



Western Dakota Energy Association  
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They're tough to spot in this photo, but that's Gov. Doug Burgum and Lt. Governor Brent Sanford sitting in the front row listening to remarks from Shawn Wenko, head of the Williston Economic Development office, during Energy Day at the Capitol on Tuesday. It's not often you see a state governor take the time to sit and listen to not just one presentation, but to several of the talks about the state's oil and gas industry and its contribution to North Dakota's economy during the event sponsored by the ND Petroleum Council.

Legislative leaders coordinated the scheduling of hearings on a couple major bills to coincide with Energy Day activities. Interspersed between the presentations in the Brynhild Haugland Room was a hearing of the House Finance and Tax Committee on [SB 2312](#), legislation that modifies the current tax sharing agreement between the state and MHA Nation. The committee heard testimony, but has not acted on the bill which would change the current 50-50 tax revenue split so that 80% of the production and extraction tax revenue from new wells on tribal trust lands would go to the tribe and 20% would go to the state. On fee land, 80% of the revenue would go to the state and 20% to the tribe.



Tuesday was also the date of a Senate Finance and Taxation Committee hearing on [HB 1066](#). The bill, commonly known as Operation Prairie Dog, would provide funding to Hub Cities and oil-impacted communities through the gross production tax distribution formula, and would create new infrastructure "buckets" for non-oil cities, counties and townships. Among those testifying in support of the legislation was Dickinson Mayor Scott Decker, pictured on the left. The measure came out of committee with a unanimous do pass recommendation, and has been re-referred to the Senate Appropriations Committee which is scheduled to hear the bill at 3:00 pm, Monday, March 11.

An issue regarding the possible misallocation of extraction tax revenue is the subject of [SB 2362](#), introduced this week by the Senate Delayed Bills Committee. Land Commissioner Jodi Smith said she discovered more than \$120 million in oil tax revenue from the Fort Berthold Reservation should have been deposited in the Common Schools Trust Fund and the Foundation Aid Stabilization Fund. Some lawmakers say they doubt the funds have been misallocated, but nonetheless the bill will be heard Wednesday at 9:00 a.m. in the Senate Finance and Taxation Committee.

A House subcommittee heard additional testimony this week to try to resolve the controversy surrounding [SB 2344](#), a bill intended to facilitate the storage of produced natural gas. Language in the bill provides a definition for land that excludes the underground pore space, which has drawn the attention of landowner rights interests. No action was taken and another meeting of the subcommittee is scheduled Monday at 10 a.m.

Another controversy is brewing over [SB 2211](#), which directs the Land Board to contract with an engineering firm to determine acreage on a quarter-quarter basis above and below the ordinary high water mark of the Missouri River, after which the Land Board is directed to release any royalty proceeds it holds for oil and gas mineral tracts lying above the high water mark to the owners of the tracts. However, some legislators say that was the intent of [SB 2134](#), enacted by the 2017 Legislature, which directed the Department of Mineral Resources to contract for survey work to delineate the ordinary high water mark. The 2017 also law directed release of the royalties held by the Land Board upon acceptance of the final review of that survey by the state Industrial Commission. The law now states that "The state holds no claim or title to any minerals above the ordinary highwater mark of the historical Missouri riverbed channel inundated by Pick-Sloan Missouri basin project dams." Members of the committee were noticeably frustrated that it's taken so long to compensate the rightful mineral owners. The issue is further complicated by litigation questioning the constitutionality of the 2017 law, which must also be resolved before any payouts are made.

The Department of Mineral Resources went before the Senate Appropriations Committee this week to explain details of its budget request for the 2019-21 biennium. Among other items in [HB 1014](#), DMR requests \$160,000 to continue an effort to identify high concentrations of rare earth minerals in coal seams, and \$110,000 to fund continuation of its search for possible North Dakota sources of frac sand.

Legislators have a busy week ahead. The first couple weeks after crossover are much like the beginning of the session, with literally hundreds of bills waiting to be heard in committee. Click [here](#) to see a list of committee hearings on bills WDEA is tracking. Click [here](#) for additional legislative stories in WDEA's weekly newsletter.