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*Jodi Smith, Commissioner*

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June 28, 2019

RE: Legislative Update & Statutory Interest

The North Dakota Department of Trust Lands (Department), Board of University and School Lands (Board), manages land, minerals, and proceeds as the trustee for State beneficiaries.

This letter serves to inform operators of the statutory changes made during the 66<sup>th</sup> Legislative Assembly of North Dakota that directly impacts the Department and the Board.

House Bill 1392 created a new section of the North Dakota Century Code, relating to the confidentiality of records received as part of an audit. Pursuant to N.D.C.C. § 44-04-18.29, any records received by the Department on behalf of the Board, for auditing purposes, are confidential. The records may be furnished to the attorney general, other state agencies, a prosecuting official, or for legislative investigations. Any records provided to third parties remain confidential while in their possession.

Senate Bill 2212 amended section 47-16-39.2 of the North Dakota Century Code, relating to the inspection of production and royalty payment records requested by the Board. Records requested pursuant to this section must be electronically submitted within 30 days of service of the notice. If requested records are not provided within 30 days, a proceeding may be brought in district court where the court shall assess a penalty of \$2,000 for each day the documents were withheld and allow the Board to recover court costs, reasonable costs, fees, disbursements, and expenses incurred.

In addition to the recent legislative changes, the Department will be assessing statutory interest on late royalty payments, as required under section 47-16-39.1 of the North Dakota Century Code. Late payment notices will include statutory interest, if applicable, in addition to any penalties assessed for late payment. Statutory interest accrues at an annual rate of 18% until paid for all royalties not paid to the Department within 150 days after oil or gas production is marketed.

Thank you for your cooperation and please contact the Department if you have any questions.

Sincerely,

Jodi A. Smith  
Commissioner