

FACT SHEET

Gary D. Prezler, Commissioner

CONSTRUCTION AGGREGATE MINING

Many tracts of school trust land have sand, gravel, or scoria deposits on them. Some of these deposits have been mined but most of them are currently undeveloped. Sand, gravel, and scoria are minerals which can be leased out by the Land Department.

Construction aggregate mining leases with a term greater than one year must be offered at public auction. The Commissioner is authorized to approve and issue construction aggregate leases without bidding, under the following conditions:

1. The construction aggregate lease is to the state or political subdivision of the state for a term of one year or less.
2. The applicant is a private entity requesting less than 5,000 cubic yards for a term of one year or less.
3. When the construction aggregate is needed for an emergency situation for a term of one year or less.

Mining construction aggregate is not authorized without a current construction aggregate lease.

The surface lessee must also be contacted prior to mining. Therefore, if mining is occurring without your knowledge, it is unauthorized and should be reported to the State Land Department.

The construction aggregate lease requires that the mining lessee reclaim the mine area. The topsoil must be reserved for use in reclamation. Following the completion of mining, or the expiration of the construction aggregate lease, the mine site must be recontoured, the topsoil respread and all disturbed areas revegetated with a mixture of native grasses. The mine site is then fenced to allow the grass a chance to become reestablished. The intent is to lease the sand, gravel, and scoria while ensuring that the land will be reclaimed to as good as or better than

its original condition. For more information regarding this topic, contact Mike Humann at mhumann@state.nd.us or call (701) 328-2800.

MINERALS MANAGEMENT DIVISION

The Minerals Division is responsible for managing approximately 2.5 million mineral acres, which can be leased for exploration of oil, gas, coal, sand, gravel, and clay. Most of our mineral leases are oil and gas related, and are for tracts in western North Dakota, but there are a few oil leases on land as far east as Stutsman County.

Four times each year the Land Department holds public oil and gas lease auctions. Mineral leases allow the lessee to explore for minerals during the lease term. For instance, an oil and gas lease allows a lessee five years to drill on that tract. If a well is not drilled during that 5-year period, the lease expires.

However, if a well is drilled during the lease term, and oil or gas is found, the lease continues for as long as oil or gas is produced. A royalty clause in the lease specifies what share of production must be paid to the Land Department.

The Land Department currently collects royalties from production of over 400 wells throughout western ND. Royalty receipts are put into the permanent fund which is invested in stocks, bonds, and farm mortgages. The interest that is earned is then turned over to the Department of Public Instruction for distribution to the schools.

The Land Department also receives coal and gravel royalty payments. Like oil and gas leases, coal and gravel leases contain a royalty clause, which specify what share of those products must be paid to the State. For more information regarding this topic, contact Rick Larson at rdlarson@state.nd.us or call (701) 328-2800.

