Sixty-sixth Legislative Assembly of North Dakota
In Regular Session Commencing Thursday, January 3, 2019

SENATE BILL NO. 2212
(Senators Bekkedahl, Patten, Unruh)
(Representatives Hatlestad, Jones, Steiner)

AN ACT to amend and reenact section 47-16-39.2 of the North Dakota Century Code, relating to the inspection of production and royalty payment records by the board of university and school lands; and to provide a penalty.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 47-16-39.2 of the North Dakota Century Code is amended and reenacted as follows:

47-16-39.2. Inspection of production and royalty payment records - Penalty.

1. A royalty owner, a royalty owner's assignee, or a designated representative, upon written notice, is entitled to inspect and copy the oil and gas production and royalty payment records for the lease of the person obligated to pay royalties under the lease or division order. The person obligated to pay royalties under the lease shall make that person's oil and gas royalty payment and production records available for inspection and copying at that person's usual and customary place of business within the United States. A royalty owner may bring an action to compel the person obligated to pay royalties to allow inspection and copying of oil and gas production royalty payment records. In order for the royalty owner to prevail in such an action, the royalty owner must establish that:

~~1.~~ a. The royalty owner or the royalty owner's assignee complied with notice requirements of this section;

~~2.~~ b. The notice specified the lease involved, the time period under review and the records requested;

~~3.~~ c. The royalty owner notified the person obligated to pay royalties at the address printed on the information statement as prescribed by rules adopted by the industrial commission pursuant to section 38-08-06.3; and

~~4.~~ d. The person obligated to pay royalties denied inspection of the records or failed to respond within thirty days of service of notice.

2. The district court for the county in which the oil or gas well is located has jurisdiction over all proceedings brought pursuant to this section. If the royalty owner or the royalty owner's assignee is successful in any proceeding brought pursuant to this section, the district court shall allow the royalty owner or the royalty owner's assignee to recover court costs; reasonable costs, fees, disbursements, and expenses incurred by the royalty owner or the royalty owner's assignee or a designated representative in inspecting and copying the oil and gas production and royalty payment records of the person obligated to pay royalties under the lease; and reasonable attorney's fees.

3. If a royalty owner, a royalty owner's assignee, or a designated representative is the board of university and school lands:

   a. The records in subsection 1 must be sent electronically, or in a manner acceptable to the board, to a location designated by the board.

b. Notwithstanding subsection 2, at the discretion of the board, a proceeding brought under this section may be brought in the district court of Burleigh County or in the county in which the oil or gas well is located.

4. If the board of university and school lands is successful in any proceeding brought under this section, the district court shall allow the board to recover court costs; reasonable costs, fees, disbursements, and expenses incurred by the board in inspecting the copying the oil and gas production and royalty payment records of the person obligated to pay royalties under the lease; and reasonable attorney's fees.

   a. The district court also shall assess a civil penalty of two thousand dollars per day for each day the person obligated to pay royalties under the lease failed to send the oil and gas royalty payment and production records to the board in accordance with subsection 1.

   b. The civil penalty under subdivision a ceases to accrue on the date the proceedings are initiated under subsection 1.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-sixth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2212.

Senate Vote:	Yeas 47	Nays 0	Absent 0
House Vote:	Yeas 85	Nays 3	Absent 6

Secretary of the Senate

Received by the Governor at 2:52 P.M. on April 8, 2019.

Approved at 9:46 P.M. on April 10, 2019.

Governor

Filed in this office this 11th day of April, 2019,

at 10:08 o'clock A. M.

Secretary of State