

**HOUSE BILL NO. 1257**

Introduced by

Representatives Steiner, Kempenich, J. Nelson, Schneider, Vetter, Zubke

Senators Bekkedahl, Campbell

1 A BILL for an Act to amend and reenact section 38-08-09.5 of the North Dakota Century Code,  
2 relating to approval requirements for unitization plans.

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

4 **SECTION 1. AMENDMENT.** Section 38-08-09.5 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **38-08-09.5. Ratification or approval of plan by lessees and owners.**

7 At the time of filing of the petition for the approval of a unit agreement and the filing of the  
8 unit agreement, the commission shall schedule a hearing. At least forty-five days prior to the  
9 hearing, the applicant shall give notice of the hearing and shall mail, postage prepaid, a copy of  
10 the application and the proposed plan of unitization to each affected person owning an interest  
11 of record in the unit outline, at such person's last-known post-office address. In addition, the  
12 applicant shall file with the commission engineering, geological, and all other technical exhibits  
13 to be used at the hearing, and further, the notice must specify that such material is filed and is  
14 available for inspection. Service is complete in the mailing of the notice of hearing and unit  
15 agreement to each interest owner as described in this section and the filing of an affidavit of  
16 mailing with the commission. No order of the commission creating a unit and prescribing its plan  
17 of unitization becomes effective until the plan of unitization has been signed, or in writing ratified  
18 or approved by those persons who, under the commission's order, will be required to pay at-  
19 ~~least sixty~~more than fifty percent of the costs of the unit operation and by the owners of ~~at least~~  
20 ~~sixty~~more than fifty percent of the royalty interests, excluding overriding royalties, production  
21 payments, and other interests carved out of the working interest, and in addition it is required  
22 that when there is more than one person who will be obligated to pay costs of the unit  
23 operation, at least two nonaffiliated such persons and at least two royalty interest owners, are  
24 required as voluntary parties, and the commission has made a finding either in the order

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1 creating the unit or in a supplemental order that the plan of unitization has been so signed,  
2 ratified, or approved by lessees and royalty owners owning the required percentage interest. If  
3 the plan of unitization has not been signed, ratified, or approved by lessees and royalty owners  
4 owning the required percentage interest at the time the order creating the unit is made, the  
5 commission shall, upon petition and notice, hold such additional hearings as may be requested  
6 or required to determine if and when the plan of unitization has been so signed, ratified, or  
7 approved by lessees and royalty owners owning the required percentage interest and shall, in  
8 respect to such hearings, enter a finding of its determination in such regard. In the event  
9 lessees and royalty owners, or either, owning the required percentage interest have not signed,  
10 ratified, or approved the plan of unitization within six months from the date on which the order  
11 creating the unit is made, the order ceases to be of further force and effect and shall be revoked  
12 by the commission.