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ROLL NUMBER

DESCRIPTION

1218

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Dennard G. Galt
Operator's Signature

10/2/03
Date

2003 HOUSE NATURAL RESOURCES

HB 1218

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Dennis G. Ball
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10/2/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1218

House Natural Resources Committee

Conference Committee

Hearing Date February 13, 2003

Tape Number	Side A	Side B	Meter #
1	xx		0-5961
2	xx		3662-4497
Committee Clerk Signature <i>Eric Myers</i>			

Minutes:

Chair Nelson called the meeting on HB 1218 relating to carrying or otherwise financing nonparticipating owners in the development of oil and gas interests in spacing units and plans of unitization to order.

Rep. Skarphol: Introduced HB 1218. Most oil wells are drilled by oil companies that are the working interest owner. The minerals are owned by the owner and leased to the company. This bill is designed to deal with the issue of nonparticipating. Nonparticipating members should not be able to be carried interest free. This will increase the costs of non-participants. This may allow more development of these resources.

Rep. Drovdal: Under current law are developers required to contact every mineral owner?

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Deanna Ballantyne
Operator's Signature

10/2/03
Date

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House Natural Resources Committee
Bill/Resolution Number 1218
Hearing Date February 13, 2003

Rep. Skarphol: It would be in there best interest to do that. So they would not have this non-participation going on. However it is not always possible to contact every mineral owner. The money then gets put in escrow.

Ron Ness: ND Petroleum Council. Testified in support of HB 1218. (See Attached Testimony)

Tom Luttrell: Testimony in support of HB 1218. (See Attached Testimony)

Chair Nelson(2100): Nonparticipating interest. Is this policy in other states your company works with?

Tom Luttrell: Absolutely, the current law is way lower than any other state I am aware of. In Oklahoma you provide testimony to what the lease terms you gave.

Chair Nelson: How many states do you operate in.

Tom Luttrell: 12

Rep. Drovdal: Mineral interest in bonus of 15-300 upfront lease. Does he get 3/6 or 1/6 from the beginning.

Tom Luttrell: The bonus is the only benefit you get. The Nonparticipating member still gets 100%.

Rep. Drovdal: You mention the bad reputation ND has in the industry. Is that a result of the problems we have with the Federal Government on National Grasslands?

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Bill/Resolution Number 1218
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Tom Luttrell: There is a variety of things. The big companies have been here as well as the independents. They have been here and gone. The Forest Service issue is part of it. This is more recent though. Product prices are low. Lifting costs are higher. The reservoir costs are tighter and takes more technology to get it out. There are a bottleneck in gas. People shake their head at the laws relating to these things.

Greg Steiner: Testified in Support of HB 1218. Eagle operating and wolverine drilling in Kenmare, North Dakota. Reiterated Problems with nonparticipating members.

Chair Nelson: What will this do to your business.

Greg Steiner: Many wells are near completion we would have to reevaluate.

Jeff Herman: North Dakota Oil and Gas. Testified in support of HB 1218. Reiterated the positions of earlier testimony.


Wally Owen: Testified against HB 1218. (See Attached Testimony)

Chair Nelson: Note the prices of oil have gone up and the oil exploration has continued to decline. How do you respond to that.

Wally Owen: Who knows how long this instability will last before the market is flooded. There needs to be an equitable solution to this issue.

Chair Nelson: Could this bill be amended to provide a better solution to the problem?

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Hearing Date February 13, 2003

Wally Owen: I'm not sure we can address this with this bill or the oil and gas commission.

David Nelson: Testified against HB 1218. Told a personal experience relating to the mineral exploration on his private property.

Donnie Nelson: Testified against HB 1218. Reiterated his fathers testimony.

Chair Nelson closes the hearing on HB 1218.

Chair Nelson reopens HB 1218 during committee work.

Rep. Drovdal: This bill does diminish mineral owner rights. There are cases of mineral owners holding up development. I am torn on what to recommend to the committee. We have heard from continental resources. They are a good company. If we were dealing with them all the time I would have no problem recommending the bill. There are independents they come and go. The bigger companies you can usually take thier word for it. This law is for everybody.

Rep. Keiser motioned a recommendation of **Do Pass** on **HB 1218** seconded by **Rep. Porter**.

Rep. Keiser: Pointed out the fact that the landowners rights can be infringed by other landowners holding up development. This bill can help spur development.

The motion carries by a vote of 11-2-1. **Rep. Solberg** will carry.

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Donna Ballantyne
Operator's Signature

10/2/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1218

House Natural Resources Committee

Conference Committee

Hearing Date February 13, 2003

Tape Number	Side A	Side B	Meter #
1	XX		0-560
Committee Clerk Signature <i>Ellen Meyer</i>			

Minutes:

Chair Nelson called the meeting to order.

Rep. Porter motioned to recall HB 1218 seconded by **Rep. Solberg**.

Rep. Drovdal moved an amendment seconded by **Rep. Clark**.

Rep. Drovdal: Stated that this would prevent mineral owners in North Dakota from being penalized for failure to sign a lease.

Motion passed by voice vote.

Rep. Solberg moved a do pass with amendments seconded by **Rep. Porter**.

Motion carried by a voice vote of 11-1-2. **Rep. Solberg** will carry.

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Dorena Haldrup
Operator's Signature

10/2/03
Date

Date: 2/13/03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1218

House House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Keiser Seconded By Porter

Representatives	Yes	No	Representatives	Yes	No
Chairman Jon O. Nelson	✓				
Vice-Chairman Todd Porter	✓				
Rep. Byron Clark	✓				
Rep. Duane DeKrey	✓				
Rep. David Droydal		✓			
Rep. Lyle Hanson	✓				
Rep. Bob Hunsakor		✓			
Rep. Dennis Johnson	✓				
Rep. George Keiser	✓				
Rep. Scott Kelsh	✓				
Rep. Frank Klein					
Rep. Mike Norland	✓				
Rep. Darrell Nottestad	✓				
Rep. Dorvan Solberg	✓				

Total (Yes) 11 No 2

Absent 1

Floor Assignment Solberg

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

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Dorvan Solberg
Operator's Signature

10/2/03
Date

REPORT OF STANDING COMMITTEE (410)
February 13, 2003 3:58 p.m.

Module No: HR-28-2646
Carrier: Solberg
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1218: Natural Resources Committee (Rep. Nelson, Chairman) recommends **DO PASS**
(11 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1218 was placed on the
Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-28-2646

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Doreen G. Baller
Operator's Signature

10/2/03
Date

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1218

- Page 1, line 3, replace "owners" with "lessees"
- Page 1, line 8, remove the overstrike over "a"
- Page 1, line 9, remove the overstrike over "~~lessee-owning~~" and remove "the owner of"
- Page 1, line 11, remove the overstrike over "~~lessee's~~" and remove "owner's"
- Page 1, line 12, remove the overstrike over "~~lessee~~" and remove "owner"
- Page 1, line 13, overstrike "The" and remove "recovery of a risk penalty is as follows:"
- Page 1, line 14, remove "a." and replace "owner's" with "lessee's"
- Page 1, line 16, remove the overstrike over "~~lessee's~~" and remove "owner's"
- Page 1, line 19, remove the overstrike over "~~No risk~~"
- Page 1, remove the overstrike over line 20
- Page 1, remove lines 21 through 24
- Page 2, remove lines 1 through 8
- Page 2, line 18, remove the overstrike over "~~lessee~~" and remove "owners"
- Page 2, line 20, replace "owner" with "lessee"
- Page 2, line 21, replace "owner" with "lessee"
- Page 2, line 22, remove "The recovery of the risk penalty is as follows:"
- Page 2, line 23, remove "a." and replace "owner's" with "lessee's"
- Page 2, line 25, replace "owner's" with "lessee's"
- Page 2, line 27, remove the underscored period
- Page 2, remove lines 28 through 30
- Page 3, remove lines 1 through 7
- Page 3, line 8, remove "participate in the risk of the unit expense"
- Renumber accordingly

