

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1181**

Introduced by

Representatives Toman, Klemin, Longmuir, Pollert, Steiner, Streyle

Senators Cook, Klein, Schaible

1 A BILL for an Act to amend and reenact sections 17-04-01, 17-04-03, and 17-04-05 of the North
2 Dakota Century Code, relating to termination of wind option agreements, wind easements, and
3 wind energy leases.

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

5 **SECTION 1. AMENDMENT.** Section 17-04-01 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **17-04-01. Wind option agreement - Definition - Termination.**

8 1. A wind option agreement is a contract in which the owner of property gives another the
9 right to produce energy from wind power on that property at a fixed price within a time
10 period not to exceed five years on agreed terms.

11 2. A wind option agreement is void and terminates if the following have not occurred with
12 respect to the property that is the subject of the wind option agreement within five
13 years after the wind option agreement commences:

14 4- a. A certificate of site compatibility or conditional use permit has been issued, if
15 required; and

16 2- b. A transmission interconnection request is in process and not under suspension.

17 3. If the requirements of subsection 2 are not met by the owner of the wind option
18 agreement, the owner of the energy rights may provide to the owner of the wind option
19 agreement a notice of termination, by certified mail or other personal delivery, and file
20 the notice with the county recorder in the county in which the real property is located.
21 Termination of the wind option agreement is effective five years after the wind option
22 commences.

23 **SECTION 2. AMENDMENT.** Section 17-04-03 of the North Dakota Century Code is
24 amended and reenacted as follows:

1 **17-04-03. Wind easements - Creation - Term - Development required.**

2 1. A property owner may grant a wind easement in the same manner and with the same
3 effect as the conveyance of an interest in real property.

4 2. The easement runs with the land benefited and burdened and terminates upon the
5 conditions stated in the easement. ~~However, the, however:~~

6 a. The easement is void if the following have not occurred with respect to the
7 property that is the subject of the easement within five years after the easement
8 commences:

9 1- (1) A certificate of site compatibility or conditional use permit has been issued, if
10 required; and

11 2- (2) A transmission interconnection request is in process and not under
12 suspension.

13 b. A wind easement is presumed to be abandoned if a period of thirty-six
14 consecutive months has passed with no construction or operation of the wind
15 farm facility. If the operator of the wind farm facility does not file a plan with the
16 public service commission outlining the steps and schedule for continuing
17 construction or operation of the facility within the thirty-six month period, the
18 owner of the energy rights may provide, by certified mail or other personal
19 delivery to the owner of the wind easement, a sixty-day written notice of the intent
20 to terminate the easement. If, within sixty days of the receipt of the notice of the
21 intent to terminate, the owner of the easement fails to provide a written objection
22 to the notice by certified mail or other personal delivery, the owner of the energy
23 rights may file a notice of termination with the county recorder in the county in
24 which the real property is located. Termination of the easement becomes
25 effective when the notice of termination is filed and recorded with the county
26 recorder.

27 **SECTION 3. AMENDMENT.** Section 17-04-05 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **17-04-05. Wind energy leases - Termination.**

2 1. A lease for wind energy purposes is void and terminates if the following have not
3 occurred with respect to the property that is the subject of the lease within five years
4 after the lease commences:

5 4. a. A certificate of site compatibility or conditional use permit has been issued, if
6 required; and

7 2. b. A transmission interconnection request is in process and not under suspension.

8 2. A wind lease is presumed to be abandoned if a period of thirty-six consecutive months
9 has passed with no construction or operation of the wind farm facility. If the operator of
10 the wind farm facility does not file a plan with the public service commission outlining
11 the steps and schedule for continuing construction or operation of the facility within the
12 thirty-six month period, the owner of the energy rights may provide, by certified mail or
13 other personal delivery to the owner of the wind easement, a sixty-day written notice of
14 the intent to terminate the lease. If, within sixty days of the receipt of the notice of the
15 intent to terminate, the owner of the lease fails to provide a written objection to the
16 notice by certified mail or other personal delivery, the owner of the energy rights may
17 file a notice of termination with the county recorder in the county in which the real
18 property is located. Termination of the easement becomes effective when the notice of
19 termination is filed and recorded with the county recorder.