

**NORTH DAKOTA
BOARD OF UNIVERSITY AND SCHOOL LANDS
SHUT-IN WELL POLICY**

1. Any lessee desiring to shut in a well, without lease termination, must submit a letter of application to the Commissioner of University and School Lands, Box 5523, Bismarck, ND 58506. This letter of application must contain the following information:
 - a. The name and well number (as established by the Oil and Gas Division) of the well to be shut-in.
 - b. The exact location of the well to be shut-in.
 - c. A description of the lease on which the shut-in well is located, including the date of the lease, the acreage covered by the lease and the present lessee(s) of the lease.
 - d. The name and address of the operator of the well to be shut-in.
 - e. A statement as to each of the three months immediately prior to the shut-in request, showing the total amount of oil and gas produced and the total number of days of production.
 - f. The name, mailing address and telephone number of the individuals designated to receive notice relating to the shut-in agreement.
2. An application fee and a shut-in royalty payment of One Dollar (\$1.00) per net mineral acre must be submitted with each application. (If the application is denied, the shut-in royalty payment will be refunded.)
3. Within 15 days of receipt of a complete application, the Commissioner will do one of the following:
 - a. Notify the applicant that the request has been approved.
 - b. Notify the applicant that additional information is needed to evaluate the request, in which case the application will be deemed to have been received when the additional information requested is received.
 - c. Notify the applicant that an additional 15-day period is necessary to consider the request.
 - d. Notify the applicant that the request for shut-in approval has been denied.
 - e. Notify the applicant that the request has been approved, subject to conditions imposed by the Commissioner.
 - f. Notify the applicant that the request will be placed on the agenda of the next meeting of the Board.

If the Commissioner does not notify the applicant pursuant to sub-paragraphs **a** through **f**, above, the application shall be deemed to have been approved. Notification shall be considered given when mailed by the Commissioner.

4. All shut-in agreements will be effective for one year from date of approval.
5. If, during the term of the shut-in agreement, the Commissioner determines that any portion of the shut-in unit is being drained by an offsetting well(s), the Commissioner will notify the lessee(s) of such determination. The lessee(s) will have 60 days from the receipt of such notice to re-establish production from the shut-in well(s) or begin paying compensatory royalty in an amount approved by the Commissioner. If neither of these steps are taken within the time period specified, all rights under the shut-in agreement will be forfeited and the oil and gas lease(s) will terminate (unless extended by virtue of other provisions of said lease).
6. The Board reserves the right to revoke any and all shut-in agreements if it determines that such action is justified by economic or other conditions. The Commissioner is also given the authority to revoke individual shut-in agreements if in his judgment such action is necessary to protect the interest of the Board. If any or all shut-in agreements are revoked, the lessee(s) must re-establish production from the shut-in well(s) within 60 days from the receipt of notice of such revocation, or the oil and gas lease(s) will terminate (unless extended by virtue of other provisions thereof).
7. If an applicant/lessee disagrees with any action taken by the Commissioner pursuant to this policy, it may appeal such action to the Board by giving notice to the Commissioner of its intent to appeal. When the Commissioner receives a notice of appeal, he will place the appeal on the agenda of the next meeting of the Board; provided, however, that if the notice is received less than three days prior to the next meeting of the Board, the Commissioner may place the appeal on the agenda of the immediately following meeting of the Board.
8. The Commissioner will provide an annual report to the Board of all action taken pursuant to this policy.

History

Adopted: May 1986

Revised: April 26, 1990

Revised: May 30, 1991

Revised: March 26, 1992

Revised: June 24, 1993

Revised: March 4, 1994

Revised: February 23, 1995

Revised: April 3, 1998

Revised: January 25, 2001

Revised: October 11, 2004

Revised: June 26, 2014