

# NORTH DAKOTA PETROLEUM COUNCIL

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## Oil Can!

- ...Create Jobs & State Revenues
- ...Coexist with farming, grazing
- ...Provide America with energy
- ...Listen and Respond to the Issues

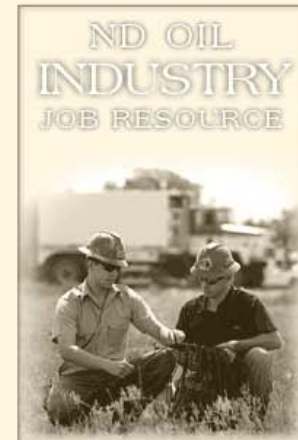
## We Keep North Dakota Going Strong!

The North Dakota Petroleum Council is a trade association that represents 185 companies involved in all aspects of the oil and gas industry including oil and gas production, refining, pipeline, transportation, mineral leasing, consulting, legal work, and oil field service activities in North Dakota, South Dakota, and the Rocky Mountain Region. Petroleum Council members produced 80% of the nearly 62 million barrels of oil produced in North Dakota in 2008.



## 2010 Williston Basin Petroleum Conference

May 2-4, 2010 - Bismarck Civic Center - Bismarck, North Dakota



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# ABOUT OIL CAN!

## About Oil Can!

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## About Oil Can!

The "Oil Can!" program is built on three guiding principles:

### Listen first

- The petroleum industry will provide stakeholders with various avenues from which to provide input and feedback (e.g., town hall meetings, interactive website, mail-based and internet-based surveys, phone, e-mail and "Oil Can!" mailings).
- Rather than focusing primarily on sending information to stakeholders, the petroleum industry will focus primarily on receiving information from stakeholders. Based on this "listen first" approach, the industry will gain a better understanding of any issues or concerns; thus the industry will be in a better position to respond accordingly.

### Develop partnerships

- The "Oil Can!" will not be the sole responsibility of one organization or entity. Instead, the program will be open to any and all organizations in the petroleum industry who seek to build positive working relationships with key stakeholders and the general public.
- A coalition of supporting organizations will be established and the members will be readily identified in all communications mediums and methods. Membership will not require a financial commitment.

### Respect others

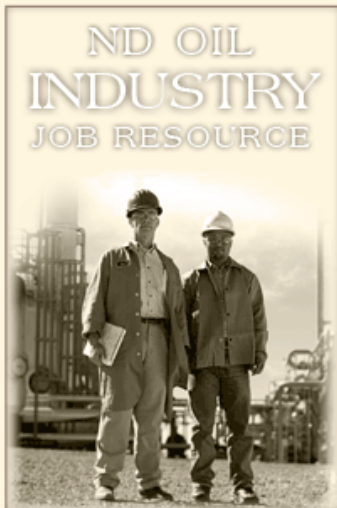
- Public safety will be a top priority.
- Property rights, laws and regulations will be respected.
- Community values and tribal traditions will be honored.
- Development will occur in a responsible & environmentally-friendly manner.

[View the Oil Can! program presentation.](#) (PDF version)

# FAQ

## FAQ

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## Frequently Asked Questions (FAQs)

These questions were developed in response to the Town Hall Meetings conducted all across western North Dakota in 2008. Click on a topic below or use the search bar at the bottom to find answers to your petroleum industry related questions.

### [Surface Owner Questions](#)

These questions are related to the surface owner of the land being drilled on.

### [Mineral Owner Questions](#)

These questions are related to the owner of the minerals in which the oil comes from.

### [Regulatory Questions](#)

These questions are related to legal regulations involved with the different aspects of drilling a well in North Dakota.

### [Bakken Basics](#)

These questions are related to the Bakken formation and the process behind drilling in the Bakken.

### [Royalties and Tax Questions](#)

These questions are related to tax distribution of North Dakota's oil and gas tax revenues, as well as royalties paid owners.

### [Oil and Gas Production](#)

These questions are related to oil and gas production in the state of North Dakota.

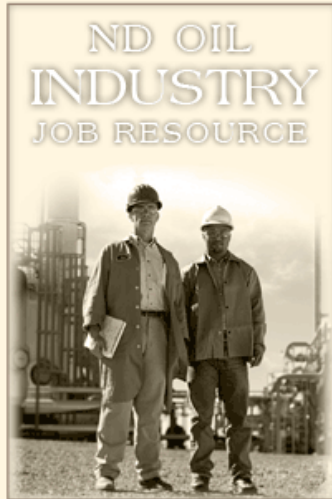
### [Roads, Pipelines, and Electrical Transmission Questions](#)

These questions are related to North Dakota's oil and gas industry structures and constraints.



# ROYALTY OWNER INFO CENTER

## Royalty Owner Information Center



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## Royalty Owner Information Center

Mineral rights and royalty payments are difficult to understand and comprehend, but the North Dakota Petroleum Council and the oil operators of the state want to make sure that you have the resources to understand the process and what you can expect if you have mineral rights. Below are some frequently asked questions that should be able to answer, or assist you in answering, your royalty questions.

- [What are the different types of oil and gas interests?](#)
- [What is "pooling?"](#)
- [How is my well interest being calculated?](#)
- [What happens when a well starts producing?](#)
- [When are royalties paid?](#)
- [Doesn't North Dakota law require interest to be paid on late royalty payments?](#)
- [Why does my monthly payment vary?](#)
- [Why does my payment differ from other members of my family?](#)
- [What does it mean to have an interest "suspended?"](#)
- [What are the most common reasons royalty payments are suspended?](#)
- [How do I prevent delays in receiving my royalty payments?](#)
- [Who do I contact if I have questions about my royalty payments?](#)
- [What information do I need when I contact a company?](#)

### 1. What are the different types of oil and gas interests?

A royalty interest is the interest typically retained by a mineral owner in an oil and gas lease and is typically a fraction (such as "1/8th") or percentage (such as "15%") of the total oil and gas production attributable to the lease. A royalty interest is typically not subject to the costs of production but is subject to a share of gross production and oil extraction taxes and post-production costs. This interest is sometimes called a "landowner's royalty."

An overriding royalty interest is a cost-free royalty interest carved out of lessee's interest under an oil and gas lease. Like a landowner's royalty, an overriding royalty is usually not subject to the costs of production but is subject to taxes and post-production costs.

# SURFACE OWNER INFO CENTER

## Surface Owner Info Center

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## Surface Owner Info Center

Surface owner issues can sometimes be difficult to understand, especially in a split estate situation. "Split estate" is the term used when ownership of the surface estate is legally severed, or split from ownership of the subsurface mineral estate. The members of the North Dakota Petroleum Council recognize this difficulty and want to provide you with the resources to address your questions and to help you understand issues that typically affect a surface owner. Below are some frequently asked questions and the answers are intended to help surface owners.

- [What surface owner notifications are the operator required to make prior to commencement of drilling operations under North Dakota law?](#)
- [What surface owner notifications are the operator required to make prior to conducting seismic and geophysical operations under North Dakota law?](#)
- [What do North Dakota laws say regarding measurement and payment of surface damages for seismic and/or oil and gas drilling operations?](#)
- [Is there a way to compare the value of an offer of surface damage payment with other land value estimates?](#)
- [Why are my payments from the oil and gas operator for use of my land different from the payments others have received from wind turbine operators and cellular telephone companies?](#)
- [How is the location of a well determined and what are the regulations?](#)
- [How is the location of a well access road determined?](#)
- [How much surface land is typically needed for drilling and production operations?](#)
- [What sequence of events is typical for developing an oil or gas well from beginning to end? What can I expect regarding notice, surveying, construction and post production?](#)
- [Once a drill rig shows up, how long does drilling and completion take? How long will the well continue to produce?](#)
- [How is the location of a pipeline and gathering system determined and how is the surface reclaimed?](#)
- [What are the safety issues associated with a producing well?](#)
- [How do I report a spill or possible leak in a pipeline?](#)
- [How does an operator reclaim surface land that was disturbed to develop a well, pipeline or other facility?](#)

**1. What surface owner notifications are the operator required to make prior to commencement of drilling operations under North Dakota law?**