

**FIRST ENGROSSMENT  
with House Amendments  
ENGROSSED SENATE BILL NO. 2217**

Introduced by

Senators Bekkedahl, Dwyer, Kannianen

Representatives Brandenburg, Kempenich, Zubke

1 A BILL for an Act to provide for a legislative management study of postproduction cost  
2 deductions.

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

4 **SECTION 1. LEGISLATIVE MANAGEMENT STUDY - POSTPRODUCTION COST**

5 **DEDUCTIONS.** During the 2021-22 interim, the legislative management shall consider studying  
6 deductions for postproduction costs under oil and gas leases.

7 1. The study must include:

8 a. Consideration of the methods used to calculate the value of oil and gas, the point  
9 of sale used to determine the value, oil and gas sales in the absence of an  
10 arm's-length contract, any deductions or incentives applied to the value, and the  
11 methods used to report any deductions or incentives on mineral royalty  
12 statements;

13 b. Input from representatives from the oil and gas industry, representatives from an  
14 organization representing royalty owners, the department of mineral resources,  
15 the department of trust lands, and the attorney general's office; and

16 c. An analysis and review of state-mandated natural gas capture targets, federal  
17 land permitting restrictions, the effectiveness of using onsite flare mitigation  
18 technologies and the infrastructure necessary to enhancing oil and natural gas  
19 value.

20 2. The study may include consideration of the desirability and feasibility of expanding the  
21 use and market access of natural gas, including value-added energy opportunities  
22 within the state.

Sixty-seventh  
Legislative Assembly

- 1           3.   The legislative management shall report its findings and recommendations, together
- 2                   with any legislation required to implement the recommendations, to the sixty-eighth
- 3                   legislative assembly.