

## **CHAPTER 38-15**

### **RESOLUTION OF CONFLICTS IN SUBSURFACE MINERAL PRODUCTION**

#### **38-15-01. Policy.**

It is hereby declared to be in the public interest to foster, encourage, and promote the development, production, and utilization of all natural resources of coal, commercial leonardite, oil, gas, and subsurface minerals in a manner as will prevent waste and allow a greater ultimate recovery of the natural resources, and to protect the rights of all owners so that the greatest possible economic recovery of natural resources be obtained in the state, to the end that landowners, royalty owners, producers, and the general public realize and enjoy the greatest possible good from these vital natural resources.

#### **38-15-02. Definitions.**

As used in this chapter, unless the context otherwise requires:

1. "Coal" means all kinds of coal, and includes what is known as lignite coal, unless a contrary intention plainly appears.
2. "Commercial leonardite" means a dark-colored, soft, earthy rock formed from the oxidation of lignite coal, and is produced from a mine that has as its only function for supply for purposes other than gasification or combustion to generate electricity.
3. "Commission" means the industrial commission.
4. "Conflicting interests" means those interests of producers which are in conflict, so that full production and utilization by one producer is prohibited or impeded by the interests of another producer of a separate natural resource.
5. "Gas" means all natural gas and other fluid hydrocarbons not hereinbelow defined as oil.
6. "Natural resources" means coal, oil, gas, and subsurface minerals as defined herein.
7. "Oil" means crude petroleum oil and other hydrocarbons, regardless of gravity, which are produced at the wellhead in liquid form, and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas other than gas produced in association with oil and commonly known as casinghead gas.
8. "Owner" means the person who has the right to produce natural resources either for that person or others.
9. "Person" means any natural person, corporation, limited liability company, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary, or other representative of any kind, and includes any department, agency, instrumentality, or political subdivision of the state. The masculine gender, in referring to a person, includes the feminine and the neuter genders.
10. "Producer" means the owner of a well or wells, or mine or mines, capable of producing coal, commercial leonardite, oil, gas, or subsurface minerals.
11. "Subsurface minerals" means all naturally occurring elements and their compounds, volcanic ash, precious metals, carbonates, and natural mineral salts of boron, bromine, calcium, fluorine, iodine, lithium, magnesium, phosphorus, potassium, sodium, thorium, uranium, and sulfur, and their compounds but does not include sand and gravel and rocks crushed for sand and gravel.
12. "Waste" means the inefficient utilization of reserves of oil, gas, subsurface minerals, coal, or commercial leonardite, as the case may be.

#### **38-15-03. Jurisdiction of commission.**

The commission has continuing jurisdiction and authority over all persons and property, public and private, necessary to enforce effectively the provisions of this chapter. The director of mineral resources shall act as a supervisor charged with enforcing the regulations and orders of the commission applicable to the provisions of this chapter. The commission has authority to make investigations it deems proper to determine whether facts exist which justify action by the commission. The commission has the authority:

1. To require the furnishing of a reasonable bond with good and sufficient surety, conditioned upon the full compliance with the provisions of this chapter, and the rules and regulations of the commission prescribed to govern, satisfy, and resolve conflicting interests among producers within North Dakota.
2. To resolve conflicting interests of producers of natural resources which cannot be voluntarily concluded by them in the public interest to eliminate waste, to the end that the producer, landowner, and mineral owner realize the greatest possible economic advantage.
3. To promulgate and to enforce rules, regulations, and orders to effectuate the purposes and intent of this chapter.

**38-15-04. Procedure.**

The administrative procedure involved in the adoption of any rules or regulations, or the issuance of any orders, by the commission under the provisions of this chapter must be in accordance with the provisions of chapter 38-08 governing the procedure in the administration of the Oil and Gas Conservation Act; provided, however, that in the event of any emergencies found to exist by the commission which in its judgment requires the making, revoking, changing, amending, modifying, altering, enlarging, renewal or extension of renewal, regulation, or order without first having a hearing, the emergency rule, regulation, or order has the same validity as if a hearing with respect to the same had been held after due notice. The emergency rule, regulation, or order permitted by this section remains in force no longer than fifteen days from its effective date, and in any event expires when the rule, regulation, or order, made after due notice and hearing with respect to the subject matter of the emergency rule, regulation, or order, becomes effective.

**38-15-05. Penalty - Injunction - Provisions applicable.**

The provisions of sections 38-08-16 and 38-08-17 are applicable to the provisions of this chapter and to the rules, regulations, and orders of the commission promulgated hereunder.