President Espegard invited Jerry Bergman to give the Board an overview of the request to auction a lease of mineral rights for land in McKenzie County at the May 7 Department of Trust Lands auction. Mr. Bergman is the director of the Williston Research Extension Center.

Mr. Bergman thanked the Board for calling a special meeting, and explained that the purpose of the request is to have a lease auction of approximately 40 acres of land for which half of mineral rights are reserved. With the Board’s authorization, the lease can be auctioned at the May 7 Trust Lands auction. Mr. Bergman requested that the proceeds would be used as one-time funds for Williston Research Extension Center projects.

Ms. Neset inquired about the legal description of the acreage. Ms. Holloway explained that the description changed after consultation with the Department of Trust Lands, and gave the updated legal description. Ms. Neset next asked what the estimated bonus payment would be for the land; Mr. Bergman and Ms. Holloway estimated that the payment could be from $800 to $2500 per acre.

Ms. Reichert then inquired as to the mineral production royalty that would be incorporated in the lease. Ms. Holloway noted that a standard royalty is three sixteenths. Ms. Reichert then confirmed that the land’s mineral rights have not been leased before. Ms. Holloway explained that she would need the Board to grant authority to set the royalty, which Ms. Neset suggested could be negotiated up to one fifth. Ms. Neset asked if anyone had a knowledge of nearby production; Mr. Bergman replied that he did not have any extra information.

Next, Ms. Reichert asked whether the Board needed to allocate the beneficiary of royalty revenues. Ms. Holloway stated that the lease will require the naming of a beneficiary, and restated that the request was for the Williston Research Extension Center to benefit from the
proceeds. President Bresciani noted that this parallels the leases for mineral rights that have previously been authorized in Dickinson, and Bruce Bollinger concurred.

It was moved by Neset, seconded by Diederich, to authorize the auction lease of mineral rights in McKenzie County in the May 7 Department of Trust Lands auction, with the proceeds to benefit the Williston Research Extension Center. Diederich, Morton, Neset, Reichert, Shaft, and Espegard voted yes; Hjelmstad and Hull were absent. The motion carried.

The meeting adjourned at 9:42 a.m.