

Sixty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2212

Introduced by

Senators Bekkedahl, Patten, Unruh

Representatives Hatlestad, Jones, Steiner

1 A BILL for an Act to amend and reenact section 47-16-39.2 of the North Dakota Century Code,  
2 relating to ~~authorization for~~the inspection of production and royalty payment records by the  
3 board of university and school lands ~~to impose a civil penalty for failure to produce records~~; and  
4 to provide a penalty.

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

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

8 **47-16-39.2. Inspection of production and royalty payment records - Penalty.**

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

- 19 4. a. The royalty owner or the royalty owner's assignee complied with notice  
20 requirements of this section;
- 21 2. b. The notice specified the lease involved, the time period under review and the  
22 records requested;



- 1           reasonable costs, fees, disbursements, and expenses incurred by the board in  
2           inspecting the copying the oil and gas production and royalty payment records of the  
3           person obligated to pay royalties under the lease; and reasonable attorney's fees.  
4           a. The district court also shall assess a civil penalty of two thousand dollars per day  
5           for each day the person obligated to pay royalties under the lease failed to send  
6           the oil and gas royalty payment and production records to the board in  
7           accordance with subsection 1.  
8           b. The civil penalty under subdivision a ceases to accrue on the date the  
9           proceedings are initiated under subsection 1.