

**THIRD ENGROSSMENT
with House Amendments
REENGROSSED SENATE BILL NO. 2319**

Introduced by

Senator Kannianen

1 A BILL for an Act to create and enact a new section to chapter 57-51.1 of the North Dakota
2 Century Code, relating to distribution of revenue from wells located outside reservation
3 boundaries; and to provide for application.

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

5 **SECTION 1.** A new section to chapter 57-51.1 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Straddle well distribution.**

- 8 1. By August 1, 2021, and on or before April thirtieth of each subsequent fiscal year, the
9 industrial commission shall certify to the tax commissioner the on-reservation acreage
10 ratio for each reservation with on-reservation spacing unit acreage. For each
11 reservation, the on-reservation acreage ratio is calculated by dividing the
12 on-reservation spacing unit acreage by the total spacing unit acreage. The
13 on-reservation acreage ratio for each reservation is effective for taxable production
14 each fiscal year beginning July first. By August 1, 2021, and on or before June first of
15 each subsequent fiscal year, the tax commissioner shall publish the on-reservation
16 acreage ratio for each reservation.
- 17 2. The tax commissioner shall certify to the state treasurer the total oil and gas gross
18 production and oil extraction taxes attributable to production from straddle wells.
19 Before allocation of the state's share of oil and gas tax revenues under section
20 57-51.1-07.5, the state treasurer shall allocate monthly to the governing body of a tribe
21 associated with a reservation that has on-reservation spacing unit acreage, an amount
22 equal to fifty percent of the taxes certified under this section multiplied by the
23 on-reservation acreage ratio calculated under subsection 1 for that reservation.
- 24 3. For purposes of this section:

- 1 a. "On-reservation spacing unit acreage" means the surface acreage located within
2 the exterior boundaries of a reservation in this state from all spacing units with
3 one or more straddle wells.
- 4 b. "Straddle well" means an oil and gas well located outside the exterior boundaries
5 of a reservation which has one or more laterals penetrating a reservation
6 boundary.
- 7 c. "Total spacing unit acreage" means the total surface acreage from all spacing
8 units with one or more straddle wells.

9 **SECTION 2. APPLICATION.** This Act applies to oil and gas tax revenue collections
10 allocated by the state treasurer after September 1, 2021.