

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1257

2007 HOUSE NATURAL RESOURCES

HB 1257

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1257

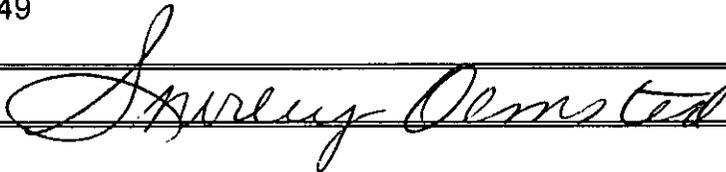
House Natural Resources Committee

Check here for Conference Committee

Hearing Date: January 18, 2007

Recorder Job Number: 1349

Committee Clerk Signature



Minutes:

Chairman Porter opened the hearing on HB 1257.

Representative Robert Skarphol from District #2 came forward in support of HB 1257.

He has been involved in the oil discovery area for the past 40 years. He said that this is a simple piece of legislation. There are instances in which our mineral producers in the state of North Dakota do not have familiarity with the law. When they come to me to ask why they are not getting their royalty payments, I try to answer their question. There are instances in which oil interests make some claims that are not fully warranted, and those are the instances that get to be disturbing at times. If the royalty is withheld for more than a period of six months, under current law the producer gets the interest on that royalty when it is delivered to mineral owner. That is not taking place in all cases. I approached the Legislative Council about this I asked them how we could strengthen this law. The only recommendation they could really make was to change line 15 on page one that changes the word "shall" to "must". The second change would be for people who are in a new development area who are told that their royalties cannot be paid until the title dispute is resolved. However, those title disputes do not involve their

minerals. He referenced lines 3, 4, and 5 on page 2 of the bill. This indicates that if your mineral interest is not in dispute, your royalty will be paid. These are small changes.

Representative Meyer asked if "must" is tougher than "shall".

Representative Skarphol indicated that was the recommendation of Mr. Nelson from the Legislative Council.

Representative DeKrey said that he would echo Representative Meyer's comments.

They were always told that they had to use the word "shall".

Mr. Ron Ness of the North Dakota Petroleum Council came forward in support of HB 1257. He thought the change this was simply a style change by the Legislative council. He thinks the bill does clarify the title issues.

Mr. Jeff Herman, from Petro-Hunt, LLC, came forward in support of the bill. He said it was their common practice to handle it this way. He said the dispute has to be affecting that mineral owner for them not to get the royalty payment.

Representative Meyer asked that if in his experience, had there been any disputes like this where they are withholding royalties from everybody.

Mr. Herman indicated that this was not happening in his company. He knows there are some cases in the state.

Chairman Porter asked for further support for HB 1257. There was none. He asked for testimony in opposition to HB 1257. There was none.

Representative Keiser made a motion for a Do pass on HB 1257 and a second from **Representative Hofstad**.

Representative Meyer recommended that they check on the language of "shall" and "must".

Representative DeKrey said that the intern had just looked it up if shall is the tougher word.

Representative Keiser and Hofstad withdrew their motion.

Representative Drovdal asked if they didn't change the word to "must" will this bill do anything.

Representative Porter asked him to address the items on page 2 of the bill indicating that the payment still must be made. He would agree that according to the book, we should look for an amendment to change it back to "shall".

Representative DeKrey made a motion to amend line 15 on HB 1257, page 1, regarding the word "shall" and to remove the underlined "must" and replace it with "shall" and page 2, line 4 the word "must" will replace "shall". There was a second by **Representative Meyer**.

Chairman Porter asked if everyone was clear about the amendment.

Representative DeKrey said that on page 2, line 4, we either have to remove the word "still" or leave it the way that it is. A voice vote was taken and approved.

Representative Keiser moved for a do pass as amended on HB 1257. There was a second by **Representative DeKrey**. Let the record show that the vote was 14 yes and 0 no with no on absent. The bill will be carried by **Representative Keiser**.

January 18, 2007

**House Amendments to HB 1257 (70010.0101) - Natural Resources Committee
01/18/2007**

Page 1, line 15, after the second "the" insert "operator shall pay interest on the", overstrike
"thereafter", remove "must", and overstrike "bear"

Page 1, line 16, overstrike "interest calculated"

**House Amendments to HB 1257 (70010.0101) - Natural Resources Committee
01/18/2007**

Page 2, line 3, after the underscored comma insert "the operator shall make"

Page 2, line 4, remove "still must be made"

Renumber accordingly

Date: 1-18-07
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1257

House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Keiser Seconded By Detroy

Representatives	Yes	No	Representatives	Yes	No
Chairman – Rep. Porter	✓		Rep. Hanson	✓	
Vice-Chairman – Rep Damschen	✓		Rep. Hunsakor	✓	
Rep. Charging	✓		Rep. Kelsh	✓	
Rep. Clark	✓		Rep. Meyer	✓	
Rep. DeKrey	✓		Rep. Solberg		
Rep. Drovdal	✓				
Rep. Hofstad	✓				
Rep. Keiser	✓				
Rep. Nottestad	✓				

Total Yes 14 No 0

Absent 0

Floor Assignment Keiser

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1257: Natural Resources Committee (Rep. Porter, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1257 was placed on the Sixth order on the calendar.

Page 1, line 15, after the second "the" insert "operator shall pay interest on the", overstrike "thereafter", remove "must", and overstrike "bear"

Page 1, line 16, overstrike "interest calculated"

Page 2, line 3, after the underscored comma insert "the operator shall make"

Page 2, line 4, remove "still must be made"

Renumber accordingly

2007 SENATE JUDICIARY

HB 1257

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1257

Senate Judiciary Committee

Check here for Conference Committee

Hearing Date: February 13, 2007

Recorder Job Number: 3441

Committee Clerk Signature *Maria J. Solter*

Minutes: Relating to the payment of oil and gas royalties when title to the property producing the oil and gas is in dispute.

Relating to **Senator David Nething**, Chairman called the Judiciary committee to order. All Senators were present. The hearing opened with the following hearing:

Testimony in Favor of the Bill:

Ron Ness Petroliam Assoc. Introduced the bill stating that the bill verifies in law what is already being done. He spoke of royalties being paid to people who they do not belong to. Sen. Nething reviewed the unpaid royalties that are accrued until disputes are settled. If undisputed then royalties are dispersed. They discussion of the "interest" process and the 18% interest rate and spoke of it being prime plus 4% not to exceed 18%.

Testimony Against the bill:

None

Testimony Neutral to the bill:

None

Senator David Nething, Chairman closed the hearing.

Sen. Lyson made the motion to Do Pass and **Sen. Olafson** seconded the motion. All members were in favor and the motion passes.

Carrier: **Sen. Lyson**

Senator David Nething, Chairman closed the hearing.

REPORT OF STANDING COMMITTEE (410)
February 13, 2007 12:46 p.m.

Module No: SR-30-3055
Carrier: Lyson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1257, as engrossed: Judiciary Committee (Sen. Nething, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1257 was placed on the Fourteenth order on the calendar.