

Sixty-seventh  
Legislative Assembly  
of North Dakota

## REENGROSSED 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~~effective 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 located in a county with a population of less than ten thousand but greater than  
17 twelve thousand at the time an agreement is entered pursuant to this chapter,  
18 based on the most recent actual or estimated census data published by the  
19 United States census bureau, with one or more horizontal laterals that penetrate  
20 the reservation.

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

23 c. The state's share of the oil and gas gross production tax revenue as divided in  
24 subdivisions a and b is subject to distribution among political subdivisions as

1 provided in chapter 57-51. The definition of "wells located within the exterior  
2 boundaries of the reservation" in subsection 1 may not be construed as altering  
3 the physical location of a wellhead for purposes of revenue allocations among  
4 political subdivisions as provided in chapter 57-51.

5 **SECTION 3. APPLICATION.** This Act applies to agreements entered after ~~July 31,~~  
6 ~~2021~~ June 30, 2023.

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

14 **SECTION 4. CONTINGENT EFFECTIVE DATE.** This Act becomes effective on July 1,  
15 2023, if by that date the tax commissioner notifies the legislative council that at least one new  
16 oil and gas well on which drilling commences after July 31, 2021, situated within the exterior  
17 boundaries of the reservation, has a horizontal lateral that extends to federal minerals located  
18 outside the exterior boundaries of the reservation.