

Sixty-seventh
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2319

Introduced by

Senator Kannianen

1 A BILL for an Act to amend and reenact subsection 1 of section 57-51.2-02 and subdivision c of
2 subsection 5 of section 57-51.2-02 of the North Dakota Century Code, relating to oil and gas
3 agreements; to provide for application; and to provide a contingent expiration date.

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

5 **SECTION 1. AMENDMENT.** Subsection 1 of section 57-51.2-02 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 1. The only taxes subject to agreement are the state's oil and gas gross production and
8 oil extraction taxes attributable to production from wells located within the exterior
9 boundaries of the reservation and wells located on trust properties outside reservation
10 boundaries. For purposes of this chapter, ~~"trust:~~

11 a. "Trust properties outside reservation boundaries" means land in this state located
12 outside the exterior boundaries of a reservation which are held in trust by the
13 United States for any Indian tribe or owned by an Indian tribe or tribal member
14 subject to a restriction against alienation imposed by the United States.

15 b. "Wells located within the exterior boundaries of the reservation" includes wells
16 with one or more horizontal laterals that penetrate the reservation.

17 **SECTION 2. AMENDMENT.** Subdivision c of subsection 5 of section 57-51.2-02 of the
18 North Dakota Century Code is amended and reenacted as follows:

19 c. The state's share of the oil and gas gross production tax revenue as divided in
20 subdivisions a and b is subject to distribution among political subdivisions as
21 provided in chapter 57-51. The definition of "wells located within the exterior
22 boundaries of the reservation" in subsection 1 may not be construed as altering
23 the physical location of a wellhead for purposes of revenue allocations among
24 political subdivisions as provided in chapter 57-51.

1 **SECTION 3. APPLICATION.** This Act applies to agreements entered after July 31, 2021.

2 **SECTION 4. CONTINGENT EXPIRATION DATE.** This Act is effective through June 30,
3 2023, and after that date is ineffective, unless by that date the governor's office notifies the tax
4 commissioner and legislative council that an agreement under chapter 57-51.2 has been
5 entered with the governing body of a tribe in this state and, pursuant to that agreement, at least
6 one new oil and gas well on which drilling commences after July 31, 2021, situated within the
7 exterior boundaries of the reservation to which the agreement applies, has a horizontal lateral
8 that extends to federal land located outside the exterior boundaries of the reservation.