

From: -Info-Land Dept.
Sent: Friday, April 30, 2010 9:27 AM
Subject: ND State Land Dept. Info - Bidder Information

BIDDER INFORMATION:

State lease terms provide for returning bonus and rental payments should the State not have a legal right to those minerals. The Department's practice has been to make refunds for any money greater than a nominal amount, generally ten dollars. The Department is currently researching the proper accounting entry to set-aside bonus payments where a title dispute may exist. This will ensure that monies are not distributed to beneficiaries in the event a refund becomes necessary.

In addition to the above, April 23, 2010 the Land Board passed the following: **85-06-06-08.1 DISPUTED TITLE ROYALTY ESCROW ACCOUNT:**

Any lessee, assignee, or entity that assumes, or agrees to perform, any of the lessee's rights and responsibilities under the lease, that proposes to withhold royalty payments based upon an ownership dispute must establish an escrow deposit account and must deposit the disputed payments into this account. The account must be established at the Bank of North Dakota, or other state or national chartered insured financial institution approved by the Commissioner, with the Board as a party to the escrow agreement. Upon final resolution of the dispute, and with consent of the Commissioner, the escrow agent shall be authorized to release all monies held in the account to the entity that established the escrow account for proper distribution to the rightful owners. The Board shall be entitled to any interest income earned on the account attributable to the State's ownership interest. This section applies to matters where the amount of the disputed royalties is ten thousand dollars or more over a twelve (12) month period. This section may apply to leases executed prior to the effective date of this section if agreed to by the Commissioner and the lessee, assignee, or entity that assumes, or agrees to perform, any of the lessee's rights and responsibilities under the lease.

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The information contained in this email is not intended to convey all the circumstances surrounding this mineral interest and further research may be necessary.