



North Dakota State Leases to Carry a Higher Royalty Rate of 3/16ths (18.75%)

By: [Heidi Hande](#)

Following the trend set by the Colorado State Land Board and Wyoming Office of State Lands & Investments, The Board of University and School Lands in North Dakota ("ND Land Board") considered raising the royalty rate on its leases from 1/6th (16.67%) to 3/16th (18.75%) and did raise the rate for leases in Mountrail, Divide, Williams, McKenzie, Billings, Dunn and Golden Valley Counties. The ND Land Board accepted comments to the proposal until January 20, 2012, and voted on the matter at its January 26, 2012, meeting to be effective in time for the February 7, 2012 quarterly lease auction. The upcoming February 7, 2012 quarterly lease auction is estimated to be one of the largest in the ND Land Board's history because so many leases were granted in 2007 and are again available for leasing upon the expiration of their five-year primary terms. In total, the ND Land Board administers 2.5 million mineral acres.

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