The process of refunding contested royalty payments now being held in escrow because of Ordinary High Water Mark could drag out for years if there are disputes on the valuation. Leases on more than 96,000 acres are involved.

ND State Land Commissioner Jodi Smith estimates the refunding could start in September as the state taps into over $200 million now being held in escrow by the Bank of North Dakota.

SB 2134 is the original legislation passed in 2017 authorizing the refund. What could delay the payout is the fact that oil companies could question the valuation and those discussions could be protracted for some time or end up in litigation, Smith said.

As WTI crude oil moves up closer to $40 a barrel, there are several signs that the Bakken is headed towards recovery.

The number of wells temporarily shut in has pulled back from 7,500 to 6,800 and there are indications more will be brought back on line.

“Output in the Bakken shale is rising,” said an analyst from Standard Chartered Bank. “The return of 700 wells and 35,000 BOPD of output in North Dakota is not significant in itself; however, it matters because of its ‘canary in a coalmine’ quality.”

Hess Corp., one of the leading Williston Basin producers, paid a 25-cents a share dividend—one of the few producers to do so. Hess also continues construction on the $155 million gas plant expansion at Tioga.

Several efforts are underway in states and by the Federal Government to bring temporary regulatory relief to hard hit oil and gas producers. Just recently the Bakken Restart Task Force made up of leading state agencies looked at reducing fees. The ND Public Service Commission is looking at suspending all fees except the $10,000 initial filing fee. The ND Dept of Mineral Resources is also considering suspending temporary well abandonment and drilling permit renewal fees. In addition it has taken steps to reduce bonds. Nuverra’s bond for its waste treating operation near Watford City was cut from $425,000 to $162,000. The company wanted it brought down to $50,000. These are all certainly good measures and actions which the industry would support.

There is one thing that bothers me about this effort. It could only be temporary until, economic conditions improve. Elected officials including...

ND Mineral Refunds May Be Delayed

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