

CHAPTER 43-02-06 ROYALTY STATEMENTS

Section

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43-02-06-01. Royalty owner information statement. (Effective through June 30, 2019)

Whenever payment is made for oil or gas production to an interest owner, whether pursuant to a division order, lease, servitude, or other agreement, all of the following information must be included on the check stub or on an attachment to the form of payment, unless the information is otherwise provided on a regular monthly basis:

1. The lease, property, or well name or any lease, property, or well identification number used to identify the lease, property, or well; provided, that if a lease, property, or well identification number is used the royalty owner must initially be provided with the lease, property, or well name to which the lease, property, or well name refers.
2. The month and year during which sales occurred for which payment is being made.
3. One hundred percent of the corrected volume of oil, regardless of ownership, which is sold measured in barrels, and one hundred percent of the volume of either wet or dry gas, regardless of ownership, which is sold or removed from the premises for the purpose of sale, or sale of its contents and residue, measured in thousand cubic feet.
4. Price.
 - a. Oil. Weighted average price per barrel received by the producer for all oil sold during the period for which payment is made. The price would be the net price received by the producer after purchaser's deductions. The purchaser's deductions are to be explained pursuant to subsection 6.
 - b. Gas. Weighted average price per thousand cubic feet [28.32 cubic meters] received by the producer for all gas sold during the period for which payment is made. The price would be the net price received by the producer after purchaser's deductions. The purchaser's deductions are to be explained pursuant to subsection 6.
5. Total amount of state severance and other production taxes.
6. Any other deductions or adjustments. Those not explained on the statement or in a separate mailing must be explained to the royalty owner upon inquiry to the disburser.
7. Net value of total sales after deductions.
8. Owner's interest in sales from the lease, property, or well expressed as a decimal.
9. Owner's share of the total value of sales prior to any tax deductions.
10. Owner's share of sales value less deductions.
11. An address where additional information may be obtained and any questions answered. If information is requested by certified mail, the answer must be mailed by certified mail within thirty days of receipt of the request.

Royalty owner information statement. (Effective July 1, 2019) Whenever payment is made for oil or gas production to an interest owner, whether pursuant to a division order, lease, servitude, or other agreement, all of the following information must be included on the check stub or on an attachment to the form of payment, unless the information is otherwise provided on a regular monthly basis:

1. The lease, property, or well name or any lease, property, or well identification number used to identify the lease, property, or well; provided, that if a lease, property, or well identification number is used, the royalty owner must initially be provided the lease, property, or well name to which the lease, property, or well name refers.
2. The month and year during which sales occurred for which payment is being made.
3. One hundred percent of the corrected volume of oil, regardless of ownership, which is sold measured in barrels, and one hundred percent of the volume of either wet or dry gas, regardless of ownership, which is sold or removed from the premises for the purpose of sale, or sale of its contents and residue, measured in thousand cubic feet.
4. Price.
 - a. Oil. Weighted average price per barrel received by the producer for all oil sold during the period for which payment is made. The price must be the net price received by the producer after all deductions. All deductions are to be explained pursuant to subsection 6.
 - b. Gas and natural gas liquids. Weighted average price per thousand cubic feet [28.32 cubic meters] received by the producer for all gas sold and weighted average price per gallon received by the producer for all natural gas liquids sold during the period for which payment is made. The price must be the net price received by the producer after all deductions. All deductions are to be explained pursuant to subsection 6.
5. Total amount of state severance and other production taxes.
6. The amount and purpose of each deduction made, identified as transportation, processing, compression, or administrative costs.
7. The amount and purpose of each adjustment or correction made.
8. Net value of total sales after deductions.
9. Owner's interest in sales from the lease, property, or well expressed as a decimal.
10. Owner's share of the total value of sales prior to any tax deductions.
11. Owner's share of sales value less deductions.
12. An address where additional information may be obtained and any questions answered. If information is requested by certified mail, the answer must be mailed by certified mail within thirty days of receipt of the request.

History: Effective November 1, 1983; amended effective April 1, 1984; November 1, 1987; May 1, 1992; April 1, 2018.

General Authority: NDCC 38-08-06.3

Law Implemented: NDCC 38-08-06.3

43-02-06-01.1. Ownership interest information statement. (Effective July 1, 2019)

Within one hundred twenty days after the end of the month of the first sale of production from a well or change in the spacing unit of a well, the operator or payor shall provide the mineral owner with a statement identifying the spacing unit for the well, and the effective date of the spacing unit change if applicable, the net mineral acres owned by the mineral owner, the gross mineral acres in the spacing unit, and the mineral owner's decimal interest that will be applied to the well.

History: Effective April 1, 2018.

General Authority: NDCC 38-08-06.3

Law Implemented: NDCC 38-08-06.3

43-02-06-02. Annual windfall profits tax information statement.

Repealed effective May 1, 1992.

43-02-06-03. Annual stored gas information statement.

Any person required to submit information, as provided by this chapter, to a royalty owner shall, if gas either wholly or partially owned by a royalty owner is being placed into storage off the leased premises, provide the royalty owner with an annual statement containing the following information:

1. Total corrected volume of gas measured in standard thousand cubic feet (MCF) in storage at the beginning of the calendar year;
2. Total corrected volume of gas measured in thousand cubic feet added each month to storage during the calendar year;
3. Total corrected volume of gas measured in thousand cubic feet removed each month from storage during the calendar year; and
4. Total corrected volume of gas measured in thousand cubic feet in storage at the end of the calendar year.

The information required by this section must be supplied for all royalty owner gas placed into storage after December 31, 1986, and must be mailed to the royalty owner annually no later than March thirty-first immediately following each calendar year covered by the statement.

History: Effective November 1, 1987; amended effective May 1, 1992.

General Authority: NDCC 38-08-06.3

Law Implemented: NDCC 38-08-06.3

43-02-06-04. Books and records to be kept to substantiate reports.

All operators shall make and keep appropriate books and records for a period of not less than six years, covering their operations in North Dakota from which they may be able to make and substantiate the reports required by this chapter.

History: Effective September 1, 2000.

General Authority: NDCC 38-08-06.3

Law Implemented: NDCC 38-08-06.3