

**NOTICE OF INTENT TO
ADOPT AND AMEND
BOARD RULES**

The North Dakota Board of University and School Lands will hold a public hearing to take oral comments to address a proposed new rule to the Board's Oil and Gas Rules Chapter 85-06-06, relating to establishing an escrow account for royalty payments withheld due to a title dispute. The hearing will be held Thursday, August 27, 2009 at 3:00 PM CT at the State Land Department, 1707 N. 9th Street, Bismarck ND.

The proposed rule is as follows:
85-06-06-08.1 DISPUTED TITLE-ROYALTY ESCROW ACCOUNT. Any operator, lessee, purchaser or royalty payor, that proposes to withhold royalty payments based upon an ownership dispute involving minerals managed by the Board, must establish an escrow deposit account with and at the Bank of North Dakota with the Board as joint owner and must deposit the disputed payments into this account. When the dispute is resolved and written notice of the agreement for resolution is provided to the Bank of North Dakota, all monies held in the account related to the dispute shall be promptly paid out to the owner, or owners, pursuant to the terms of the agreement for resolution of the ownership dispute. Any interest earned on the account shall accrue to the Board, should the Board prevail in the title dispute, and shall be promptly disbursed with the royalties then due to the Board. This section applies to all production sales after (date) for any then existing leases or leases issued thereafter.

The purpose for the proposed rule is to require a lessee proposing to withhold royalty payments due to a title dispute set aside such payments in an escrow account assuring the Board that the funds are available when the dispute is resolved.

Written comments may also be submitted to the ND Land Department, PO Box 5523, Bismarck, ND, 58506 until 09/15/09. If you plan to attend the public hearing and will need special facilities or assistance relating to a disability, please contact the Land Department at the above address, or at 701-328-2800 at least seven days before the public hearing.
Dated this 5th day of August, 2009.

/s/ Gary Preszler
Land Commissioner