dealing with the board, with regard to

any of the lands, minerals, funds, proceeds, or any other kind of property managed by the board. Moneys expended to make refunds must come from the same fund or account into which the money to be refunded was originally placed.

6. Authority to award and distribute energy infrastructure and impact grants from moneys deposited in the oil and gas impact grant fund, except that grants awarded annually may not exceed sixty percent of the biennial appropriation for energy infrastructure and impact grants. The board may create an advisory committee to assist the board in making its grant award determinations.

7. Authority to adopt policies and rules necessary to carry out the responsibilities of the board in conformity with any statute administered or enforced by the board.

SECTION 2. AMENDMENT. Section 15-05-09 of the North Dakota Century Code is amended and reenacted as follows:

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

The board of university and school lands may ~~lease~~:

1. Lease any lands under its control believed to contain resources, including oil, gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, critical minerals, rare earth elements, colloidal or other clays, or other naturally occurring elements and their compounds, ~~and may make~~;
2. Cancel a lease if it is discovered that a lessee intends to hinder or block development of the resources; and
3. Make and establish rules and regulations for development, drilling, and mining operations.

**REPORT OF STANDING COMMITTEE
SB 2302**

Energy and Natural Resources Committee (Sen. Patten, Chairman) recommends **AMENDMENTS** ([25.0531.01002](#)) and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2302 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

25.0531.01002
Title.

Prepared by the Legislative Council
staff for Senator Patten
January 29, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2302

Introduced by

Senators Patten, Beard, Kessel

Representatives Hagert, Novak, Porter

1 A BILL ~~for an Act to create and enact a new section to chapter 38-09 of the North Dakota~~
2 ~~Century Code, relating to qualifications for applications for oil and gas leases on state lands or~~
3 ~~state school lands; and to provide a penalty for an Act to amend and reenact sections 15-01-02~~
4 ~~and 15-05-09 of the North Dakota Century Code, relating to the powers of the board of~~
5 ~~university and school lands and leases on state lands.~~

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15 ~~commission, shall review the highest bid offered by an applicant to determine if the~~
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18 ~~school lands shall consider the second highest bidder to determine if that bidder is a~~
19 ~~qualified applicant, to which the commissioner of university and school lands may~~
20 ~~issue the lease if the applicant agrees to lease the lands for the highest amount bid.~~

~~before the disqualified applicant entered the lease auction or process or for the
amount the second highest bidder bid, whichever is lower.~~

~~3. An applicant whose bid is rejected under this section because the applicant is not a
qualified oil and gas lease applicant is subject to a civil penalty in the amount of the
applicant's highest bid. The attorney general may bring an action in a court of
competent jurisdiction to recover the penalty specified in this subsection.~~

SECTION 1. AMENDMENT. Section 15-01-02 of the North Dakota Century Code is
amended and reenacted as follows:

15-01-02. Powers - Control of public lands and permanent funds.

The board has:

1. Full control of the selection, appraisalment, rental, sale, disposal, and management of:
 - a. Lands donated or granted by or received from the United States or from any other source for the support and maintenance of the common schools.
 - b. All lands which fall to the state by escheat.
 - c. All lands donated or granted by or received from the United States or from any other source for the maintenance of the educational, penal, or charitable institutions.
 - d. All lands acquired by the state through the investment of the permanent school funds of the state as the result of mortgage foreclosure or otherwise.
2. Full control of the investment of the permanent funds derived from the sale of any of the lands described in subsection 1.
3. Full control of such percent of the proceeds of any sale of public lands as may be granted to the state by the United States on such sale.
4. Full control of the proceeds of any property that fall to the state by escheat and of the proceeds of all gifts and donations to the state for the support or maintenance of the common schools, and of all other property otherwise acquired by the state for the maintenance of the common schools. Any gift to the state not specifically appropriated to any other purpose must be considered as a gift for the support and maintenance of the common schools.
5. Authority to expend moneys for the purpose of making refunds in cases in which an error has been made by the board, or a person dealing with the board, with regard to

any of the lands, minerals, funds, proceeds, or any other kind of property managed by the board. Moneys expended to make refunds must come from the same fund or account into which the money to be refunded was originally placed.

6. Authority to award and distribute energy infrastructure and impact grants from moneys deposited in the oil and gas impact grant fund, except that grants awarded annually may not exceed sixty percent of the biennial appropriation for energy infrastructure and impact grants. The board may create an advisory committee to assist the board in making its grant award determinations.

7. Authority to adopt policies and rules necessary to carry out the responsibilities of the board in conformity with any statute administered or enforced by the board.

SECTION 2. AMENDMENT. Section 15-05-09 of the North Dakota Century Code is amended and reenacted as follows:

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

The board of university and school lands may ~~lease~~:

1. Lease any lands under its control believed to contain resources, including oil, gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, critical minerals, rare earth elements, colloidal or other clays, or other naturally occurring elements and their compounds, ~~and may make~~;
2. Cancel a lease if it is discovered that a lessee intends to hinder or block development of the resources; and
3. Make and establish rules and regulations for development, drilling, and mining operations.

2025 HOUSE ENERGY AND NATURAL RESOURCES

SB 2302

2025 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee

Coteau AB Room, State Capitol

SB 2302

3/14/2025

Relating to the powers of the board of university and school lands and leases on state lands.

9:01 a.m. Chairman Porter opened meeting

Members Present: Chairman Porter, Vice Chairman Anderson, Vice Chair Novak,
Representatives: Dockter, Hagert, Headland, Johnson, Marschall, Olson, Conmy, Foss

Members absent: Representative Heinert, Representative Ruby

Discussion Topics:

- Resource development blocking
- Lease cancelation

9:01 a.m. Senator Patten introduced the bill.

9:03 a.m. James Wald, Department of Trust Lands, testified in favor.

9:05 a.m. Ron Ness, ND Petroleum Council, testified in favor.

9:07 a.m. Chairman Porter closed the meeting

Addison Randazzo for Leah Kuball, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Coteau AB Room, State Capitol

SB 2302
3/20/2025

Relating to the powers of the board of university and school lands and leases on state lands.

4:20 p.m. Chairman Porter opened meeting

Members Present: Chairman Porter, Vice Chairman Anderson, Vice Chair Novak,
Representatives: Dockter, Hagert, Headland, Heinert, Johnson, Marschall, Olson, Ruby,
Conmy, Foss

Discussion Topics:

- Committee action

4:25 p.m. Representative Headland moved Do Pass.

4:25 p.m. Representative J. Olson seconded the motion.

Representatives	Vote
Representative Todd Porter	Y
Representative Dick Anderson	A
Representative Anna Novak	Y
Representative Liz Conmy	Y
Representative Jason Dockter	Y
Representative Austin Foss	Y
Representative Jared c. Hagert	Y
Representative Craig Headland	Y
Representative Pat D. Heinert	Y
Representative Jorin Johnson	Y
Representative Andrew Marschall	Y
Representative Jeremy L. Olson	Y
Representative Matthew Ruby	Y

Motion Carried: 12-0-1

4:26 p.m. Representative Dockter moved to place the bill on the consent calendar.

4:26 p.m. Representative J. Olson seconded the motion.

4:26 p.m. Voice Vote on the motion: passed.

Bill carrier: Representative Heinert

4:26 p.m. Chairman Porter closed the meeting.

Addison Randazzo for Leah Kuball, Committee Clerk

**REPORT OF STANDING COMMITTEE
ENGROSSED SB 2302 ([25.0531.02000](#))**

Energy and Natural Resources Committee (Rep. Porter, Chairman) recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (12 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). SB 2302 was placed on the Tenth order on the calendar.