

**SECOND ENGROSSMENT  
with House Amendments  
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 of the North Dakota  
2 Century Code, relating to a postproduction royalty oversight program; to amend and reenact  
3 subsection 2 of section 38-08-04.5 of the North Dakota Century Code, relating to the  
4 abandoned oil and gas well plugging and site reclamation fund; and to provide a report.

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

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

8 **Postproduction royalty oversight program - Report.**

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

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

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

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

6        a. Contracting for the plugging of abandoned wells.

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

9        c. To pay mineral owners their royalty share in confiscated oil and to defray the  
10       expenses of the postproduction royalty oversight program provided under  
11       section 1 of this Act.

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

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

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

26       (2) For the development of publicly owned land adversely affected by oil and  
27       gas development including related pipelines and facilities.

28       (3) For administrative expenses and cost in developing an abandoned site  
29       reclamation plan and the program.

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