

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 board of university and schools lands to impose a civil penalty  
3 for failure to produce records; and to provide a penalty.

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

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

7 **47-16-39.2. Inspection of production and royalty payment records - Penalty.**

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

18 1. a. The royalty owner or the royalty owner's assignee complied with notice  
19 requirements of this section;

20 2. b. The notice specified the lease involved, the time period under review and the  
21 records requested;

22 3. c. The royalty owner notified the person obligated to pay royalties at the address  
23 printed on the information statement as prescribed by rules adopted by the  
24 industrial commission pursuant to section 38-08-06.3; and

- 1           4. d. The person obligated to pay royalties denied inspection of the records or failed to  
2                                   respond within thirty days of service of notice.
- 3           2. The district court for the county in which the oil or gas well is located has jurisdiction  
4                                   over all proceedings brought pursuant to this section. If the royalty owner or the royalty  
5                                   owner's assignee is successful in any proceeding brought pursuant to this section, the  
6                                   district court shall allow the royalty owner or the royalty owner's assignee to recover  
7                                   court costs; reasonable costs, fees, disbursements, and expenses incurred by the  
8                                   royalty owner or the royalty owner's assignee or a designated representative in  
9                                   inspecting and copying the oil and gas production and royalty payment records of the  
10                                  person obligated to pay royalties under the lease; and reasonable attorney's fees.
- 11          3. If a royalty owner, a royalty owner's assignee, or a designated representative is the  
12                                  board of university and school lands and the person obligated to pay royalties does  
13                                  not make the records outlined in subsection 1 available to the board within thirty days  
14                                  of receiving notice from the board, the board may impose a civil penalty of up to five  
15                                  thousand dollars per day until the records are made available.