

Governor's Conference Room and Microsoft Teams meeting

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Phone conference ID: 674 237 547

Meeting Coordinators: Catelin Newell – Dir. Admin Services & IT, Kate Schirado – Exec. Assistant

➤ = **Board Action Requested**

1. Call to Order – Chairman

A. Roll Call and Pledge of Allegiance

B. Consideration of Approval of [Land Board Meeting Minutes](#) by voice vote.
– minutes available via link

2. Operations – Joseph Heringer

A. Commissioner's Report – pg. 2

B. [Fiscal Audit presented by Eide Bailly](#) – presented by Jared Mack and Skye Hertel - full audit report available via link

C. Financial Dashboard – pg. 3

D. 2023-25 Biennial Report – pg. 10

3. Division Reports – Joseph Heringer

A. Surface – pg. 24

B. Minerals – pg. 27

C. Unclaimed Property – pg. 29

4. Investments – Frank Mihail, CIO

A. Investment Update – pg. 31

B. Third Quarter 2025 Performance Report – presented by RVK - pg. 36

5. Special Projects – Joseph Heringer

➤ A. Administrative Code Update – Second Reading – pg. 65

B. Mineral Tracker Valuation – Joel Brown - pg. 129

6. Litigation Update – Joseph Heringer – pg. 141

➤ **Executive session under the authority of NDCC §§ 44-04-19.1 and 44-04-19.2 for attorney consultation with the Board's attorneys to discuss: - pg. 143**

- **Royalty Settlements**

Next Meeting Date – January 29, 2026

RE: Commissioner's Report
(No Action Requested)

Special Mention Events

- State Cash Management Board – attended November 14, 2025, meeting to present on the Department's cash management processes and performance; this was part of the Cash Management Board's review of various state agency's cash management practices
- Lignite Research Council - attended November 18, 2025, grant round meeting as a voting member where three proposals were recommended for approval to the Industrial Commission
- State Investment Board – attended November 21, 2025, meeting as a voting member
- Legislative Audit & Review Committee – attending December 9, 2025, meeting where Eide Bailly will present the Department's 2024-25 annual financial audit; anticipate no concerns as it was a clean audit

Human Resources

- Revenue Compliance Director – introduction of new Revenue Compliance Director, Leigh Jacobs; start date of December 1, 2025

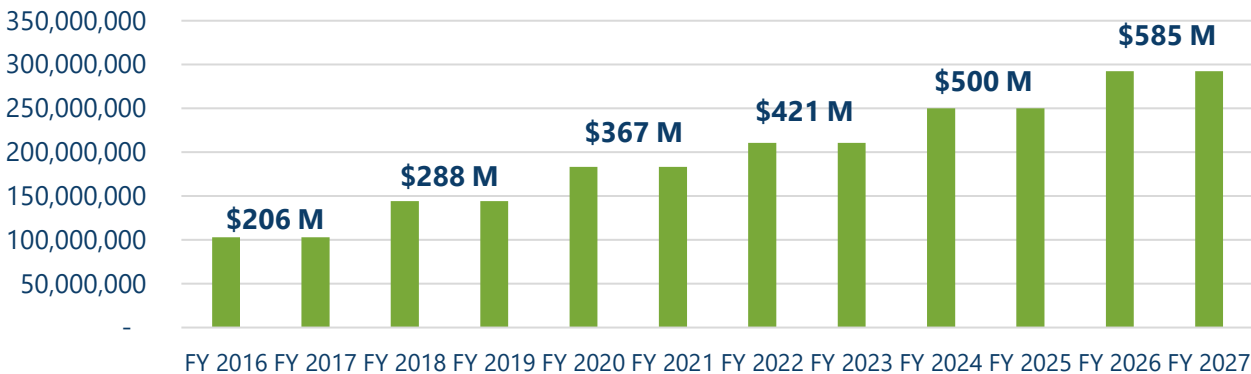
COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

CSTF ASSET BALANCE as of 06/30/2025 (audited)

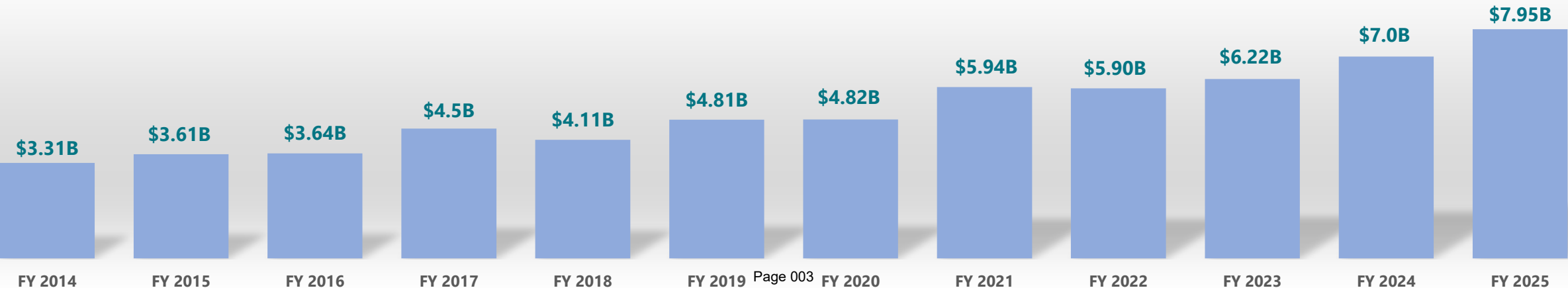
\$7,947,818,906

**+\$950 million year-over-year from 06/30/2024
balance of \$6.998 billion**

CSTF DISTRIBUTION HISTORY PER BIENNIUM



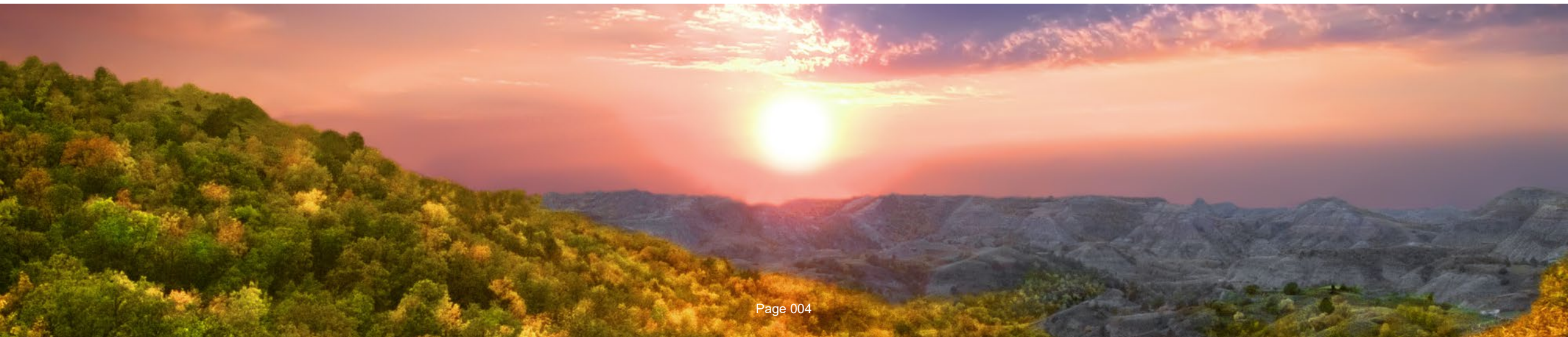
CSTF ASSET BALANCE HISTORY



COMMON SCHOOLS TRUST FUND 2025-27 (CSTF) DISTRIBUTIONS

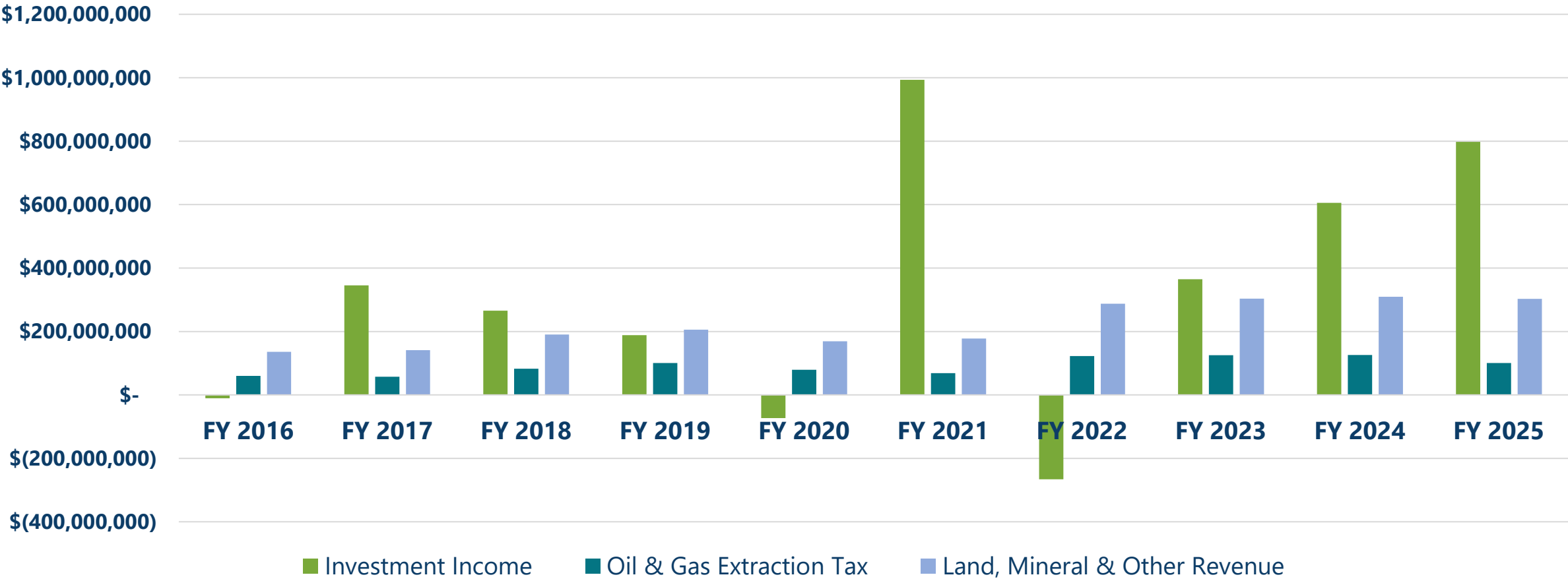
Monthly Distribution to the State Tuition Fund for the 2025-27 Biennium \$32,500,000
Multiplied by 9 months per year = \$292,500,000
Divided by 116,598 students = \$2,508/student per year

North Dakota Cost to Educate Per Student \$13,778/year
75.7% State Funding Share = \$10,430
\$2,508 CSTF per Student Annual Distribution **=24% of state funding share**



COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

COMMON SCHOOLS REVENUES
July 1 – June 30 Fiscal Year

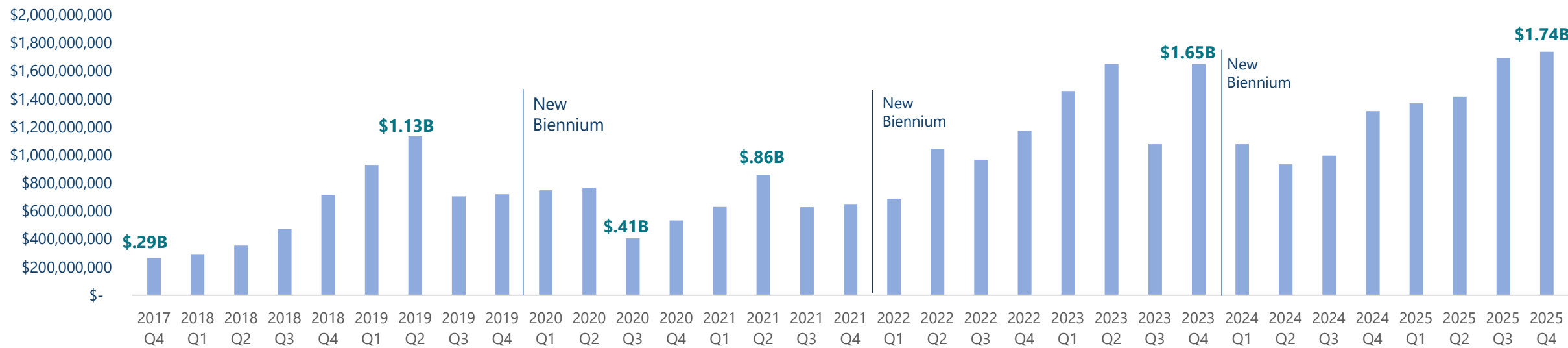


STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

SIIF BALANCE as of 06/30/2025 (audited)

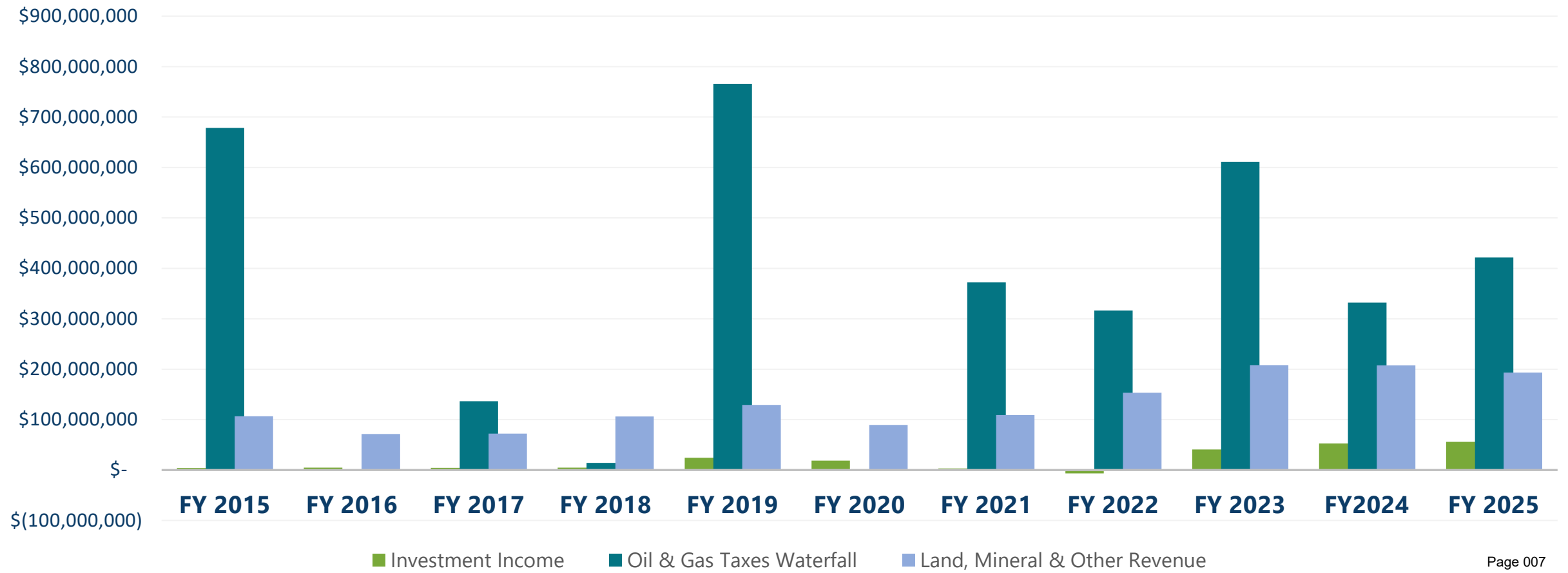
Total Balance - \$1,737,442,259

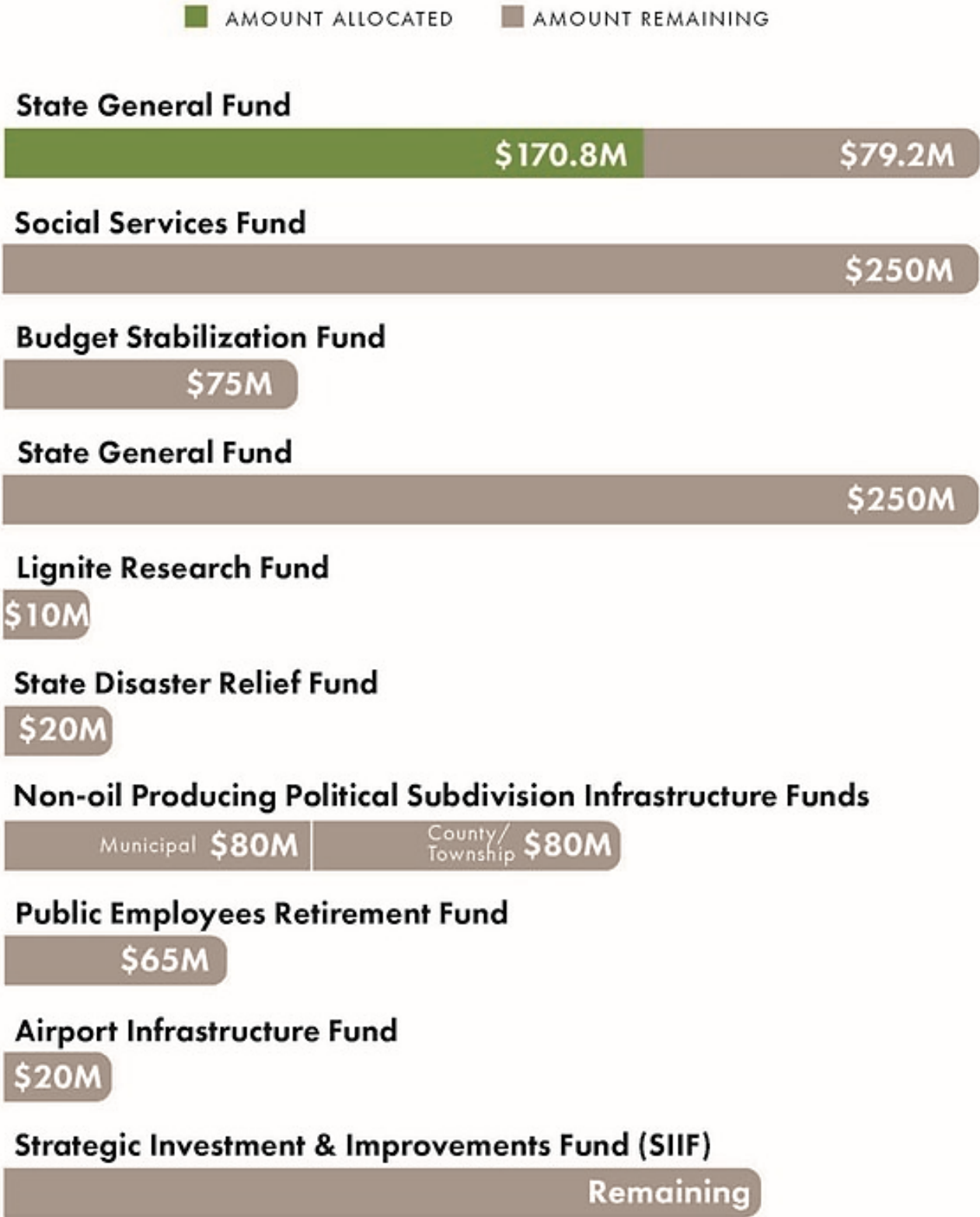
SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)



STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS

SIIF REVENUES
July 1 – June 30 Fiscal Year





ESTIMATED TOTAL NET ASSETS as of 06/30/2025

**Mineral Tracker Valuation
as of June 30, 2025, on
2.6 million Mineral Acres
\$2,177,250,937**



**Surface Fair Market Value
as of April 2025, on
706,000 Surface Acres
\$736,474,769**



**Estimated Total Net Assets*
as of June 30, 2025**



\$11,432,681,851



* Total excluding SIIF

DEPARTMENT OF TRUST LANDS

BIENNIAL REPORT 2023-2025



NORTH
Dakota
Be Legendary.

| Trust Lands



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DEPARTMENT OF TRUST LANDS

2023-2025 BIENNIAL REPORT

DEAR GOVERNOR ARMSTRONG AND SECRETARY HOWE:

It's amazing to think that I am already approaching my fourth year serving as North Dakota's Commissioner of University and School Lands. Each day I continue to be impressed at the beauty and productivity of North Dakota's lands and natural resources!

The Department's mission is to prudently manage the Land Board's assets for the long - term benefit of North Dakota public K-12 education and other critical state institutions. By that standard we had another successful biennium as evidenced by the following highlights:

- Common Schools Trust Fund K-12 distributions increased to \$85 million (17%) from FY23-25 \$500 million to FY25-27 \$585 million, equating to nearly 24% of the state's per student funding for K-12 public education
- Common Schools Trust Fund balance increased \$1.7 billion (+27%) from FY23 \$6.2 billion to FY25 \$7.9 billion
- Combined other permanent funds balance increased \$84 million (+24%) from FY23 \$345 million to FY25 \$429 million
- Net investable assets grew \$1.9 billion (23%) over the biennium, totaling \$10.25 billion as of June 30, 2025
- The investment portfolio generated over \$1.6 billion from income and growth, returning above benchmark returns of 9.42% and 11.64% in fiscal years 2024 and 2025, respectively
- Generated \$970 million in oil & gas royalties, \$26 million in oil & gas bonus payments, and \$34 million in rental income
- Another record biennium for our Unclaimed Property Division with 43,653 claims paid, resulting in \$23,034,561 in property returned to rightful owners: 7,374 holder reports totaling \$52,773,036 in collections
- Started a new Unclaimed Property in-state compliance program
- Re-structured our Unclaimed Property 3rd party auditor contracts to promote increased holder compliance
- New online customer portal with electronic payment processing went live May 2025

Thank you to my talented and dedicated team for helping to achieve these results and making all our jobs enjoyable and rewarding.

We look forward to another successful biennium in 2025-27 with goals of fully integrating the new customer portal, implementing the in-state unclaimed property compliance program, continuing to build out the investment portfolio, diversifying revenue streams, and evaluating underperforming lands.

Thank you to the Land Board for its steady and insightful leadership as we work together to achieve these goals for the long-term support of the trusts and their beneficiaries!



JOSEPH A HERINGER, COMMISSIONER



— MISSION —

The mission of the Board of University and School Lands is to prudently and professionally, manage assets of the permanent trusts in order to preserve the purchasing power of the funds, maintain stable distributions to fund beneficiaries, and manage all other assets and programs entrusted to the Board in accordance with the North Dakota Constitution and applicable state law.

We are grateful for the faith placed in us to protect and develop North Dakota's resources. We are committed to fulfilling our fiduciary duties, while securing sustainable beneficiary funding for current and future generations.

— VISION —

The Department of Trust Lands empowers prosperity through responsible stewardship of our extensive mineral and surface resources, driving growth in our trusts and funds, and maximizing the long-term value of our assets for generations to come.

HISTORY

The history of school trust lands is one of extraordinary vision on the part of this nation's founding fathers. The idea was simple: generate income from land to supplement public school funding. The original thirteen states had sovereign authority over all lands within their borders. This land provided a tax base for the support of education and other governmental functions. In contrast, the federal government owned vast areas or territories that later became states. This land was immune from taxation. As a result, states created from these public lands would not have been on an "equal footing" with the original thirteen states. Congress, therefore, made land grants to the newly admitted states to equalize their tax base status with that of the original thirteen.

To ensure that land would be available for the school land grants to the new states, Congress established a practice of reserving certain sections in every township within the territories for the support of the schools. Thus, the first enactment for the sale of the public lands in the "western territory," the Land Ordinance of 1785, provided for setting apart section 16 of every township for the maintenance of the public schools. For example, when Ohio was admitted into the Union by the Enabling Act of April 30, 1802, section 16 in every township was granted for the use of schools.

This basic pattern was followed for subsequent states, although the specific terms of the school land reservations and grants have differed over time. For virtually every state, the school land grants are found in the state's admission or enabling act. The grants have varied in terms of the number of sections granted per township, in the wording of the purpose of the grant (e.g., "for the use of schools," "for the support of common schools"), and in the extent of explicit restrictions placed upon the state.

In 1889, Congress passed the Enabling Act "to provide for the division of Dakota [Territory] into two states, and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and state governments, and to be admitted into the union on an equal footing with the original states, and to make donations of public lands to such states."

Act of February 22, 1889, Ch. 180, 25 Statutes at Large 676. Section 10 of this Act granted sections 16 and 36 in every township to the new states "for the support of common schools." In cases where portions of sections 16 and 36 had been sold prior to statehood, indemnity or "in lieu" selections were allowed. In North Dakota, this grant of land totaled nearly 2.6 million acres. The Enabling Act provided further land grants to the State of North Dakota for the support of colleges, universities, the state capitol, and other public institutions. Revenues are generated through the prudent management of trust assets, which assets include approximately 706,600 surface acres and nearly 2.6 million mineral acres. Article IX, Section 2 of the North Dakota Constitution provides that the "net proceeds of all fines for violation of state laws and all other sums which may be added by law, must be faithfully used and applied each year for the benefit of the common schools of the state and no part of the fund must ever be diverted, even temporarily, from this purpose or used for any purpose other than the maintenance of common schools as provided by law."

To Thomas Jefferson (Jefferson) education for all the children of the United States was the key to creating a strong democracy. Jefferson's idea was to look for a way to fund education by using the land to generate funding. With approval of the Enabling Act in 1889, Congress granted North Dakota the ability to become a state. The Board is part of that Act, making it an agency that predates statehood.

The Enabling Act, the North Dakota Constitution, and statutes passed over the last 130 years have defined the role of the Board and its beneficiaries.

The Department serves as the administrative agency of the Board and the Commissioner of University and School Lands (Commissioner). Along with being responsible for the management and stewardship of educational trusts, the Department oversees mineral acres and other assets utilized for the benefit of public schools and other institutions in North Dakota. The Department operates the state's Unclaimed Property Division and the Energy Infrastructure and Impact Office (EIIO).

INVESTMENTS

The mission of the Investments Division is to preserve the purchasing power of the trust funds and maintain stable distributions to fund beneficiaries, including North Dakota public schools.

The Investment Policy Statement governs how funds are managed and follows the industry-standard Prudent Investor Rule – to invest using the same judgement and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

Successful institutional portfolio management begins with a thoughtful strategic asset allocation, constructed using portfolio management theory. North Dakota Trust Lands has built a diversified multi-asset portfolio designed to withstand market volatility. The asset mix includes traditional equity and fixed income as well as alternative asset classes, such as private markets and absolute return.

We seek excess returns by investing with managers who have a proven track record of consistent outperformance. Our manager selection and investment decision-making process combines qualitative research and quantitative analysis. The goal of our target portfolio is to compound superior risk-adjusted returns in perpetuity.

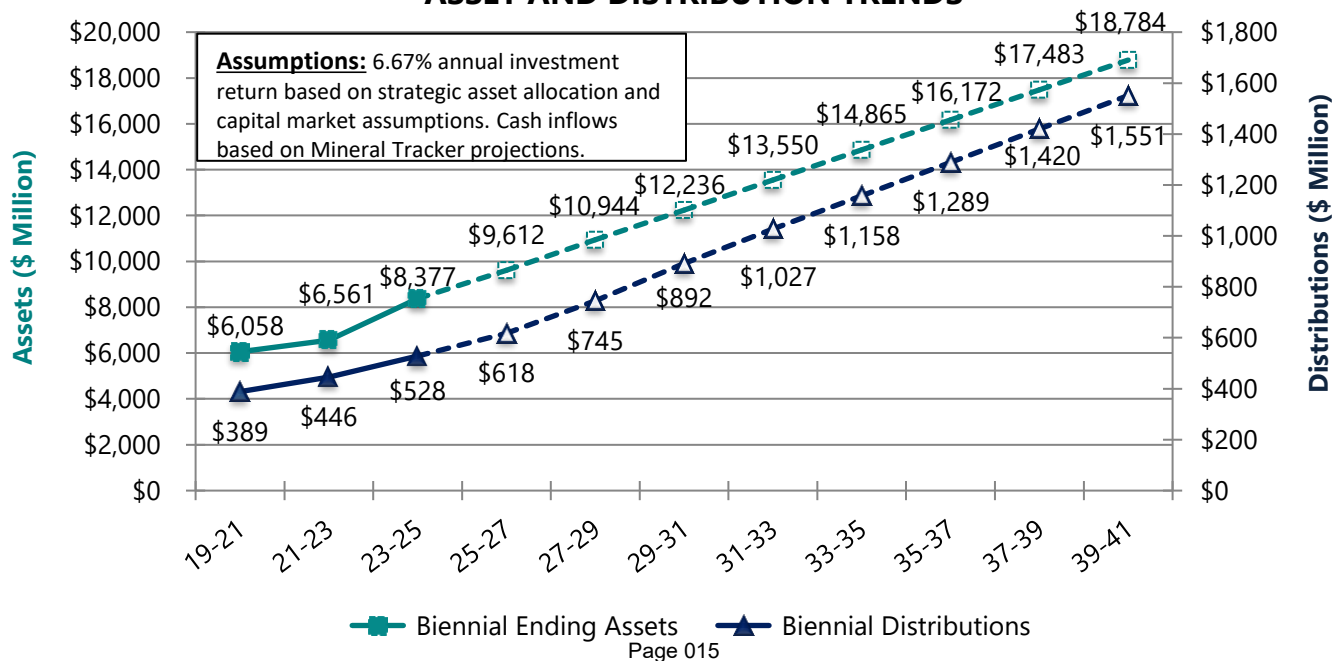
Through this approach to risk management and manager selection, the Investment Division serves as long-term stewards of capital for the State of North Dakota. As of June 30, 2025, net investable assets for the Department totaled \$10.25 billion, growing by \$1.9 billion or 23% over the biennium.

The growth was a result of strong oil and gas revenues coupled with strong investment returns. Fiscal years 2024 and 2025 generated a combined \$970 million in oil and gas royalty revenue. Despite intermittent volatility around the US election and policy uncertainty, global equity markets marched higher over the biennium. The investment portfolio generated over \$1.6 billion from income and growth, returning 9.42% and 11.64% in fiscal years 2024 and 2025, respectively.

Beneficiaries continue to realize growing distributions. In the 2023-25 biennium, Common Schools Trust Fund (CSTF) distributions totaled \$500 million. In the 2025-27 biennium, CSTF distributions will total \$585 million. This is a 17% increase and equates to nearly 24% of the state's per student funding for K-12 public education.

The Board manages seventeen additional funds for the State and other beneficiaries. Two funds are private purpose trust funds: the Indian Cultural Education Trust and the Theodore Roosevelt Presidential Library and Museum Endowment Fund. The remaining funds of the Department are governmental funds.

13 PERMANENT TRUST FUNDS ASSET AND DISTRIBUTION TRENDS



INDIAN CULTURAL EDUCATION TRUST

The Indian Cultural Education Trust was created in 2003 to generate income to benefit Indian culture (N.D.C.C. ch. 15-68). Present assets are managed for the benefit of the Mandan, Hidatsa, and Arikara Nation Cultural Education Foundation. This trust's assets are managed, and distributions determined, in the same manner as the permanent trust funds.

THEODORE ROOSEVELT LIBRARY AND MUSEUM ENDOWMENT FUND

The Theodore Roosevelt Presidential Library and Museum Endowment Fund (TR Fund) was created under N.D.C.C. § 54-07-12 to generate income to be used for the operation and maintenance of the library and museum, after the Theodore Roosevelt Presidential Library Foundation has raised or secured binding pledges of \$100 million. The TR Fund is managed through an agreement between the Office of the North Dakota Governor and the Board. In May of 2019 the first deposit, totaling \$15 million, was made to the Board for the TR Fund.

CAPITOL BUILDING FUND

The Capitol Building Fund was established by N.D.C.C. § 48-10-02 pursuant to Article IX of the North Dakota Constitution. Section 12 of the Enabling Act authorized the land grant for "public buildings at the capital of said states" N.D.C.C. § 48-10-02 defines the fund, outlines its purposes, and assigns management of the land and the fund's investment to the Board. Unlike the permanent trust funds created under Article IX, this fund is fully expendable and is subject to legislative appropriation each biennium.

STRATEGIC INVESTMENT AND IMPROVEMENTS FUND

The Strategic Investment and Improvements Fund (SIIF) is financed by the revenues earned from sovereign mineral acres, including those formerly owned by the Bank of North Dakota (BND) and State Treasurer and minerals located under navigable rivers and lakes (N.D.C.C. ch. 15-08.1, § 61-33-07). The SIIF also receives a portion of the oil and gas production and extraction taxes (N.D.C.C. § 57-51.1-07.5). This fund may be appropriated by the legislature for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government (N.D.C.C. § 15-08.1-08).

COAL DEVELOPMENT TRUST FUND

The Coal Development Trust Fund was established by N.D.C.C. ch. 57-62, pursuant to Article X, § 21 of the North Dakota Constitution. The Fund receives 30 percent of the coal severance tax. This fund is held in trust and is administered by the Board for loans to coal impacted counties, cities, and school districts as provided by N.D.C.C. § 57-62-03, and for loans to school districts pursuant to N.D.C.C. ch. 15.1-36. Any balance not loaned is invested according to Board policies. The income earned by this fund is transferred to the State General Fund each year.

FINANCIAL REPORTS

Eide Bailly completed its review of the Department's financial statements for the fiscal year ending on June 30, 2025, below are the final audited totals.

BOARD OF UNIVERSITY AND SCHOOL LANDS COMPARATIVE FINANCIAL POSITION		
ASSETS BY TRUST		
	JUNE 30, 2024	JUNE 30, 2025
Common Schools Trust Fund	6,997,804,865	7,947,818,906
North Dakota State University	103,395,050	115,493,290
School for the Blind	17,707,007	20,036,985
School for the Deaf	27,140,564	30,387,010
State Hospital	17,081,609	18,639,301
Ellendale*	33,877,278	37,713,627
Valley City State University	19,049,989	22,211,986
Mayville State University	13,753,814	15,705,388
Youth Correctional Center	38,247,932	43,116,178
State College of Science	24,586,258	27,030,423
School of Mines **	31,062,962	34,077,942
Veterans Home	6,734,873	7,329,421
University of North Dakota	51,063,659	57,016,713
Capitol Building	12,756,891	8,438,235
Strategic Investment and Improvements	1,312,921,866	1,737,442,259
Coal Development	74,726,493	75,569,050
Indian Cultural Education Trust	1,485,574	1,603,919
Theodore Roosevelt Presidential Library and Museum Endowment	53,243,102	57,109,518
TOTAL	\$8,836,639,786	\$10,256,740,151

* Ellendale Trust - The following entries are equal beneficiaries of the Ellendale Trust

Dickinson State University | Minot State University | Dakota College at Bottineau | School for the Blind | Veterans Home State Hospital | State College of Science - Wahpeton

** School of Mines - Benefits of the original grant to the School of Mines are distributed to the University of North Dakota.

ASSETS BY TYPE		
	JUNE 30, 2024	JUNE 30, 2025
Cash	\$535,885,735	\$997,639,235
Investments	7,983,110,808	9,082,558,002
Receivable	73,737,975	75,862,898
Farm Loans	2,243,893	2,082,342
School Construction Loans (Coal)	31,315,638	30,611,395
Due to/from Other Trusts and Agencies	187,099,124	76,839,293
Capital Asset – Land	7,736,490	7,736,490
TOTAL	\$8,821,129,663	\$10,273,329,655

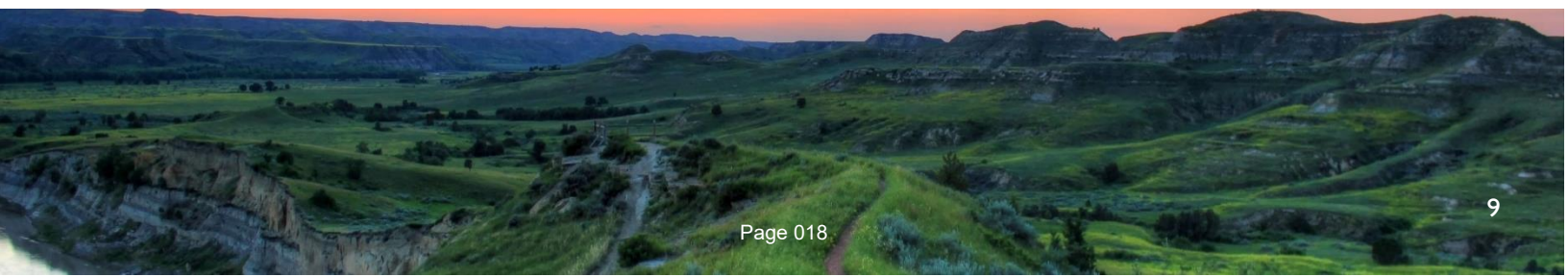
During the Sixty-ninth Legislative Assembly, Senate Bill 2013 provided an appropriation to defray the expenses of the Commissioner of University and School Lands for the 2023-25 biennium, as outlined in the following disclosures.

APPROPRIATED EXPENDITURES JULY 1, 2023 TO JUNE 30, 2025	
Salaries and Wages*	\$ 8,823,877
Operating Expenses	1,769,094
Capital Assets	4,949,500
Contingencies	100,000
TOTAL	\$ 15,642,471

*As of June 30, 2024, appropriations increased by \$1,300,056, funded through allocations from the State's equity and FTE Funding Pools.

APPROPRIATED EXPENDITURES - FURTHER BREAKDOWN			
	Expenditures FY Ended June 30, 2024	Expenditures FY Ended June 30, 2025	Unexpended Appropriations
Salaries and Wages*	\$ 4,029,795	\$4,323,942	\$470,140
Operating Expenses	462,001	530,963	776,130
Capital Assets	486,233	3,975,950	487,317
Contingencies	0	0	100,000
TOTAL	\$ 4,978,029	\$ 8,830,855	\$ 1,833,587

OPERATING EXPENSES			
	Expenditures FY Ended June 30, 2024	Expenditures FY Ended June 30, 2025	2023-2025 Biennium Expenditures
Travel	\$ 31,074	\$ 28,374	\$ 59,448
Software/licenses/IT supplies	2,117	18,931	21,048
Operating	65,347	48,834	114,181
Postage	10,750	20,251	31,001
Printing	4,186	3,581	7,767
Equipment – IT and office	2,363	49,725	52,088
OMB – Risk Management	3,757	4,290	8,047
Building rent	78,284	68,947	147,231
NDIT expenditures	149,700	100,338	250,038
Professional development	33,597	26,961	60,558
Legal fees	80,826	160,731	241,557
TOTAL	\$ 462,001	\$ 530,963	\$ 992,964



SURFACE MANAGEMENT

The North Dakota Department of Trust Land's Surface Management Division manages approximately 706,000 acres of surface estate throughout the state of North Dakota for the benefit of the various trusts under the control of the Board of University and School Lands as outlined in the North Dakota Constitution.

The Surface Division consists of 6 full-time staff members and 8-10 part-time field staff. Surface Division staff manage daily demands faced by land managers in addition to learning about new management opportunities and continually working towards ensuring that the land will continue to function for the benefit of the trusts. Examples include:

- Interactions with lease and encumbrance holders
- Inspections
- Permanent Improvements Cost Share
- Weed and Pest Management
- Grazing Management Plans
- Reclamation Activities
- Construction Aggregate Leases & Prospecting
- Reviewing and Issuing Encumbrances (pipelines, electric lines, roads, well pads, etc.)

The major source of surface income from these lands is generated through agricultural leases (grassland, crop, and hay land uses) with significant revenue generated through encumbrances (pipelines, electric lines, etc.) and construction aggregate leases. During the 2023-25 biennium, a total of approximately \$33.7 million was generated from the surface acreage through surface division management. There were no acreage adjustments during the biennium.

State trust lands are leased for agricultural purposes to farmers and ranchers. The land is leased in a series of auctions held each fall and spring with the minimum bid set by the Commissioner based upon the Board's Fair Market Value Minimum Rent Policy. All auctions are open to the public and the lease is awarded to the highest bidder. The Surface Division manages over 4,400 active surface agricultural leases. Agricultural interest continues to be high with over 99 percent of the tracts offered successfully leased. During this biennium, the Surface Division saw an increase of \$2.3 million over the prior biennium with \$20.5 million being collected in agricultural surface rental income.

During the 2023-25 biennium, encumbrance agreements generated over \$12.7 million dollars in revenue for the trusts. There were 421 encumbrances granted by the Commissioner on behalf of the Board during this biennium. In addition to encumbrance revenue, the Surface Division also generated approximately \$330,000 from royalties for aggregate leases.

The surface acres are inspected by trained field inspectors at least once during the five-year agricultural lease period. Routine inspections allow for early detection of noxious and invasive weed species and allow for increased proactive responsiveness to any changes in land integrity. Reclamation inspections also occur where encumbrances have been granted and these inspections identify whether the disturbed and reclaimed area is meeting the agreement re-vegetation standards, providing for noxious and invasive weed control, or experiencing erosion. The surface inspection program generates approximately 1,500 tract inspections on an annual basis.

The division has made meaningful progress with the implementation of the new Land Management System (LMS), including a new soils database that has been added to support surface-related analysis. Communication tools have expanded through automated internal and external notices, improved billing visibility and tracking, clearer workflow timelines, and cloud-based remote access—including real time surface auction information.

The new customer portal centralizes applications and supports online payments for the first time in Department history. Customers may view public records without creating an account and access "My Records" for their leases, payments, applications and right-of-way projects. While there are still areas under refinement, these improvements lay a more solid foundation for ongoing enhancements to staff processes and customer interactions.

SURFACE ACRES BY COUNTY
AS OF JUNE 30, 2025

COUNTY	ACRES	COUNTY	ACRES	COUNTY	ACRES
ADAMS	17097.52	GRAND FORKS	1274.77	RAMSEY	2056.5
BARNES	2803.32	GRANT	33049.65	RANSOM	1120
BENSON	12005.78	GRIGGS	1741.24	RENVILLE	1910.12
BILLINGS	30922.04	HETTINGER	10132.5	RICHLAND	400
BOTTINEAU	3271.94	KIDDER	28643.79	ROLETTE	6226.08
BOWMAN	29310.48	LAMOURE	1435.72	SARGENT	1128.17
BURKE	16116.21	LOGAN	9410.68	SHERIDAN	25826.44
BURLEIGH	27904.28	MCHENRY	22720.1	SIOUX	23411.56
CASS	40	MCINTOSH	6209.87	SLOPE	23605.98
CAVALIER	556.47	MCKENZIE	64586.7	STARK	6150.13
DICKEY	3981.51	MCLEAN	20890.99	STUTSMAN	15627.81
DIVIDE	20778.96	MERCER	15113.05	TOWNER	8076
DUNN	25673.31	MORTON	18101.82	WALSH	160
EDDY	10294.81	MOUNTRAIL	32445.59	WARD	10798.98
EMMONS	13533.97	NELSON	2694.45	WELLS	5251.89
FOSTER	3111.51	OLIVER	7588.41	WILLIAMS	38382.45
GOLDEN VALLEY	28983.55	PIERCE	13694.52	TOTAL	706,251.62

SURFACE ACRES BY TRUST FUND
AS OF JUNE 30, 2025

TRUST FUND	ACRES
COMMON SCHOOLS	631480.4
SCHOOL FOR THE BLIND	3481.69
CAPITOL BUILDING	10034.45
SCHOOL FOR THE DEAF	4830.44
ELLENDALE ¹	4919
FARM LOAN POOL (PRE 1/1/98) ²	3714
STATE HOSPITAL	2206.11
ND INDUSTRIAL SCHOOL	3584.42
INDIAN CULTURAL TRUST	160
SCHOOL OF MINES ³	3330.38
ND STATE UNIVERSITY	15040.23
VETERANS HOME	2753.69
UNIVERSITY OF ND	8897.98
VALLEY CITY	640
ND SCHOOL OF SCIENCE	3712.94
MAYVILLE	640
VALLEY/MAYVILLE ⁴	6825.89

Total **706,251.62**

¹ Receipts from acreage are allocated equally to Dickinson State University, School for the Blind, ND School of Science, Minot State University, Veterans Home, Dakota College at Bottineau, and State Hospital.

² Receipts from acreage are allocated to the permanent trusts that have an interest in the Board's Farm Loan Pool.

³ The benefits of the original grant to the School of Mines are distributed to the University of North Dakota.

⁴ Receipts from acreage held jointly by Valley City and Mayville State Universities are allocated 62.5% to Valley City and 37.5% to Mayville.

MINERALS MANAGEMENT

The Minerals Management Division has four full-time staff, overseeing nearly 2.6 million mineral acres held in trust by the Board. The Division's responsibilities include mineral ownership management; the administration of oil and gas, coal, potash, and other mineral leasing; the evaluation of well participation for royalty collection; and mineral ownership, leasehold, and well participation data management. The Division is very active in helping to protect the sovereignty of the minerals from infringement by other entities. The main goal of the Division is to responsibly manage and develop the mineral resources owned in Trust for the people of North Dakota and provide funding for K-12 education, ultimately resulting in tax relief for all citizens in the State.

Oil and gas leasing generates significant revenue contributions to the trusts and funds, with the main source of mineral income being lease bonus payments and royalties. During the 2023-25 biennium, the Minerals Management Division offered 904 oil and gas leases, generating over \$26 million in bonuses. As of the end of the biennium, the Department managed 7,972 oil and gas leases covering approximately 676,000 net mineral acres which correlates to having some level of interest in roughly 49 percent of the producing oil and gas wells in North Dakota.

The Department continues to periodically monitor its portfolio so it can accurately manage its resources. An independent mineral valuation establishes an opinion of value using fair market determinations in conjunction with directives provided by the Board's Minerals Valuation Policy that was adopted on June 25, 2020. The updated valuation has appraised the value of all the minerals for oil and gas development under the Board's management as of June 30, 2024, at \$2.46 billion.

As mentioned earlier with the surface division, the minerals division has made meaningful progress with the implementation of the new Land Management System (LMS), which has begun improving data accessibility, communication, and customer service, even as development continues.

The new customer portal allows for oil and gas lease nominations, now without a fee, to be submitted electronically and processed by staff quickly, improving the historically longer timeline when waiting for nomination payments. Mineral lessees may view their leases and associated applications, including shut in and extension application information, online.

REVENUE COMPLIANCE

The Department's Revenue Compliance Division has four full-time staff responsible for developing and implementing procedures to ensure the timely and accurate accounting of all royalties, bonuses, rentals, and other revenues received. A significant amount of time is dedicated to evaluating the accounting and collection of oil and gas royalties. The 2023-25 biennium continued with months of record-breaking royalty income for the Department, collecting \$970,211,691. When totaling bonus, rents and royalties the Department collected more than \$1 billion in minerals related income over the biennium.

In addition to the surface and minerals division improvements with the customer portal, royalty operators now receive royalty report submission receipts and may export reports with highlighted errors when issues arise rather than combing through hundreds, and at times, thousands of lines of data for a timesaving and more friendly customer experience.

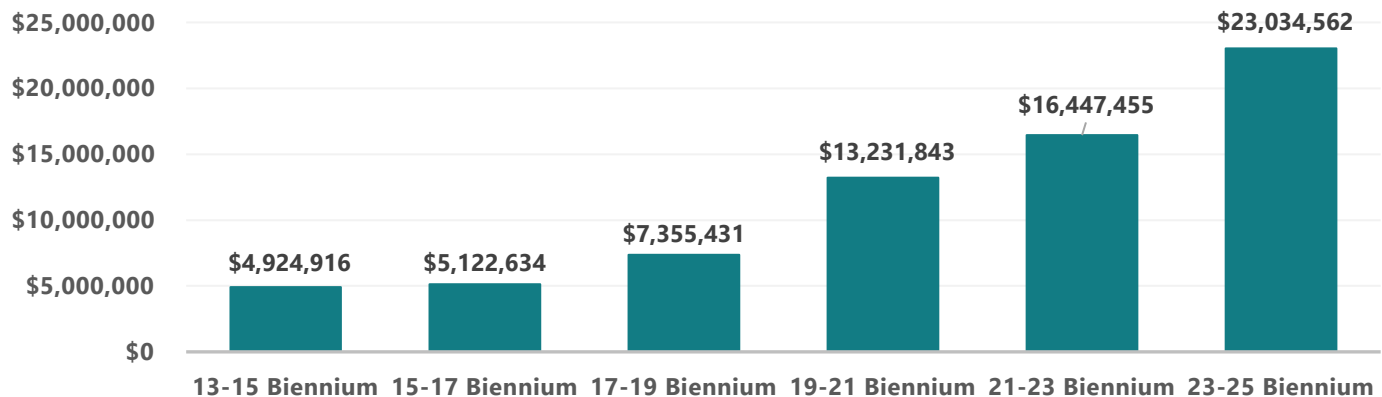


UNCLAIMED PROPERTY

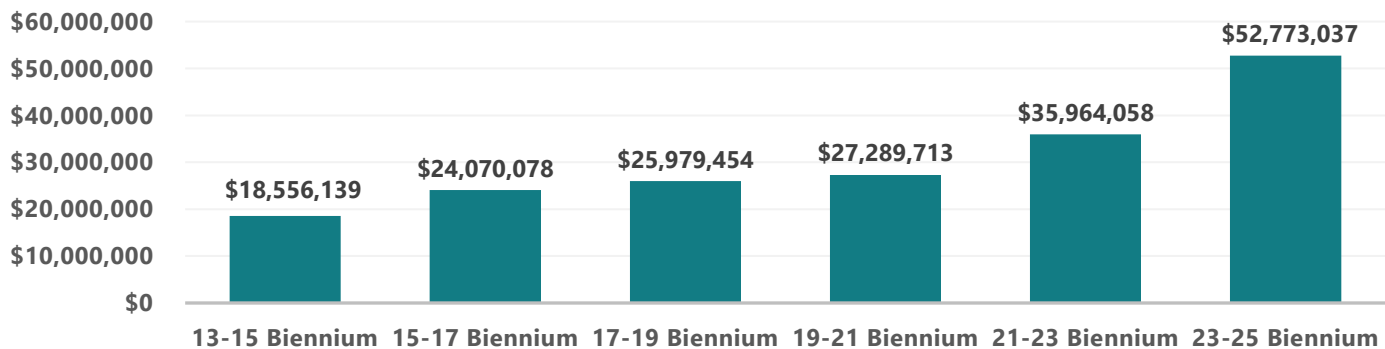
The Unclaimed Property Division (Division) administers and enforces the Uniform Unclaimed Property Act (currently N.D.C.C. ch. 47-30.2) which has been in effect since 1975. The program's objectives are to reunite lost and abandoned property with its rightful owner and to safeguard this property from being used for personal gain by non-owners. The property is maintained to the credit of the CSTF with revenue earned on the investment of properties benefiting school funding.

The 2023-25 biennium saw a total of 43,653 claims paid, resulting in \$23,034,562 returned to owners. Abandoned property reported to the Department totaled \$52,773,037 from the receipt of 7,374 holder reports.

VALUE CLAIMS PAID



VALUE PROPERTIES REMITTED



The 69th Legislative Assembly granted an additional FTE for a Compliance Officer to bolster the Division's efforts to enforce compliance with N.D.C.C. 47-30.2.

During the 2023-25 Biennium, the Division increased its public outreach efforts by partnering with Department of Agriculture to meet face to face with constituents by attending the Pride of Dakota Holiday Showcases as well as several other in-person events. In addition, the Division created a Facebook page and had success with social media advertising.

The Division continues to participate in the nationwide effort called SURCH (States Unclaimed Retirement Clearing House). This program is a collaboration between the National Association of State Treasurers (NAST), the National Association of Unclaimed Property Administrators (NAUPA) and the US Department of Labor (DOL) to facilitate state collection of unclaimed private sector retirement plan checks to overcome ERISA pre-emption of state laws.

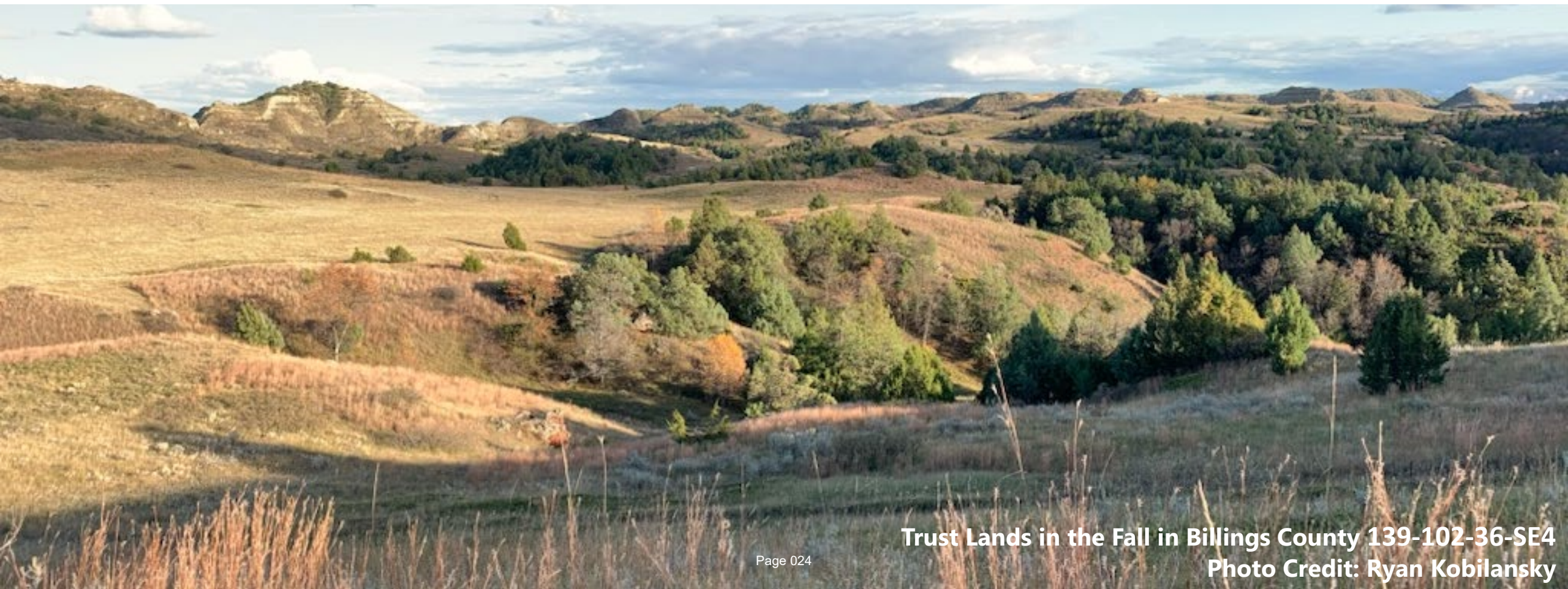


SURFACE DIVISION ENCUMBRANCES ISSUED

Encumbrances issued by the Commissioner:

15 Right of Way Agreements in October generated a total of \$317,284 in income for the Trusts.

14 Right of Way Agreements in November generated a total of \$166,700 in income for the Trusts.



FALL SURFACE AUCTIONS SUMMARY

Fall surface lease auctions were held in 34 North Dakota counties in September and October.

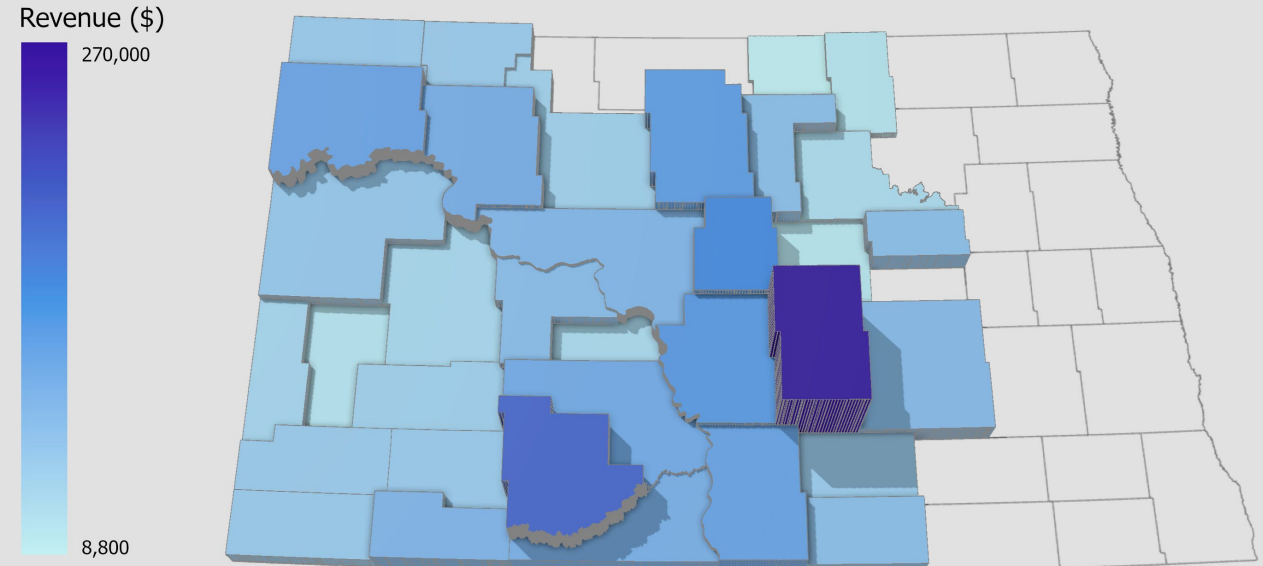
A total of **\$2,532,443** was generated in auction payments.

Auction Highlights:

Highest \$/acre for pasture: \$70/acre (Kidder Co.)

County with highest revenue: Kidder Co., \$267,955

Revenue from 2025 Surface Auctions by County



FALL SURFACE AUCTIONS SUMMARY

The auction season ended at a 95% successful lease rate at auction. All payments from the fall auctions have cleared with no outstanding issues.

A detailed summary of all auction results as well as unleased tracts available for leasing through the Department is available on the Department's website.

The following table is a snapshot comparing our recent auction season with the previous corresponding auction years.

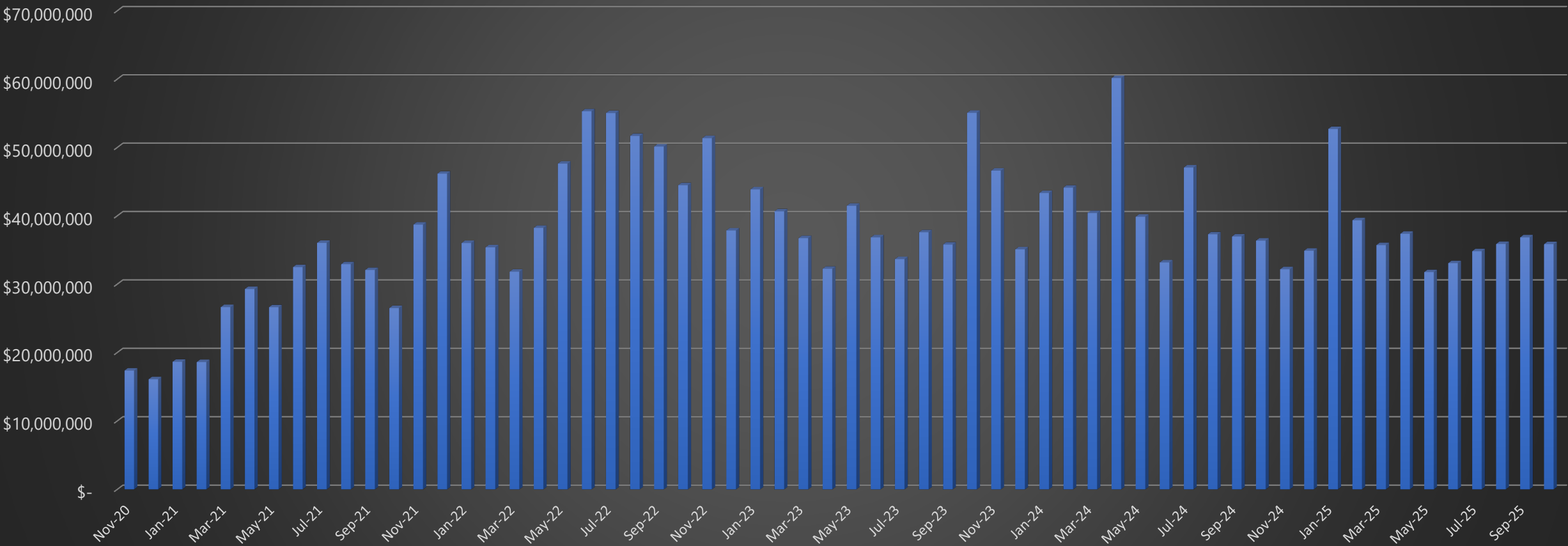
	2015	2020	2025
Number of Counties	34	36	34
Total Tracts Offered	1044	1039	1041
Number of Tracts leased	1002 (96%)	996 (96%)	991 (95%)
Number of Tracts bid-up	122 (12%)	201 (21%)	108 (11%)
Total amount of minimum advertised bids	\$1,603,223	\$2,001,193	\$2,299,450
Total amount received	\$1,869,952	\$2,330,000	\$2,562,443
Total amount collected over minimum bid	\$266,729	\$328,807	\$262,993

MINERALS DIVISION

FISCAL YTD O/G ROYALTIES

As of October 31, 2025*, for fiscal year 2025-26 the Department has received **\$143,439,469** in royalties as compared to **\$157,746,109** last fiscal year at this time.

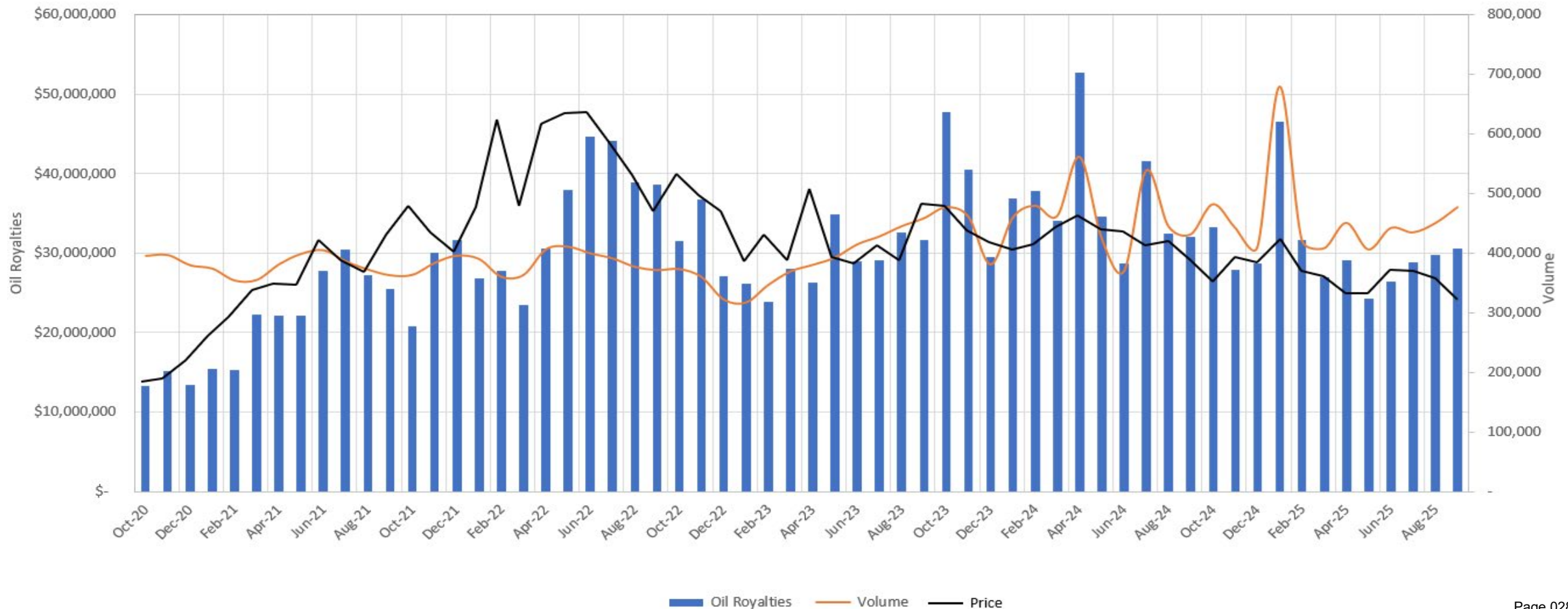
ROYALTIES - CASH COLLECTED



*October royalty revenue is from August gas production and September oil production.

PRICE MAIN DRIVER OF O/G ROYALTIES

In the early years production growth was the driver of the Department's royalty increases. Now that our net monthly production has been more stable, averaging 461,575 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.

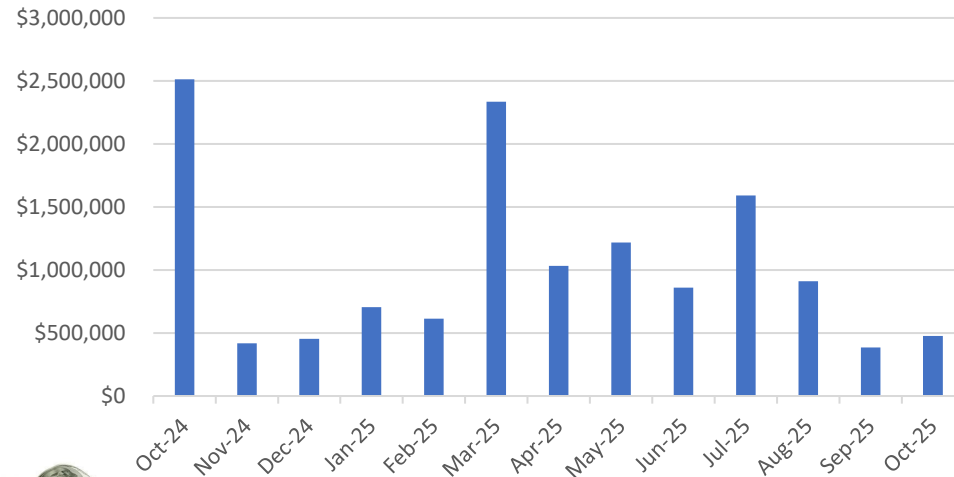


UNCLAIMED PROPERTY DIVISION

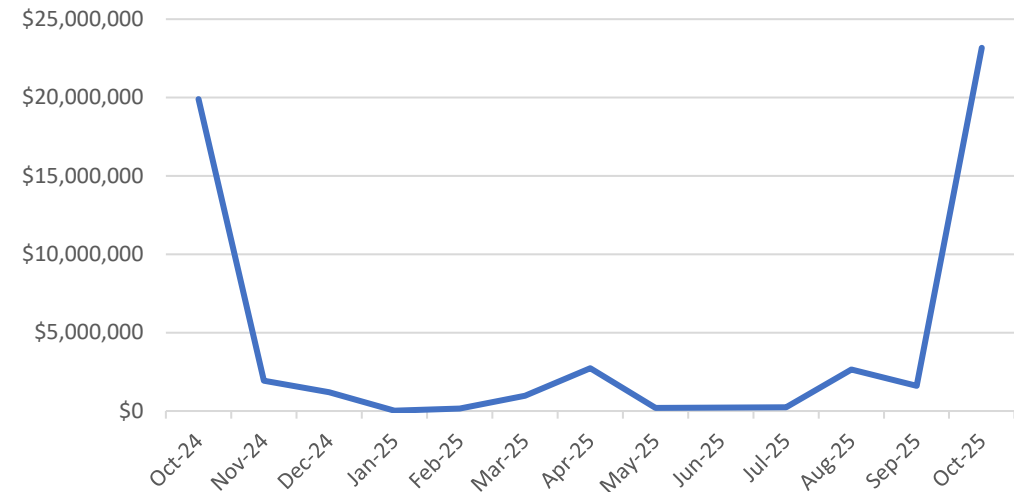
<https://unclaimedproperty.nd.gov>

For the month of October 2025, the Division paid 442 claims with \$476,837 returned to rightful owners. The Division also received 2536 holder reports with a dollar value of \$23,171,586.

TOTAL DOLLAR VALUE OF CLAIMS PAID



TOTAL VALUE OF PROPERTY REPORTED



October 31 is the annual deadline for holder report filing. This year received over \$23 Million during the month of October, which is a record amount for one month.

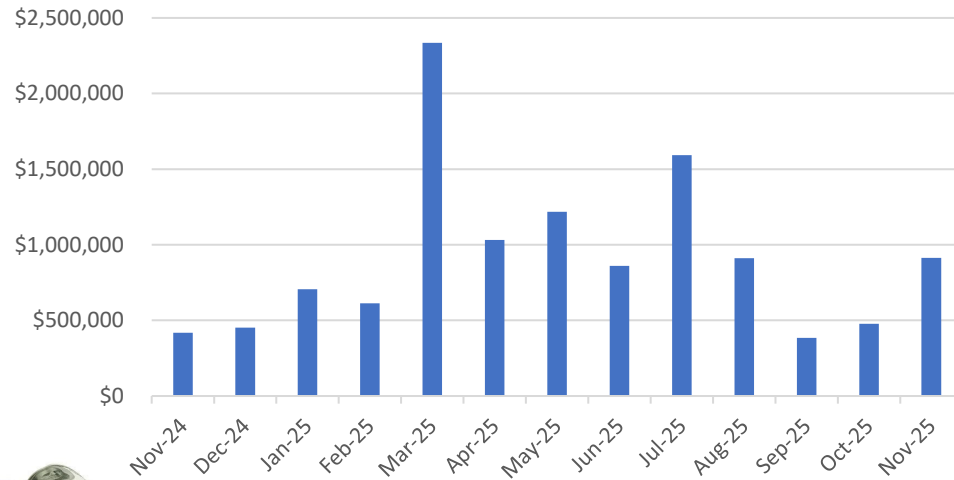


UNCLAIMED PROPERTY DIVISION

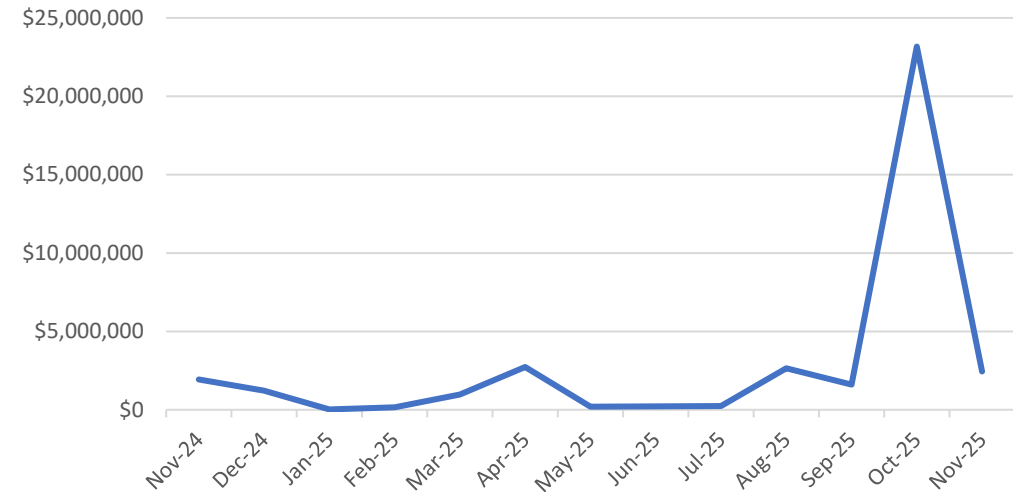
<https://unclaimedproperty.nd.gov>

For the month of November 2025, the Division paid 994 claims with \$912,482 returned to rightful owners. The Division also received 122 holder reports with a dollar value of \$2,452,028.

TOTAL DOLLAR VALUE OF CLAIMS PAID



TOTAL VALUE OF PROPERTY REPORTED

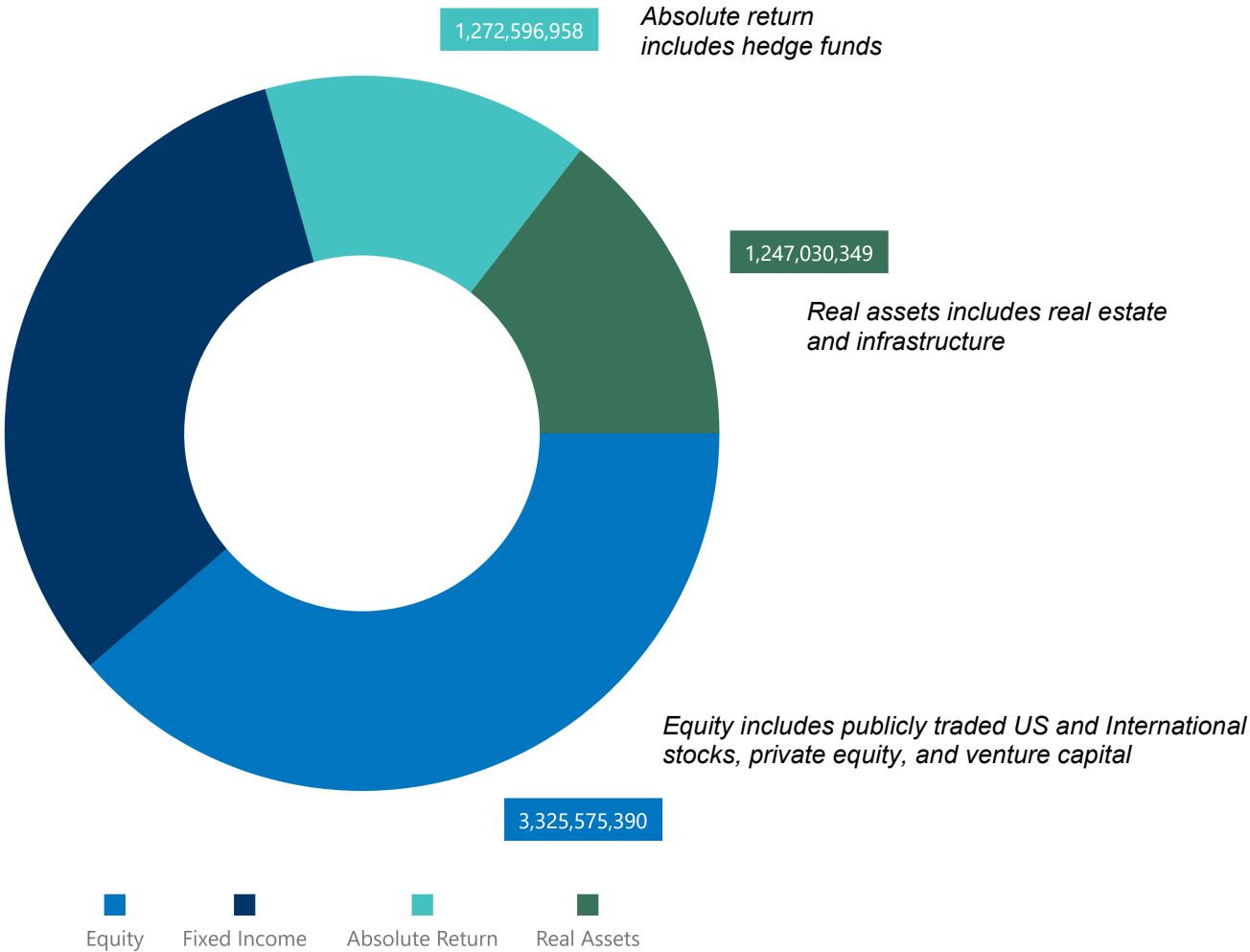


The Division issued a press release in November discussing its ability to pay claims without the requirement for certain owners to file a claim. This press release resulted in 4507 claims being filed in November.



Report as of 10/31/2025

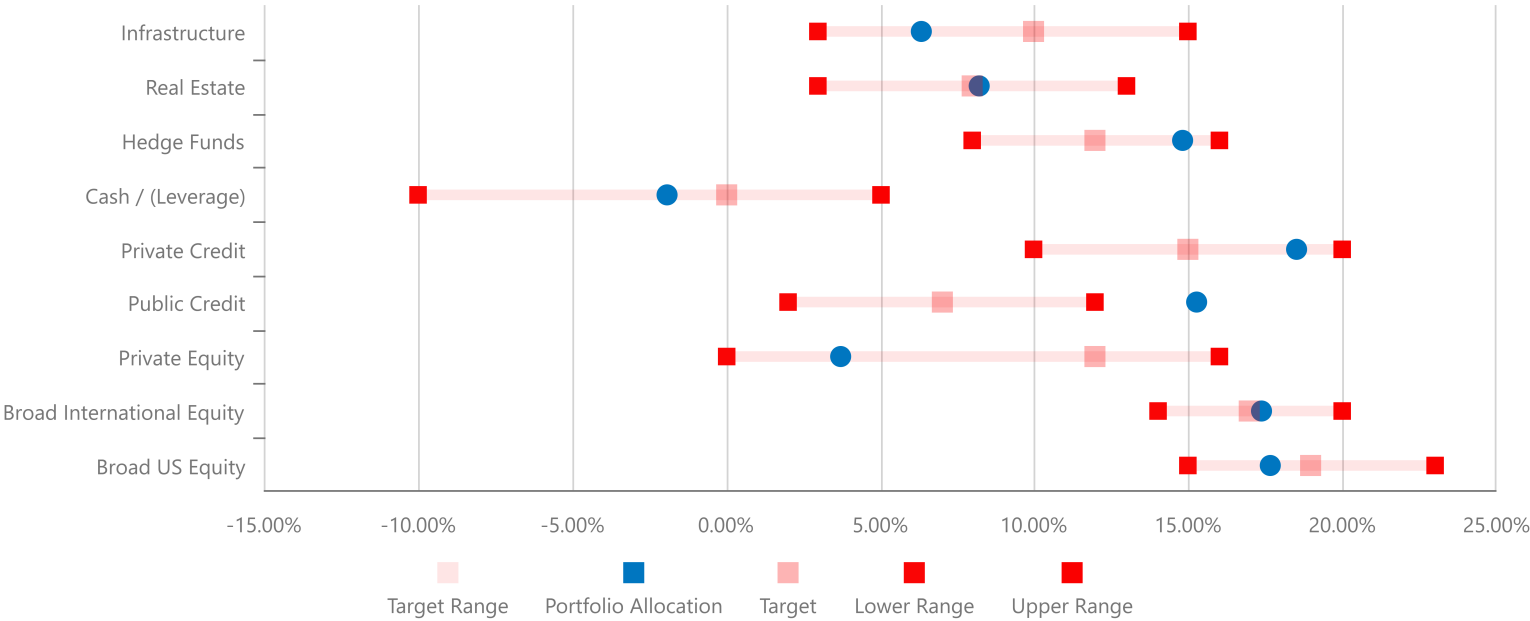
Asset Allocation



Asset	Total Value	% Of All Value
All	8,579,974,378	100%
Equity	3,325,575,390	39%
Fixed Income	2,734,771,682	32%
Absolute Return	1,272,596,958	15%
Real Assets	1,247,030,349	15%

Report as of 10/31/2025

Actual vs. Target Weight

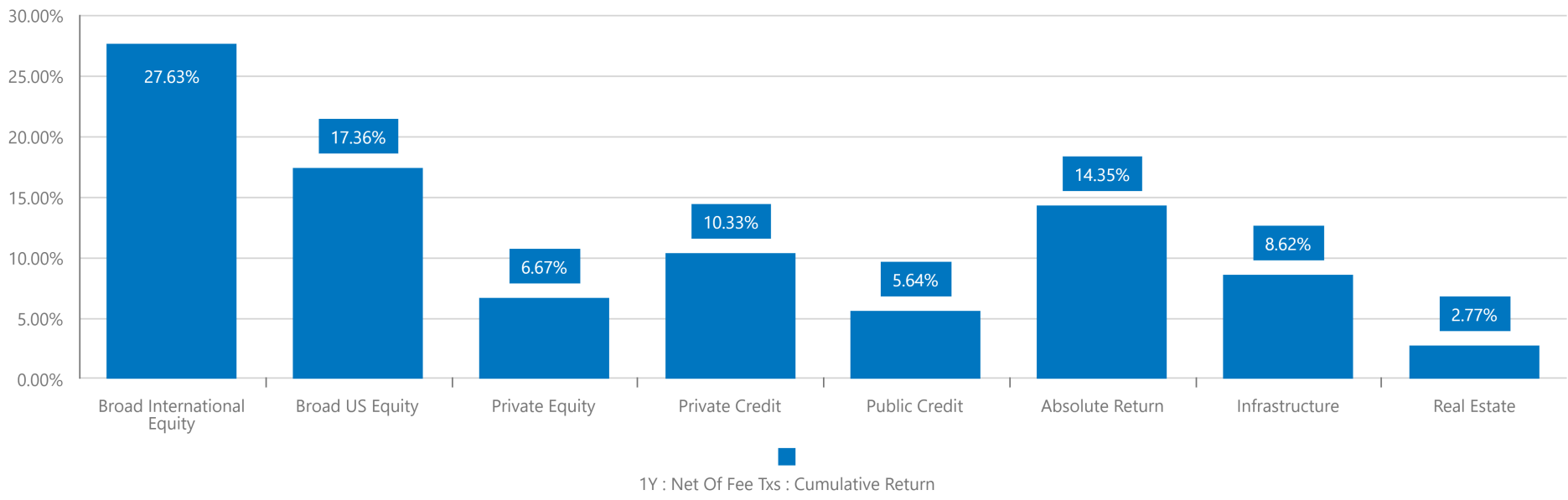


Asset ↕	Total Value ↕	% Of All Value ↕	Target Weight ↕	Over/Under % ↕	Over/Under \$ ↕
All (MTD) ▼	8,579,974,378	100%	100%	0%	--
Equity ▼	3,325,575,390	38.76%	48%	-9.24%	-792,812,312
Private Equity ▶	319,335,299	3.72%	12%	-8.28%	-710,261,626
Broad International Equity ▶	1,492,032,644	17.39%	17%	0.39%	33,437,000
Broad US Equity ▶	1,514,207,446	17.65%	19%	-1.35%	-115,987,686
Fixed Income ▼	2,734,771,682	31.87%	22%	9.87%	847,177,318
Cash / (Leverage) ▶	-166,665,318	-1.94%	0%	-1.94%	-166,665,318
Private Credit ▶	1,588,261,216	18.51%	15%	3.51%	301,265,060
Public Credit ▶	1,313,175,783	15.31%	7%	8.31%	712,577,577
Absolute Return ▶	1,272,596,958	14.83%	12%	2.83%	243,000,032
Real Assets ▼	1,247,030,349	14.53%	18%	-3.47%	-297,365,039
Infrastructure ▶	541,229,830	6.31%	10%	-3.69%	-316,767,608
Real Estate ▶	705,800,519	8.23%	8%	0.23%	19,402,569

Report as of 10/31/2025

Flash Performance Report

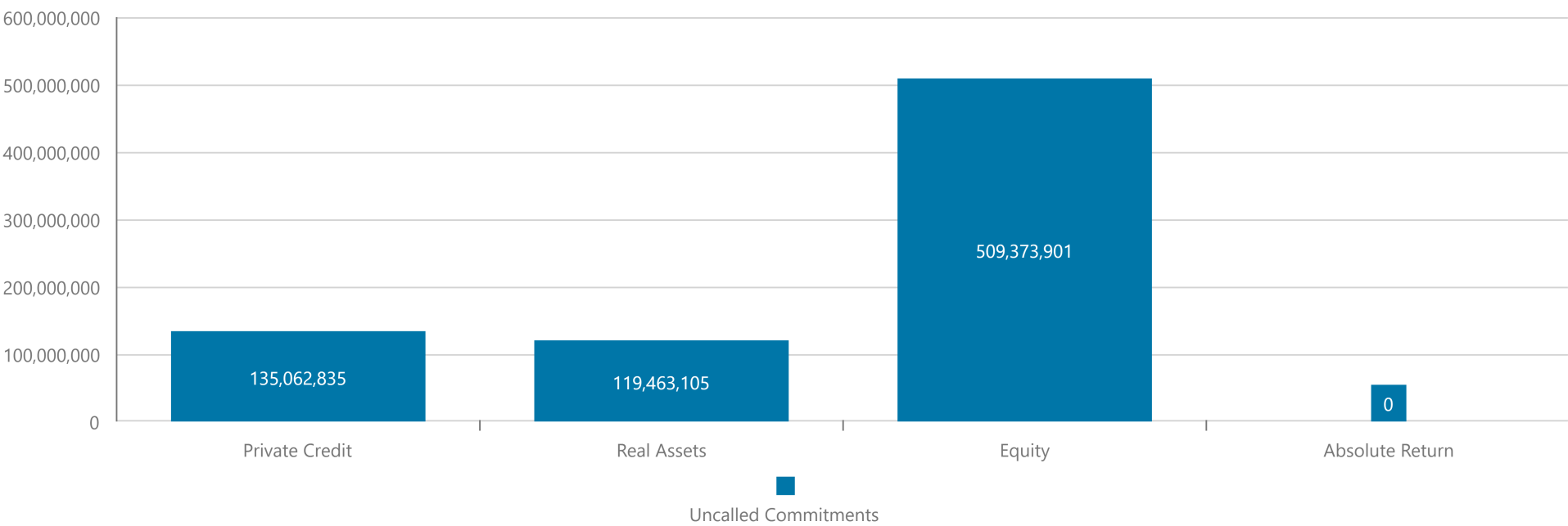
Unaudited preliminary estimates



	MTD	QTD	YTD	FYTD	1Y
	Net of Fees Tx's				
Asset ▾	Cumulative Return ▾	Cumulative Return ▾	Cumulative Return ▾	Cumulative Return ▾	Cumulative Return ▾
Total Portfolio ▾	0.85%	0.85%	11.8%	4.47%	13.43%
Equity ▾	1.38%	1.38%	20.3%	7.53%	21.41%
Broad International Equity ▶	1.25%	1.25%	30.9%	7.84%	27.63%
Broad US Equity ▶	1.78%	1.78%	13.43%	8.85%	17.36%
Private Equity ▶	0%	0%	3.06%	-0.12%	6.67%
Fixed Income ▾	0.28%	0.28%	7.02%	2.69%	8.04%
Private Credit ▶	0.2%	0.2%	7.7%	3.16%	10.33%
Public Credit ▶	0.39%	0.39%	6.49%	2.21%	5.64%
Absolute Return ▶	1.61%	1.61%	9.3%	4.03%	14.35%
Real Assets ▾	-0.03%	-0.03%	3.5%	1.01%	4.86%
Infrastructure ▶	-0.06%	-0.06%	6.56%	2.46%	8.62%
Real Estate ▶	0%	0%	1.77%	0.17%	2.77%

Report as of 10/31/2025

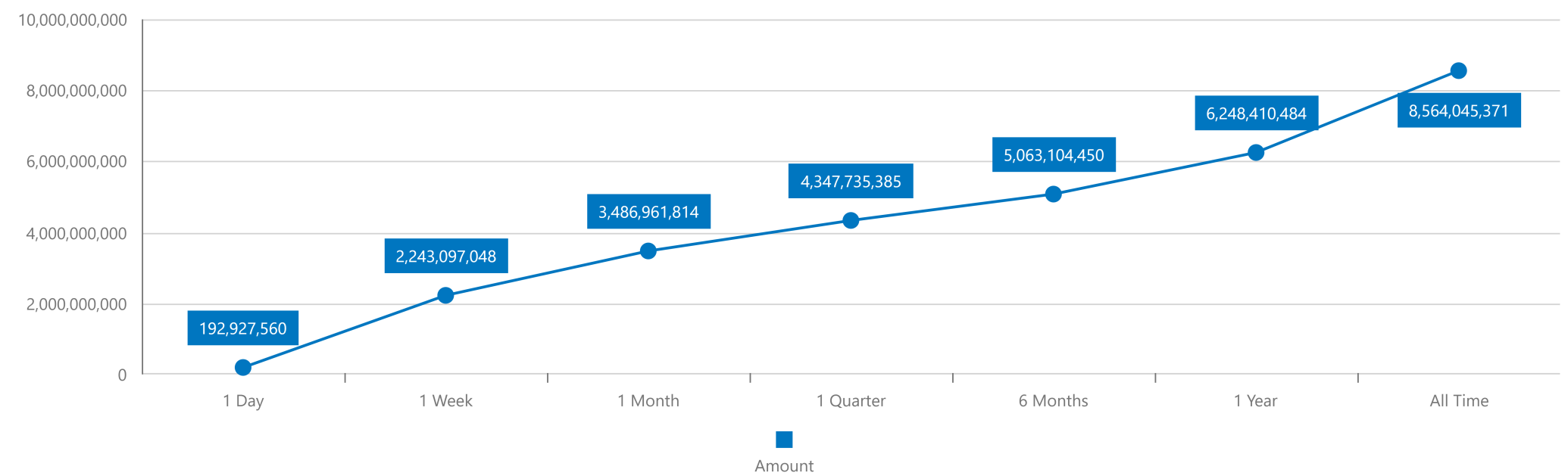
Uncalled Commitments



Asset	Commitment (\$M)	Funded Commitment (\$M)	Uncalled Commitments (\$M)
All (MTD)	4,241	3,477	764
TPG Angelo Gordon	350	340	10
GCM Grosvenor	580	202	378
Hamilton Lane	50	29	21
Khosla Ventures	85	33	52
Monarch	120	101	19
Blue Owl	125	89	36
a16z	35	15	20
Industry Ventures	50	10	40
Pantheon	100	10	90
Cloud Capital	100	--	100

Report as of 10/31/2025

Liquidity Waterfall



Entity ▾	1 Day (\$M) ▾	1 Week (\$M) ▾	1 Month (\$M) ▾	1 Quarter (\$M) ▾	6 Months (\$M) ▾	1 Year (\$1M) ▾	All Time (\$M) ▾
All ▾	193	2,243	3,487	4,348	5,063	6,248	8,564
Equity ▶	--	1,100	2,344	3,006	3,006	3,006	3,320
Fixed Income ▶	193	1,143	1,143	1,143	1,401	1,499	2,734
Absolute Return ▶	--	--	--	199	523	723	1,263
Real Assets ▶	--	--	--	--	133	1,020	1,247

Measures how long it would take to liquidate the entire portfolio

RVK

Quarterly Performance Report

North Dakota Board of University and School Lands

September 30, 2025

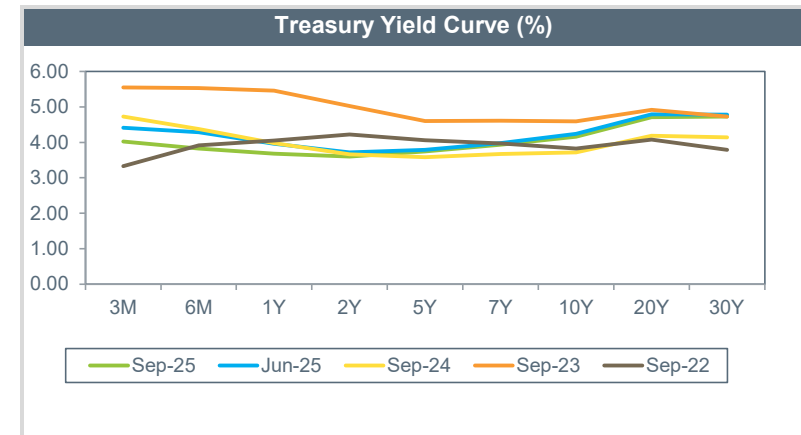
I. Capital Markets Review

Third Quarter Economic Environment

Key Economic Indicators

During Q3, risk assets benefited from a combination of expectations for more accommodative monetary policy, relatively stable economic fundamentals, and the announcement of trade agreements between the US and several major partners. Global equity markets delivered strong returns, continuing the upward trend observed since the market volatility experienced in early April around the initial US tariff announcement. The US Federal Reserve shifted toward a more accommodative stance during the quarter. The Federal Open Markets Committee (FOMC) announced a 25 basis point reduction to the Federal Funds rate following its September meeting bringing the target range to 4.00%–4.25%. This marked the first reduction since December 2024 and reflected growing concerns about labor market trends despite inflation remaining above target. Key economic data points released during the quarter sent mixed signals—underscoring the complexity of the current market environment. Labor market conditions weakened noticeably, with August payroll growth significantly below expectations and the prior 12-month estimate of job creation, ending March 2025, revised downward by more than 900,000 jobs. The unemployment rate edged up to 4.3% while consumer confidence declined to its lowest level since April. Inflation remained above target, with the core Personal Consumption Expenditures (PCE) price index at 2.9%.

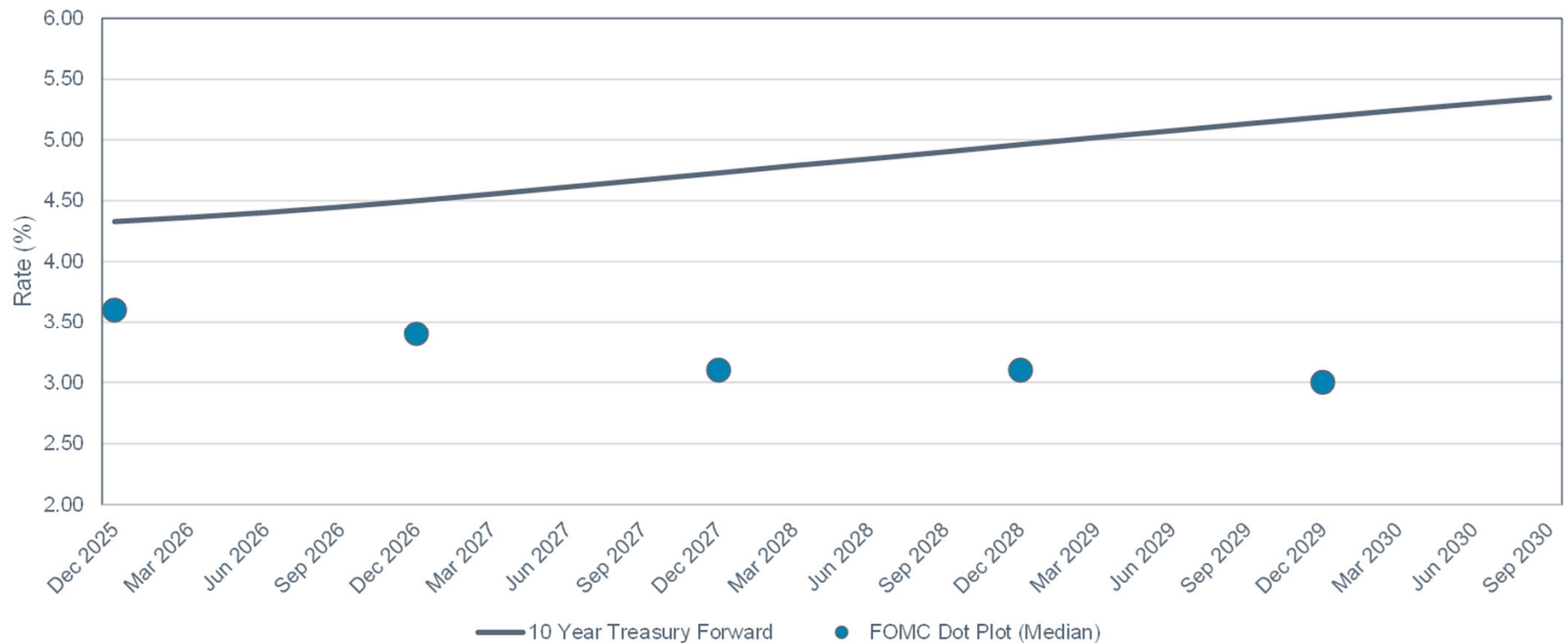
Economic Indicators	Sep-25		Jun-25	Sep-24	Sep-22	20 Yr
Federal Funds Rate (%)	4.09	▼	4.33	4.83	3.08	1.73
10 Year US Treasury Yield	4.16	▼	4.24	3.72	3.83	4.34
30 Year US Treasury Yield	4.73	▼	4.78	4.14	3.79	N/A
Consumer Price Index YoY (Headline) (%)	3.00	▲	2.70	2.40	8.20	2.60
Unemployment Rate (%)	4.40	▲	4.10	4.10	3.50	5.80
Real Gross Domestic Product YoY (%)	N/A	—	2.10	2.70	1.70	1.90
PMI - Manufacturing	49.10	▲	49.00	47.20	50.90	52.70
US Dollar Total Weighted Index	120.86	▲	119.83	121.53	127.64	105.02
WTI Crude Oil per Barrel (\$)	62.95	▼	65.11	68.17	79.49	72.30



Market Performance (%)	QTD	CYTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	20 Yr
US Large Cap Equity	8.12	14.83	17.60	24.94	16.47	15.30	14.64	10.97
US Small Cap Equity	12.39	10.39	10.76	15.21	11.56	9.77	10.42	8.14
Developed International Equity	4.77	25.14	14.99	21.70	11.15	8.17	6.75	5.54
Developed International Small Cap Equity	6.20	28.39	17.65	19.65	8.47	7.92	7.71	6.27
Emerging Markets Equity	10.64	27.53	17.32	18.21	7.02	7.99	3.99	6.11
US Aggregate Bond	2.03	6.13	2.88	4.93	-0.45	1.84	2.26	3.23
3 Month US Treasury Bill	1.08	3.17	4.38	4.77	2.98	2.08	1.41	1.71
US Real Estate	0.73	2.84	4.04	-5.36	3.48	5.05	7.96	5.87
Real Estate Investment Trusts (REITs)	4.77	4.51	-1.98	10.80	9.34	6.61	8.38	6.71
Commodities	3.65	9.38	8.88	2.76	11.53	3.96	-0.51	-0.97

Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service. Real Gross Domestic Product YoY (%) is available quarterly. Real estate is reported quarterly; QTD returns are shown as "0.00" on interim-quarter months and until available. Market performance is representative of broad asset class index returns. Please see the addendum for indices used for each asset class.

FOMC Dot Plot Vs. 10-Year Treasury Forward Rates



Factors that Drive Supply

- Federal Fiscal Policy
- Federal Debt Maturity
- Fed Policy (Balance Sheet)
- Changes in Foreign Holdings

Factors that Drive Demand

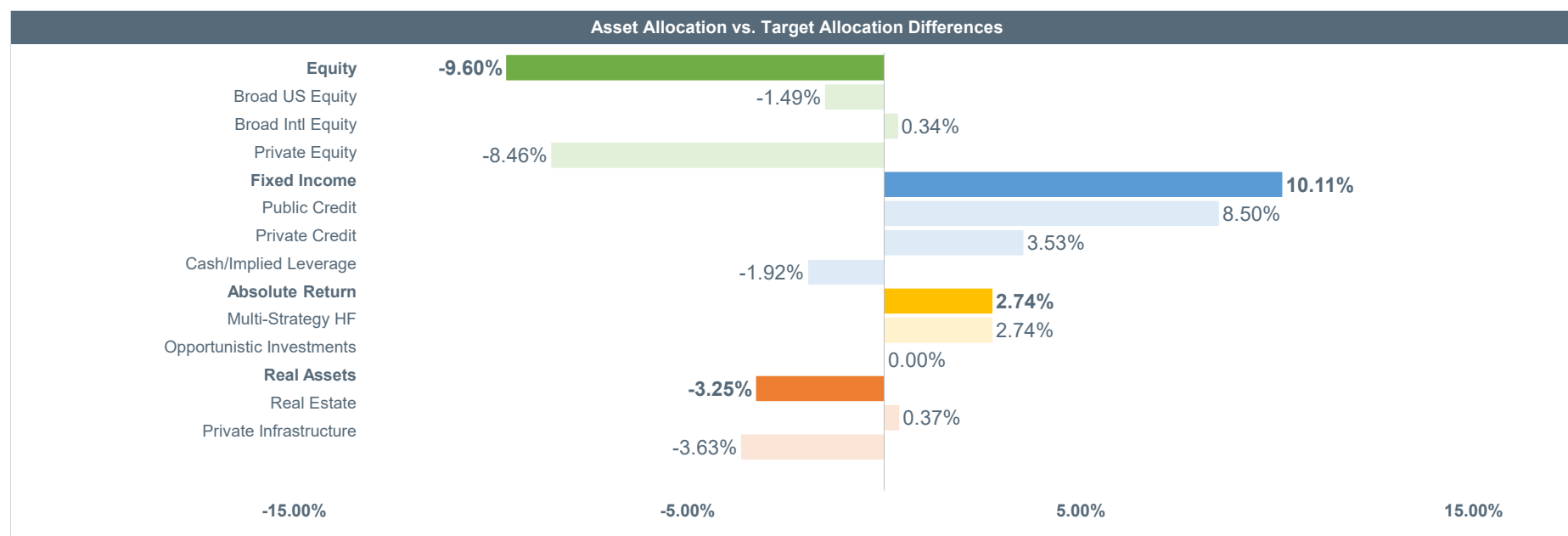
- Inflation and Inflation Expectations
- Market Sentiment (Risk Perceptions)
- Fed Policy (Balance Sheet)
- Equity Risk Premium

II. Total Fund

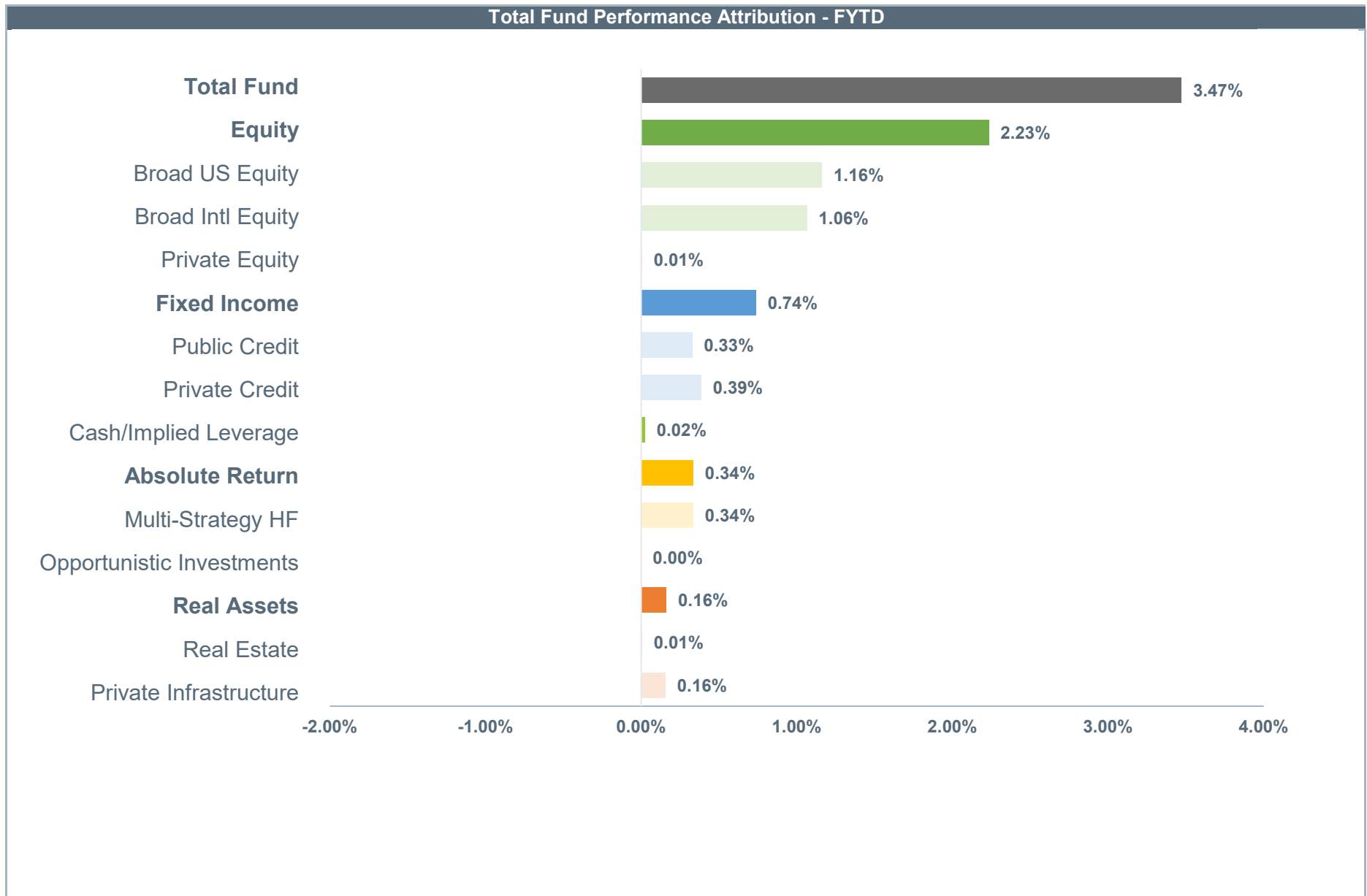
Total Endowments

Asset Allocation vs. Long-Term Target Allocation

Asset Allocation vs. Target Allocation Differences					
	Asset Allocation	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Equity	3,262,424,883	38.40%	48.00%	29.00%	59.00%
Broad US Equity	1,487,676,537	17.51%	19.00%	15.00%	23.00%
Broad International Equity	1,473,586,151	17.34%	17.00%	14.00%	20.00%
Private Equity	301,162,196	3.54%	12.00%	0.00%	16.00%
Fixed Income	2,728,404,291	32.11%	22.00%	12.00%	37.00%
Public Credit	1,317,358,223	15.50%	7.00%	2.00%	12.00%
Private Credit	1,574,522,866	18.53%	15.00%	10.00%	20.00%
Cash/Implied Leverage	-163,476,797	-1.92%	0.00%	-10.00%	5.00%
Absolute Return	1,252,451,763	14.74%	12.00%	8.00%	16.00%
Multi-Strategy Hedge Fund	1,252,451,763	14.74%	12.00%	8.00%	16.00%
Opportunistic Investments	0	0.00%	0.00%	0.00%	5.00%
Real Assets	1,253,072,646	14.75%	18.00%	6.00%	28.00%
Real Estate	711,500,070	8.37%	8.00%	3.00%	13.00%
Private Infrastructure	541,572,575	6.37%	10.00%	3.00%	15.00%
Total Fund	8,496,353,583	100.00%	100.00%	-	-



Allocations shown may not sum up to 100% exactly due to rounding. During the transition to the new target allocations, it is expected that some asset classes will fall outside of policy ranges.



Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding.

**North Dakota Board of University and School Lands
Comparative Performance**

As of September 30, 2025

	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Total Fund	3.47	3.47	10.65	11.00	11.58	8.41	6.52	6.98	6.68	08/01/1995
Target Allocation Index (Net)	3.62	3.62	10.70	10.12	11.60	8.06	7.30	7.60	N/A	
Difference	-0.15	-0.15	-0.05	0.89	-0.02	0.35	-0.79	-0.63	N/A	
Actual Allocation Index (Net)	3.82	3.82	11.08	10.11	11.60	7.28	6.49	7.03	N/A	
Difference	-0.35	-0.35	-0.43	0.90	-0.02	1.13	0.03	-0.05	N/A	
Broad US Equity	6.94	6.94	11.44	14.96	22.04	14.77	12.69	14.10	14.15	07/01/2009
Russell 3000 Index	8.18	8.18	14.40	17.41	24.12	15.74	13.71	14.71	14.86	
Difference	-1.23	-1.23	-2.96	-2.45	-2.08	-0.97	-1.02	-0.61	-0.71	
Broad International Equity	6.50	6.50	29.26	20.48	23.04	12.59	8.71	8.88	7.63	07/01/2009
MSCI ACW Ex US IM Index (USD) (Net)	6.86	6.86	25.97	16.39	20.50	10.22	7.44	8.24	7.39	
Difference	-0.36	-0.36	3.29	4.09	2.54	2.37	1.27	0.64	0.23	
Private Equity	0.31	0.31	2.95	6.36	10.62	9.21	N/A	N/A	12.18	04/01/2021
Cambridge US Prvt Eq Index	0.00	0.00	3.90	6.03	7.49	13.87	12.93	13.56	9.94	
Difference	0.31	0.31	-0.95	0.33	3.12	-4.67	N/A	N/A	2.23	
Fixed Income	2.06	2.06	6.23	6.17	8.33	4.60	5.07	4.28	5.42	08/01/1995
Global Fixed Income Custom Index	2.20	2.20	6.50	6.58	8.49	2.30	3.95	3.29	N/A	
Difference	-0.14	-0.14	-0.27	-0.41	-0.16	2.30	1.12	0.99	N/A	
Public Credit	1.90	1.90	5.92	2.34	4.91	N/A	N/A	N/A	3.13	07/01/2022
Bloomberg US Agg Bond Index	2.03	2.03	6.13	2.88	4.93	-0.45	2.06	1.84	2.99	
Difference	-0.13	-0.13	-0.21	-0.55	-0.01	N/A	N/A	N/A	0.14	
Private Credit	2.18	2.18	6.69	9.72	11.67	N/A	N/A	N/A	11.14	07/01/2022
S&P UBS Lvg'd Loan Index +1.5%	2.06	2.06	5.87	8.69	11.36	8.49	7.04	7.03	10.97	
Difference	0.12	0.12	0.82	1.03	0.31	N/A	N/A	N/A	0.17	

Performance shown is net of fees, and annualized for periods greater than one year. Composite inception dates are based on availability of data for each asset class. The Global Fixed Income Custom Index and Absolute Return Custom Index are calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. Please see the Addendum for additional custom index definitions. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30. The Public Credit composite consists of Cash/Implied Leverage. Performance for the Cambridge US Prvt Eq Index and FT Wilshire Private Infrastructure Index is unavailable as of 9/30.

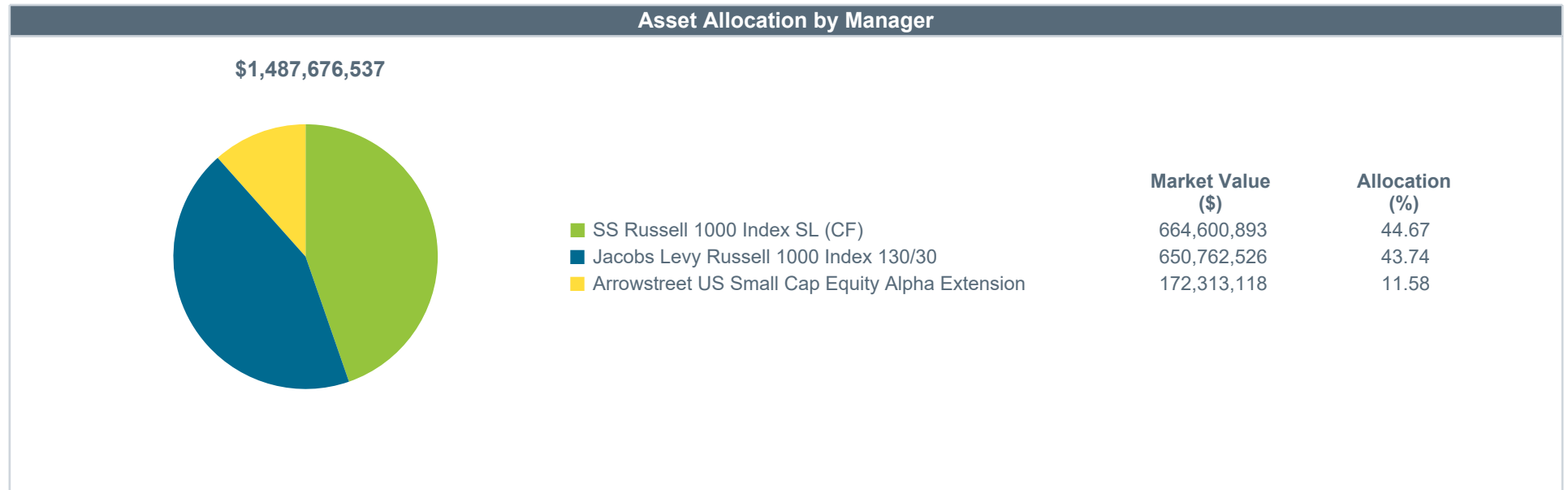
**North Dakota Board of University and School Lands
Comparative Performance**

As of September 30, 2025

	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Absolute Return	2.33	2.33	7.50	13.34	11.29	5.87	3.96	4.68	3.15	07/01/2014
Absolute Return Custom Index	2.43	2.43	5.60	7.52	9.54	3.96	4.80	5.92	4.86	
Difference	-0.10	-0.10	1.89	5.82	1.75	1.91	-0.85	-1.24	-1.71	
Multi-Strategy Hedge Funds	2.33	2.33	7.50	13.34	10.01	N/A	N/A	N/A	10.29	07/01/2022
HFRI RV Multi Strat Index	2.43	2.43	5.60	7.52	6.49	5.90	4.98	4.75	5.97	
Difference	-0.10	-0.10	1.89	5.82	3.52	N/A	N/A	N/A	4.32	
Real Estate	0.14	0.14	1.58	2.40	-5.58	3.16	3.00	4.84	5.06	07/01/2015
NCREIF ODCE Index (AWA) (Net)	0.52	0.52	2.20	3.19	-6.15	2.59	2.58	4.13	4.37	
Difference	-0.38	-0.38	-0.62	-0.79	0.57	0.57	0.42	0.71	0.69	
Private Infrastructure	2.52	2.52	6.61	8.49	10.26	N/A	N/A	N/A	9.89	02/01/2022
FT Wilshire Private Infrastructure Index (Net)	0.00	0.00	6.44	6.80	9.24	N/A	N/A	N/A	N/A	
Difference	2.52	2.52	0.17	1.70	1.01	N/A	N/A	N/A	N/A	

Performance shown is net of fees, and annualized for periods greater than one year. Composite inception dates are based on availability of data for each asset class. The Global Fixed Income Custom Index and Absolute Return Custom Index are calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. Please see the Addendum for additional custom index definitions. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30. The Public Credit composite consists of Cash/Implied Leverage. Performance for the Cambridge US Prvt Eq Index and FT Wilshire Private Infrastructure Index is unavailable as of 9/30.

Comparative Performance										
	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Broad US Equity	6.94	6.94	11.44	14.96	22.04	14.77	12.69	14.10	14.15	07/01/2009
Russell 3000 Index	8.18	8.18	14.40	17.41	24.12	15.74	13.71	14.71	14.86	
Difference	-1.23	-1.23	-2.96	-2.45	-2.08	-0.97	-1.02	-0.61	-0.71	
SS Russell 1000 Index SL (CF)	7.98	7.98	14.54	17.67	24.61	15.95	14.14	N/A	14.66	06/01/2017
Russell 1000 Index	7.99	7.99	14.60	17.75	24.64	15.99	14.18	15.04	14.69	
Difference	-0.01	-0.01	-0.06	-0.08	-0.03	-0.04	-0.04	N/A	-0.03	
Jacobs Levy Russell 1000 Index 130/30	5.01	5.01	8.83	13.43	N/A	N/A	N/A	N/A	22.29	12/01/2023
Russell 1000 Index	7.99	7.99	14.60	17.75	24.64	15.99	14.18	15.04	24.63	
Difference	-2.98	-2.98	-5.77	-4.32	N/A	N/A	N/A	N/A	-2.34	
Arrowstreet US Small Cap Equity Alpha Extension	10.53	10.53	10.27	11.75	N/A	N/A	N/A	N/A	23.56	11/01/2023
Russell 2000 Index	12.39	12.39	10.39	10.76	15.21	11.56	6.76	9.77	23.85	
Difference	-1.87	-1.87	-0.12	0.99	N/A	N/A	N/A	N/A	-0.28	

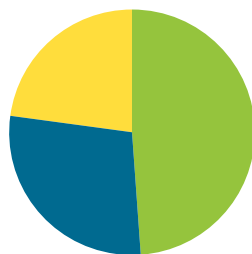


Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30.

Comparative Performance										
	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Broad International Equity	6.50	6.50	29.26	20.48	23.04	12.59	8.71	8.88	7.63	07/01/2009
MSCI ACW Ex US IM Index (USD) (Net)	6.86	6.86	25.97	16.39	20.50	10.22	7.44	8.24	7.39	
Difference	-0.36	-0.36	3.29	4.09	2.54	2.37	1.27	0.64	0.23	
SS World Ex US Index (CF)	5.34	5.34	25.38	16.10	21.57	11.51	7.95	8.33	5.79	07/01/2014
MSCI Wrld Ex US Index (USD) (Net)	5.33	5.33	25.34	16.03	21.60	11.60	8.03	8.41	5.87	
Difference	0.01	0.01	0.04	0.06	-0.03	-0.08	-0.08	-0.08	-0.08	
Acadian Non-US Equity Extension Fund	5.70	5.70	32.04	N/A	N/A	N/A	N/A	N/A	28.07	12/01/2024
MSCI EAFE Index (USD) (Net)	4.77	4.77	25.14	14.99	21.70	11.15	7.71	8.17	22.30	
Difference	0.93	0.93	6.90	N/A	N/A	N/A	N/A	N/A	5.77	
Arrowstreet Emerging Market Alpha Extension	9.76	9.76	29.36	24.79	N/A	N/A	N/A	N/A	26.13	12/01/2023
MSCI Emg Mkts Index (USD) (Net)	10.64	10.64	27.53	17.32	18.21	7.02	6.17	7.99	21.29	
Difference	-0.88	-0.88	1.82	7.47	N/A	N/A	N/A	N/A	4.83	

Asset Allocation by Manager

\$1,473,586,151



■ Acadian Non-US Equity Extension Fund	720,133,552	48.87
■ SS World Ex US Index (CF)	416,747,994	28.28
■ Arrowstreet Emerging Market Alpha Extension	336,704,605	22.85

Market Value (\$)	Allocation (%)
720,133,552	48.87
416,747,994	28.28
336,704,605	22.85

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30.

Comparative Performance										
	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Private Equity	0.31	0.31	2.95	6.36	10.62	9.21	N/A	N/A	12.18	04/01/2021
Cambridge US Prvt Eq Index	0.00	0.00	3.90	6.03	7.49	13.87	12.93	13.56	9.94	
Difference	0.31	0.31	-0.95	0.33	3.12	-4.67	N/A	N/A	2.23	

Asset Allocation by Manager



Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30. Performance for the Cambridge US Prvt Eq Index is unavailable as of 9/30. Market values shown for Grosvenor Secondary Opportunities III LP, Grosvenor - BUSL LP 2020, Grosvenor - BUSL LP 2024, MS Ashbridge TS Fund II LP, and Industry Ventures Partnership Holdings VII LP are as of 6/30 and adjusted for subsequent cash flows.

Comparative Performance										
	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Fixed Income	2.06	2.06	6.23	6.17	8.33	4.60	5.07	4.28	5.42	08/01/1995
Global Fixed Income Custom Index	2.20	2.20	6.50	6.58	8.49	2.30	3.95	3.29	N/A	
Difference	-0.14	-0.14	-0.27	-0.41	-0.16	2.30	1.12	0.99	N/A	
Public Credit	1.90	1.90	5.92	2.34	4.91	N/A	N/A	N/A	3.13	07/01/2022
Bloomberg US Agg Bond Index	2.03	2.03	6.13	2.88	4.93	-0.45	2.06	1.84	2.99	
Difference	-0.13	-0.13	-0.21	-0.55	-0.01	N/A	N/A	N/A	0.14	
SS US Agg Bond Index SL (CF)	2.03	2.03	6.13	2.92	N/A	N/A	N/A	N/A	6.90	06/01/2024
Bloomberg US Agg Bond Index	2.03	2.03	6.13	2.88	4.93	-0.45	2.06	1.84	6.86	
Difference	0.00	0.00	0.00	0.04	N/A	N/A	N/A	N/A	0.03	
NISA US Agg Bond Overlay (SA)	2.03	2.03	6.13	2.88	N/A	N/A	N/A	N/A	3.93	09/01/2024
Bloomberg US Agg Bond Index	2.03	2.03	6.13	2.88	4.93	-0.45	2.06	1.84	3.93	
Difference	0.00	0.00	0.00	0.00	N/A	N/A	N/A	N/A	0.00	
FLP (Loans)	1.49	1.49	4.41	5.95	5.93	5.30	5.13	5.44	6.76	08/01/1995
ND Land - PTF Cash (SA)	1.04	1.04	3.20	4.40	4.69	2.93	2.58	N/A	2.41	07/01/2017
ICE BofA 3 Mo US T-Bill Index	1.08	1.08	3.17	4.38	4.77	2.98	2.62	2.08	2.45	
Difference	-0.03	-0.03	0.03	0.02	-0.08	-0.04	-0.04	N/A	-0.04	
Private Credit	2.18	2.18	6.69	9.72	11.67	N/A	N/A	N/A	11.14	07/01/2022
S&P UBS Lvg'd Loan Index +1.5%	2.06	2.06	5.87	8.69	11.36	8.49	7.04	7.03	10.97	
Difference	0.12	0.12	0.82	1.03	0.31	N/A	N/A	N/A	0.17	
AG Direct Lending III LP	0.00	0.00	0.65	-0.83	5.20	8.52	8.39	N/A	8.30	09/01/2018
S&P UBS Lvg'd Loan Index +1.5%	0.00	0.00	3.73	6.50	10.61	8.04	6.72	6.81	6.76	
Difference	0.00	0.00	-3.08	-7.32	-5.40	0.48	1.67	N/A	1.54	
AG Direct Lending IV LP	0.00	0.00	2.69	4.37	8.58	N/A	N/A	N/A	11.16	06/01/2021
S&P UBS Lvg'd Loan Index +1.5%	0.00	0.00	3.73	6.50	10.61	8.04	6.72	6.81	7.44	
Difference	0.00	0.00	-1.04	-2.13	-2.03	N/A	N/A	N/A	3.72	

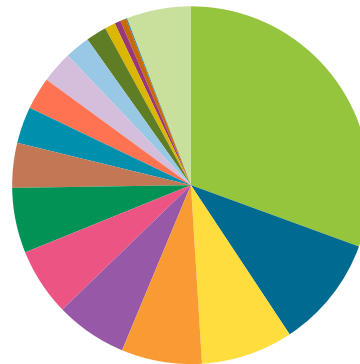
Performance shown is net of fees. The Global Fixed Income Custom Index is calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30. The Public Credit composite consists of Cash/Implied Leverage.

Comparative Performance										
	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
AG Direct Lending BUSL LP	0.00	0.00	5.78	9.11	11.63	N/A	N/A	N/A	11.46	06/01/2022
S&P UBS Lvg'd Loan Index +1.5%	0.00	0.00	3.73	6.50	10.61	8.04	6.72	6.81	9.36	
Difference	0.00	0.00	2.05	2.62	1.03	N/A	N/A	N/A	2.09	
TPG AG Asset Based Credit Evergreen Fund LP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00	09/01/2025
S&P UBS Lvg'd Loan Index +1.5%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Difference	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00	
Blue Owl Diversified Lending	1.22	1.22	4.73	7.19	10.64	N/A	N/A	N/A	9.37	11/01/2021
S&P UBS Lvg'd Loan Index +1.5%	2.06	2.06	5.87	8.69	11.36	8.49	7.04	7.03	8.17	
Difference	-0.84	-0.84	-1.14	-1.50	-0.72	N/A	N/A	N/A	1.21	
Apollo Credit Strategies Absolute Return LP	5.11	5.11	11.34	14.36	16.49	N/A	N/A	N/A	13.64	04/01/2022
S&P UBS Lvg'd Loan Index +2%	2.19	2.19	6.26	9.23	11.91	9.02	7.56	7.56	9.41	
Difference	2.92	2.92	5.08	5.14	4.58	N/A	N/A	N/A	4.23	
Ares Pathfinder LP	3.22	3.22	7.42	9.95	8.21	N/A	N/A	N/A	22.77	03/01/2021
Ares Pathfinder Core LP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00	09/01/2025
Schroders Flexible Secured Income (SA)	2.33	2.33	6.45	8.57	9.66	N/A	N/A	N/A	6.32	09/01/2021
3 Month LIBOR Index (USD)+1.75%	1.59	1.59	4.69	6.43	6.77	4.86	4.58	4.07	5.53	
Difference	0.75	0.75	1.76	2.14	2.89	N/A	N/A	N/A	0.79	
Varde Dislocation LP	0.97	0.97	6.16	8.95	12.83	12.42	N/A	N/A	13.72	07/01/2020
Monarch Capital Partners VI LP	5.78	5.78	8.52	12.41	N/A	N/A	N/A	N/A	19.48	03/01/2024
S&P UBS Lvg'd Loan Index +2%	2.19	2.19	6.26	9.23	11.91	9.02	7.56	7.56	9.74	
Difference	3.59	3.59	2.26	3.18	N/A	N/A	N/A	N/A	9.74	
Pantheon PCO III USD Feeder (Delaware) LP	-0.17	-0.17	10.59	N/A	N/A	N/A	N/A	N/A	222.58	12/01/2024
S&P UBS Lvg'd Loan Index +2%	0.00	0.00	3.98	6.89	11.10	8.55	7.23	7.32	4.77	
Difference	-0.17	-0.17	6.61	N/A	N/A	N/A	N/A	N/A	217.81	

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30.

Asset Allocation by Manager

\$2,728,404,291



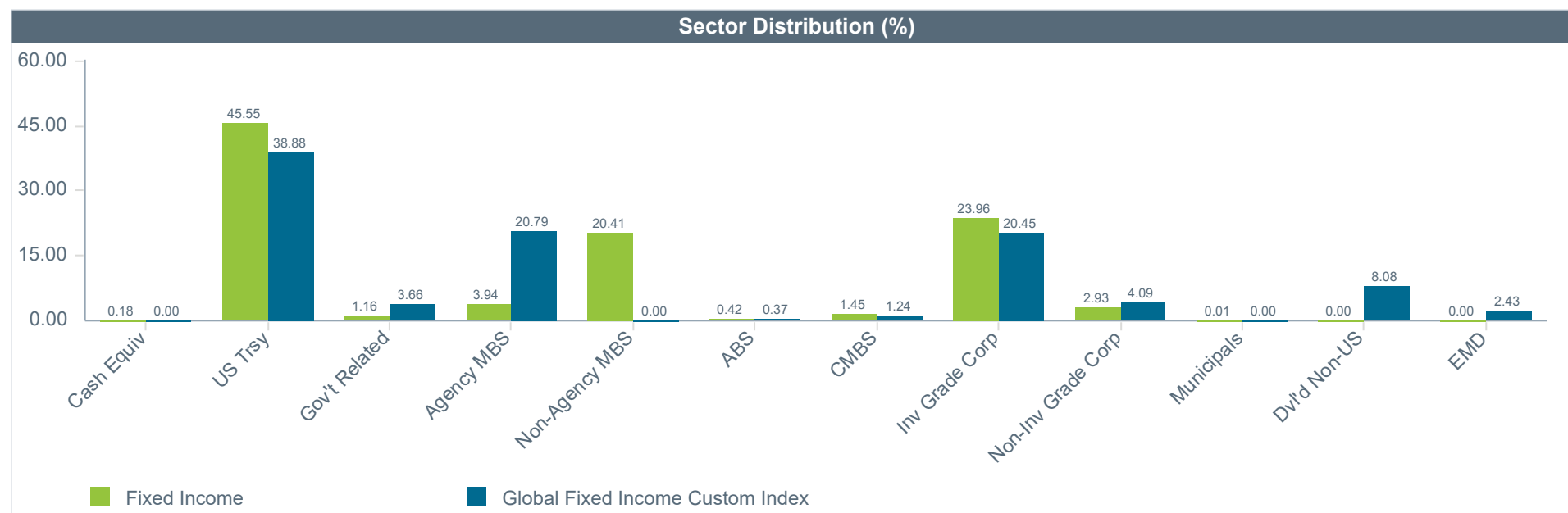
	Market Value (\$)	Allocation (%)
SS US Agg Bond Index SL (CF)	943,894,125	34.60
Apollo Credit Strategies Absolute Return LP	312,935,391	11.47
Schroders Flexible Secured Income (SA)	256,995,998	9.42
AG Direct Lending BUSL LP	224,544,089	8.23
Ares Pathfinder Core LP	200,000,000	7.33
ND Land - PTF Cash (SA)	188,468,867	6.91
NISA US Agg Bond Overlay (SA)	181,922,900	6.67
Monarch Capital Partners VI LP	125,073,481	4.58
Blue Owl Diversified Lending	102,361,649	3.75
TPG AG Asset Based Credit Evergreen Fund LP	90,000,000	3.30
Ares Pathfinder LP	88,923,365	3.26
AG Direct Lending IV LP	69,472,724	2.55
AG Direct Lending III LP	57,956,082	2.12
Varde Dislocation LP	29,279,041	1.07
Pantheon PCO III USD Feeder (Delaware) LP	16,981,046	0.62
NISA Cash/Implied Leverage	16,400,803	0.60
FLP (Loans)	2,797,263	0.10
Loomis Sayles Credit Asset (SA)	275,067	0.01
NISA Offset	-179,877,600	-6.59

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Fiscal year ends 06/30. Market value shown for Loomis Sayles Credit Asset (SA) represents residual assets and residual trading costs. Market values shown for AG Direct Lending III LP, AG Direct Lending IV LP, AG Direct Lending BUSL LP, Ares Pathfinder Core LP, TPG AG Asset Based Credit Evergreen, and Pantheon PCO III USD Feeder (Delaware) LP are as of 6/30 and adjusted for subsequent cash flows.

North Dakota Board of University and School Lands
Fixed Income vs. Global Fixed Income Custom Index
Portfolio Characteristics

As of September 30, 2025

Portfolio Characteristics		
	Portfolio	Benchmark
Effective Duration	6.02	5.82
Avg. Maturity	8.20	8.08
Avg. Quality	Aa3	N/A
Coupon Rate (%)	3.75	3.87
Yield To Worst (%)	4.37	4.57
Current Yield (%)	3.91	N/A



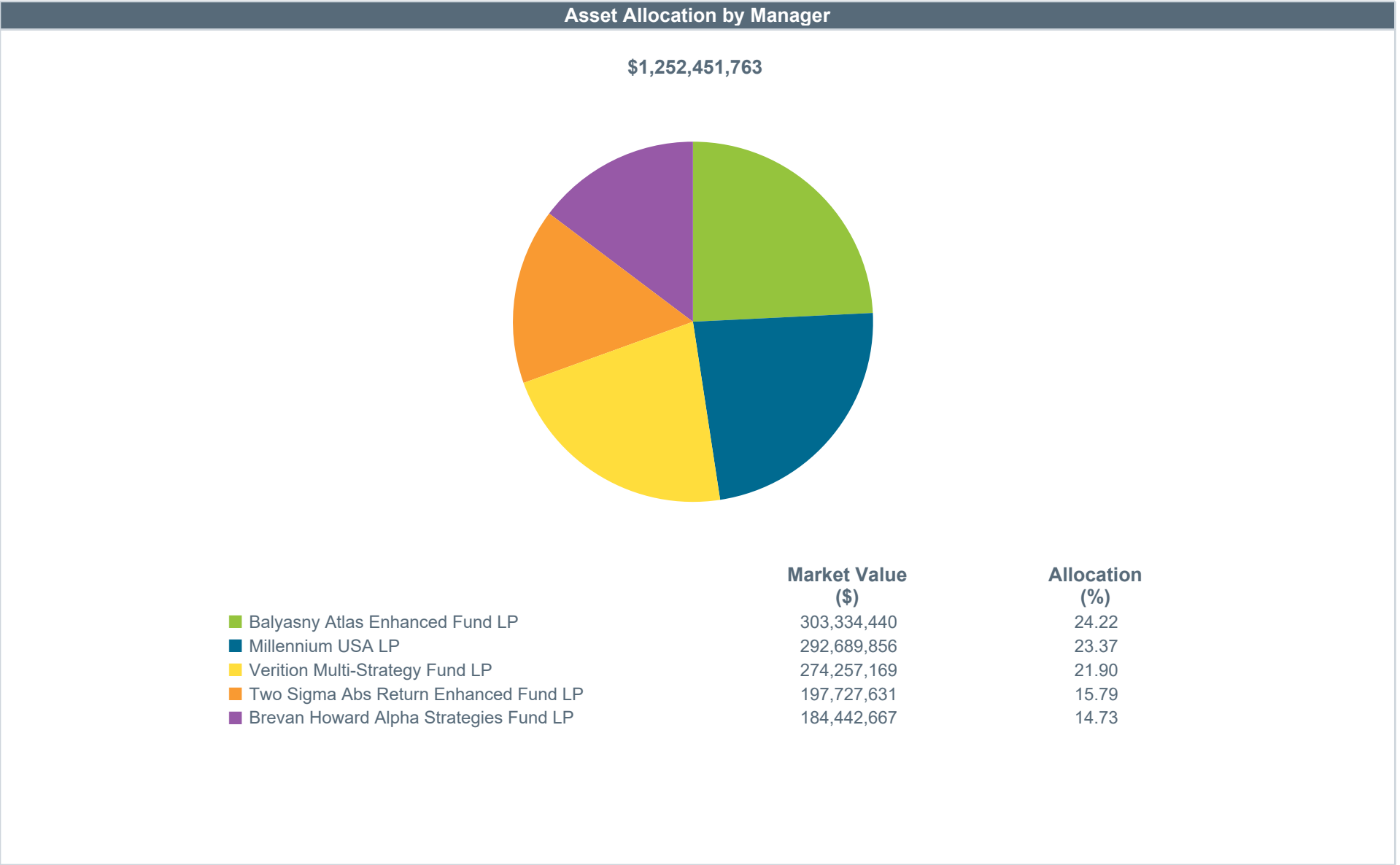
Fixed Income characteristics and sector distributions includes NISA US Agg Bond Overlay (SA) and SS US Agg Bond Index SL (CF).

North Dakota Board of University and School Lands
Absolute Return

As of September 30, 2025

Comparative Performance										
	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Absolute Return	2.33	2.33	7.50	13.34	11.29	5.87	3.96	4.68	3.15	07/01/2014
Absolute Return Custom Index	2.43	2.43	5.60	7.52	9.54	3.96	4.80	5.92	4.86	
Difference	-0.10	-0.10	1.89	5.82	1.75	1.91	-0.85	-1.24	-1.71	
Multi-Strategy Hedge Funds	2.33	2.33	7.50	13.34	10.01	N/A	N/A	N/A	10.29	07/01/2022
HFRI RV Multi Strat Index	2.43	2.43	5.60	7.52	6.49	5.90	4.98	4.75	5.97	
Difference	-0.10	-0.10	1.89	5.82	3.52	N/A	N/A	N/A	4.32	
Millennium USA LP	3.67	3.67	6.03	11.35	11.22	N/A	N/A	N/A	11.59	01/01/2022
HFRI RV Multi Strat Index	2.43	2.43	5.60	7.52	6.49	5.90	4.98	4.75	4.86	
Difference	1.24	1.24	0.43	3.83	4.73	N/A	N/A	N/A	6.72	
Balyasny Atlas Enhanced Fund LP	2.54	2.54	10.05	18.14	N/A	N/A	N/A	N/A	10.62	03/01/2023
HFRI RV Multi Strat Index	2.43	2.43	5.60	7.52	6.49	5.90	4.98	4.75	6.31	
Difference	0.11	0.11	4.44	10.62	N/A	N/A	N/A	N/A	4.31	
Brevan Howard Alpha Strategies Fund LP	1.19	1.19	6.19	7.55	N/A	N/A	N/A	N/A	8.66	08/01/2024
HFRI RV Multi Strat Index	2.43	2.43	5.60	7.52	6.49	5.90	4.98	4.75	7.65	
Difference	-1.25	-1.25	0.59	0.03	N/A	N/A	N/A	N/A	1.02	
Two Sigma Abs Return Enhanced Fund LP	1.88	1.88	13.30	20.40	N/A	N/A	N/A	N/A	16.31	05/01/2023
HFRI RV Multi Strat Index	2.43	2.43	5.60	7.52	6.49	5.90	4.98	4.75	7.19	
Difference	-0.56	-0.56	7.70	12.88	N/A	N/A	N/A	N/A	9.12	
Verition Multi-Strategy Fund LP	1.81	1.81	3.25	7.68	N/A	N/A	N/A	N/A	8.39	01/01/2024
HFRI RV Multi Strat Index	2.43	2.43	5.60	7.52	6.49	5.90	4.98	4.75	7.36	
Difference	-0.63	-0.63	-2.36	0.16	N/A	N/A	N/A	N/A	1.03	

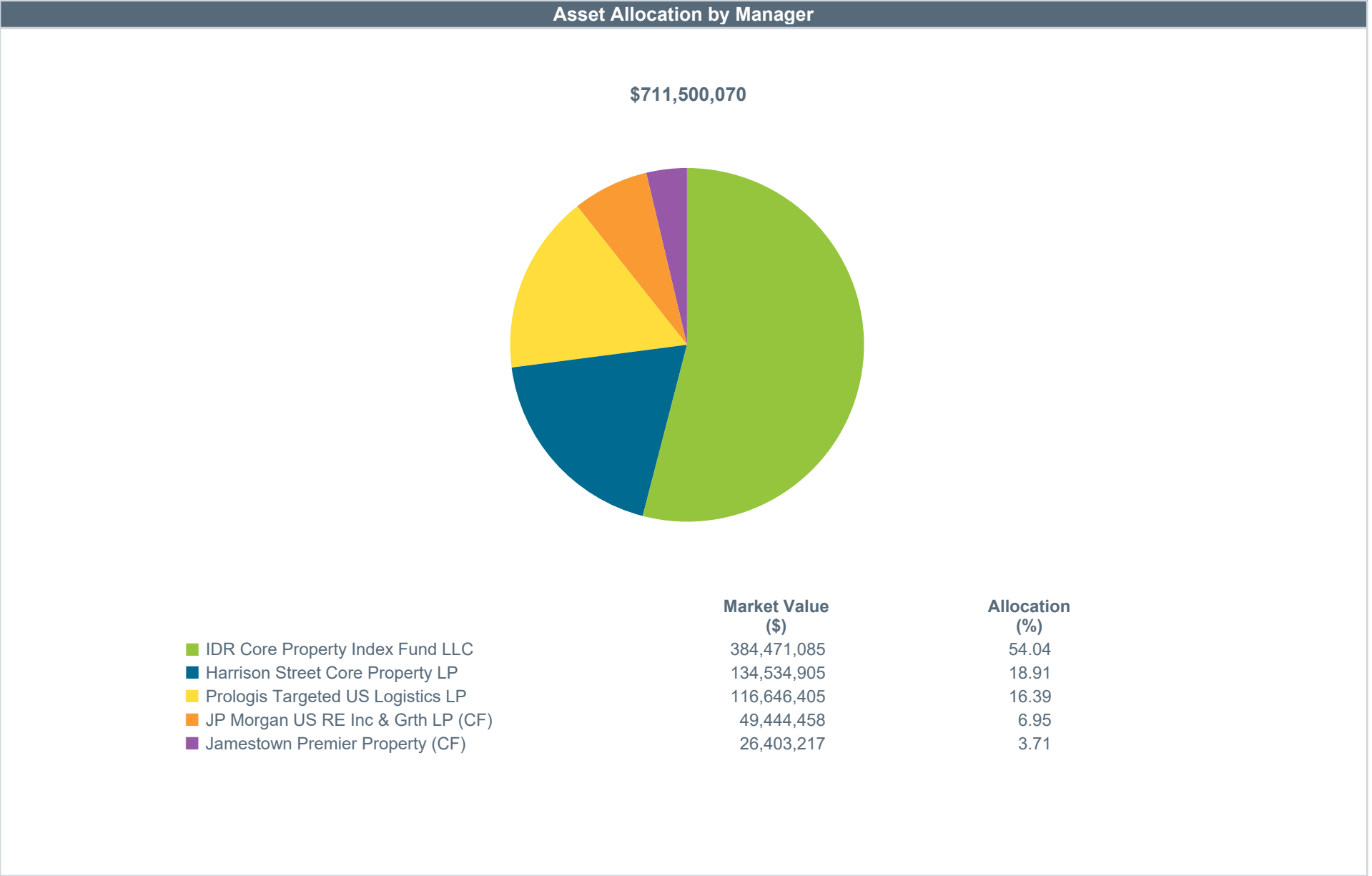
Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. The Absolute Return Custom Index is calculated monthly using beginning of month weights applied to each corresponding primary benchmark return.



Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding.

Comparative Performance										
	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Real Estate	0.14	0.14	1.58	2.40	-5.58	3.16	3.00	4.84	5.06	07/01/2015
NCREIF ODCE Index (AWA) (Net)	0.52	0.52	2.20	3.19	-6.15	2.59	2.58	4.13	4.37	
Difference	-0.38	-0.38	-0.62	-0.79	0.57	0.57	0.42	0.71	0.69	
Jamestown Premier Property (CF)	-0.37	-0.37	7.82	14.61	-25.57	-16.73	-12.88	-6.56	-6.16	07/01/2015
NCREIF ODCE Index (AWA) (Net)	0.52	0.52	2.20	3.19	-6.15	2.59	2.58	4.13	4.37	
Difference	-0.89	-0.89	5.61	11.42	-19.43	-19.32	-15.47	-10.69	-10.53	
Prologis Targeted US Logistics LP	0.74	0.74	1.64	3.32	-3.62	10.75	11.10	N/A	12.87	04/01/2016
NCREIF ODCE Index (AWA) (Net)	0.52	0.52	2.20	3.19	-6.15	2.59	2.58	4.13	3.80	
Difference	0.22	0.22	-0.56	0.13	2.53	8.16	8.52	N/A	9.07	
JP Morgan US RE Inc & Grth LP (CF)	-1.16	-1.16	-3.22	-5.22	-9.65	-0.11	0.19	N/A	1.89	07/01/2016
NCREIF ODCE Index (AWA) (Net)	0.52	0.52	2.20	3.19	-6.15	2.59	2.58	4.13	3.69	
Difference	-1.69	-1.69	-5.43	-8.41	-3.50	-2.70	-2.39	N/A	-1.81	
Harrison Street Core Property LP	0.64	0.64	2.61	3.51	-1.46	N/A	N/A	N/A	1.67	02/01/2022
NCREIF ODCE Index (AWA) (Net)	0.52	0.52	2.20	3.19	-6.15	2.59	2.58	4.13	-1.99	
Difference	0.12	0.12	0.40	0.32	4.69	N/A	N/A	N/A	3.66	
IDR Core Property Index Fund LLC	0.00	0.00	1.55	2.36	N/A	N/A	N/A	N/A	1.20	04/01/2024
NCREIF ODCE Index (AWA) (Net)	0.00	0.00	1.67	2.65	-6.31	2.48	2.50	4.07	1.33	
Difference	0.00	0.00	-0.12	-0.29	N/A	N/A	N/A	N/A	-0.13	

Performance shown is net of fees. Real Estate manager and index performance is available on a quarterly basis. Interim period performance assumes a 0.00% return. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30. Jamestown Premier Property is in queue for redemption.

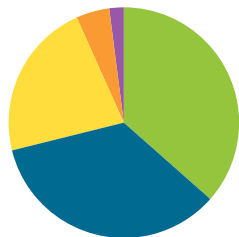


Performance shown is net of fees. Real Estate manager and index performance is available on a quarterly basis. Interim period performance assumes a 0.00% return. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30. Jamestown Premier Property is in queue for redemption. Market value shown for IDR Core Property Index Fund LLC is as of 6/30.

Comparative Performance										
	QTD	FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Private Infrastructure	2.52	2.52	6.61	8.49	10.26	N/A	N/A	N/A	9.89	02/01/2022
FT Wilshire Private Infrastructure Index (Net)	0.00	0.00	6.44	6.80	9.24	N/A	N/A	N/A	N/A	
Difference	2.52	2.52	0.17	1.70	1.01	N/A	N/A	N/A	N/A	
JP Morgan Infrastructure Investments	2.79	2.79	7.54	10.59	11.02	N/A	N/A	N/A	10.70	02/01/2022
FT Wilshire Private Infrastructure Index (Net)	0.00	0.00	6.44	6.80	9.24	N/A	N/A	N/A	N/A	
Difference	2.79	2.79	1.11	3.79	1.77	N/A	N/A	N/A	N/A	
First Sentier GDIF US HFF	2.68	2.68	5.98	7.40	9.06	N/A	N/A	N/A	8.60	05/01/2022
FT Wilshire Private Infrastructure Index (Net)	0.00	0.00	6.44	6.80	9.24	N/A	N/A	N/A	N/A	
Difference	2.68	2.68	-0.46	0.60	-0.19	N/A	N/A	N/A	N/A	
Hamilton Lane Infrastructure Opportunities LP	-0.09	-0.09	6.06	7.61	11.88	N/A	N/A	N/A	15.63	08/01/2022
FT Wilshire Private Infrastructure Index (Net)	0.00	0.00	6.44	6.80	9.24	N/A	N/A	N/A	8.77	
Difference	-0.09	-0.09	-0.37	0.82	2.64	N/A	N/A	N/A	6.86	
Hamilton Lane Infrastructure Opportunities II LP	1.32	1.32	3.41	-1.88	N/A	N/A	N/A	N/A	25.53	09/01/2024
FT Wilshire Private Infrastructure Index (Net)	0.00	0.00	6.44	6.80	9.24	N/A	N/A	N/A	9.78	
Difference	1.32	1.32	-3.03	-8.67	N/A	N/A	N/A	N/A	15.76	
Blackstone Infrastrucure Partners LP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10/01/2025
FT Wilshire Private Infrastructure Index (Net)	0.00	0.00	6.44	6.80	9.24	N/A	N/A	N/A	N/A	
Difference	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Asset Allocation By Manager

\$541,572,575



First Sentier GDIF US HFF	197,815,375	36.53
JP Morgan Infrastructure Investments	187,435,334	34.61
Blackstone Infrastrucure Partners LP	120,000,000	22.16
Hamilton Lane Infrastructure Opportunities LP	25,301,046	4.67
Hamilton Lane Infrastructure Opportunities II LP	11,020,820	2.03

Market Value (\$)	Allocation (%)
197,815,375	36.53
187,435,334	34.61
120,000,000	22.16
25,301,046	4.67
11,020,820	2.03

Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding. Fiscal year ends 06/30. Performance for the FT Wilshire Private Infrastructure Index is unavailable as of 9/30. Market values shown for Hamilton Lane Infrastructure Opportunities LP and Hamilton Lane Infrastructure Opportunities II LP are as of 6/30 and adjusted for subsequent cash flows.

III. Addendum

North Dakota Board of University and School Lands
Alternative Investment Private Credit Fund Performance Listing

As of September 30, 2025

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
AG Direct Lending III LP	2018	Private Credit - Direct Lending	150,000,000	138,000,000	144,448,181	57,956,082 *	9.52	N/A	0.72	1.47
AG Direct Lending IV LP	2020	Private Credit - Direct Lending	100,000,000	95,648,632	62,583,911	69,472,724 *	10.89	N/A	-1.26	1.38
Ares Pathfinder LP	2020	Private Credit - Specialty Finance	100,000,000	86,189,042	27,806,595	88,923,365	10.92	N/A	1.79	1.35
Varde Dislocation LP	2020	Private Credit - Distressed/Special Situations	100,000,000	79,500,000	76,928,308	29,279,041	9.25	N/A	-1.95	1.34
Ares Pathfinder Core LP	2021	Private Credit - Specialty Finance	200,000,000	200,000,000	0	200,000,000 *	N/M	N/A	N/M	1.00
Monarch Capital Partners VI LP	2023	Private Credit - Distressed/Special Situations	120,000,000	101,296,933	0	125,073,481	18.64	N/A	6.07	1.23
Pantheon Private Debt PCO III USD Feeder (Delaware) LP	2024	Private Credit - Opportunistic Credit	100,000,000	9,906,146	1,109,020	16,981,046 *	N/M	N/A	N/M	1.83
			870,000,000	710,540,753	312,876,015	587,685,739	10.76		0.74	1.27

Certain valuations (marked with a "**") are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the Barclays US Agg Bond Index assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Preqin.

North Dakota Board of University and School Lands
Alternative Investment Private Equity Fund Performance Listing

As of September 30, 2025

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
Ashbridge Transformational Secondaries II LP	2021	Private Equity - Secondaries	25,000,000	17,619,989	0	24,433,773 *	12.83	N/A	20.16	1.39
Grosvenor - BUSL LP 2020-1 Investment Series	2021	Private Equity - Multi-Stage	130,000,000	83,526,254	12,387,996	89,700,101 *	9.97	N/A	15.66	1.22
Grosvenor Secondary Opportunities III LP	2021	Private Equity - Fund of Funds	150,000,000	92,340,632	15,140,766	95,751,524 *	9.48	N/A	16.84	1.20
Khosla Ventures Fund VIII Composite	2023	Private Equity - Venture	35,000,000	27,506,500	0	26,184,210	-5.77	N/A	24.81	0.95
AH 2024 Multiplexer (Unblocked) LP	2024	Private Equity - Venture	35,000,000	15,400,000	0	17,142,678	N/M	N/A	N/M	1.11
Grosvenor - BUSL LP 2024-1 Investment Series	2024	Private Equity - Multi-Stage	300,000,000	28,123,031	3,261,352	30,666,459 *	16.48	N/A	21.00	1.21
Industry Ventures Partnership Holdings VII LP	2024	Private Equity - Venture	50,000,000	5,006,997	0	6,024,421 *	N/M	N/A	N/M	1.20
Khosla Ventures Fund IX Composite	2025	Private Equity - Venture	50,000,000	5,965,000	0	5,904,555	N/M	N/A	N/M	0.99
			775,000,000	275,488,403	30,790,113	295,807,720	10.15		17.44	1.19

Certain valuations (marked with a "**") are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the Russell 3000 Index assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Preqin.

North Dakota Board of University and School Lands
Alternative Investment Real Assets Fund Performance Listing

As of September 30, 2025

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
Hamilton Lane Infrastructure Opportunities 2019 LP		Real Assets - Core Infrastructure	25,000,000	21,815,121	4,790,956	25,301,046 *	13.56	N/A	4.83	1.38
Hamilton Lane Infrastructure Opportunities 2023 II LP		Real Assets - Core Infrastructure	25,000,000	8,148,115	0	11,020,820 *	26.96	N/A	1.75	1.35
			50,000,000	29,963,236	4,790,956	36,321,866	15.35		4.37	1.37

Certain valuations (marked with a "**") are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the MSCI World Real Estate Index (USD) (Net) assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Preqin.

Performance Related Comments

- Manager inception dates shown represent the first full month following initial funding.
- RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Prior historical data was provided by North Dakota Board of University and School Lands.
- Real Estate composite, manager, and index performance are available on a quarterly basis. Market values are as of the most recent quarter-end and adjusted for subsequent cash flows. Interim period performance assumes a 0.00% return.
- Indices show N/A for since inception returns when the fund contains more history than the corresponding benchmark.
- As of 07/2014, composite and manager performance is provided and calculated by RVK.
- Net performance for FLP bank loans represent Fees Payable.
- During 03/2021, JPM FI Intermediate Bond transitioned from intermediate duration to full duration core mandate.
- During 08/2021, Schrodgers Securitized Credit transitioned into Schrodgers Flexible Secured Income.
- During 12/2022, Varde Dislocation LP was moved from the Opportunistic Investments composite into the Private Credit composite.
- RVK cautions that the interpretation of time-weighted returns on non-marketable investments such as Private Equity, Private Real Estate, and Private Credit is imperfect at best, and can potentially be misleading.

Index Comments

- The Target Allocation Index (Net) is a static custom index that is calculated monthly and consists of:
 - From 09/2025 through present: 19% Russell 3000 Index, 17% MSCI ACWI Ex USA IMI (Net), 7% Barclays US Aggregate Index, 15% S&P UBS Leveraged Loans Index +1.5%, 12% HFRI RV Multi-Strategy Index, 8% NCREIF ODCE Index (AWA) (Net), 12% Cambridge US Private Equity Index, and 10% FT Wilshire Private Markets Infrastructure Index.
 - From 07/2023 through 08/2025: 15% Russell 3000 Index, 15% MSCI ACWI Ex USA IMI, 15% Barclays US Aggregate Index, 20% S&P UBS Leveraged Loans Index +1.5%, 15% HFRI RV Multi-Strategy Index, 10% NCREIF ODCE Index (AWA) (Net), 8% Cambridge US Private Equity Index, 7% MSCI World Infrastructure Index, and - 5% ICE BofA 3 Month US Treasury Bill Index.
 - From 07/2022 through 06/2023: 15% Russell 3000 Index, 15% MSCI ACWI Ex USA IMI, 5% Barclays US Universal Index, 20% S&P UBS Leveraged Loans Index +1.5%, 5% Global 60/40 (60% MSCI All Country World IMI, 40% Barclays US Aggregate Bond Index), 10% HFRI RV Multi-Strategy Index, 15% NCREIF ODCE Index, 8% Cambridge US Private Equity Index, and 7% MSCI World Infrastructure Index.
 - From 05/2020 through 06/2022: 19% Russell 3000 Index, 19% MSCI ACW Ex US Index (USD) (Net), 22% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 15% Absolute Return Index, 5% Cambridge US Private Equity Index, and 5% MSCI World Infrastructure Index.
 - From 07/2019 through 04/2020: 18.5% Russell 3000 Index, 18.5% MSCI ACW Ex US Index (USD) (Net), 23% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 15% Absolute Return Custom Index, and 10% DIS Custom Index.
 - From 02/2018 through 06/2019: 17% Russell 3000 Index, 17% MSCI ACW Ex US Index (USD) (Net), 21% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 20% Absolute Return Custom Index, and 10% DIS Custom Index.
 - From 07/2016 through 01/2018: 17% Russell 3000 Index, 15% MSCI ACW Ex US Index (USD) (Net), 23% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 20% Absolute Return Custom Index, and 10% DIS Custom Index.
 - From 04/2016 through 06/2016: 17.6% Russell 3000 Index, 15.5% MSCI ACW Ex US Index (USD) (Net), 23.8% Global Fixed Income Custom Index, 12% NCREIF ODCE Index (AWA) (Net), 20.7% Absolute Return Custom Index, and 10.4% DIS Custom Index.
 - From 01/2016 through 03/2016: 17.7% Russell 3000 Index, 15.6% MSCI ACW Ex US Index (USD) (Net), 25.3% Global Fixed Income Custom Index, 10% NCREIF ODCE Index (AWA) (Net), 21% Absolute Return Custom Index, and 10.4% DIS Custom Index.
 - From 10/2015 through 12/2015: 17.9% Russell 3000 Index, 15.9% MSCI ACW Ex US Index (USD) (Net), 25.5% Global Fixed Income Custom Index, 9% NCREIF ODCE Index (AWA) (Net), 21.1% Absolute Return Custom Index, and 10.6% DIS Custom Index.
 - From 07/2015 through 09/2015: 19.5% Russell 3000 Index, 17.4% MSCI ACW Ex US Index (USD) (Net), 26.2% Global Fixed Income Custom Index, 4.1% NCREIF ODCE Index (AWA) (Net), 22% Absolute Return Custom Index, and 10.8% DIS Custom Index.
 - From 07/2014 through 06/2015: The index was calculated monthly using beginning of month asset class weights applied to each corresponding primary benchmark return.
 - From 01/2013 through 06/2014: 18.7% Russell 1000 Index, 12.4% Russell 2500 Index, 7.5% FTSE EPRA/NAREIT US Index, 12.4% MSCI EAFE Index (USD) (Net), 33.3% Bloomberg US Agg Bond Index, 0.70% CS Lvg'd Loan Index, 10% Bloomberg US Corp Hi Yld Index, and 5% Bloomberg Gbl Agg Ex USD Index (Hedged).

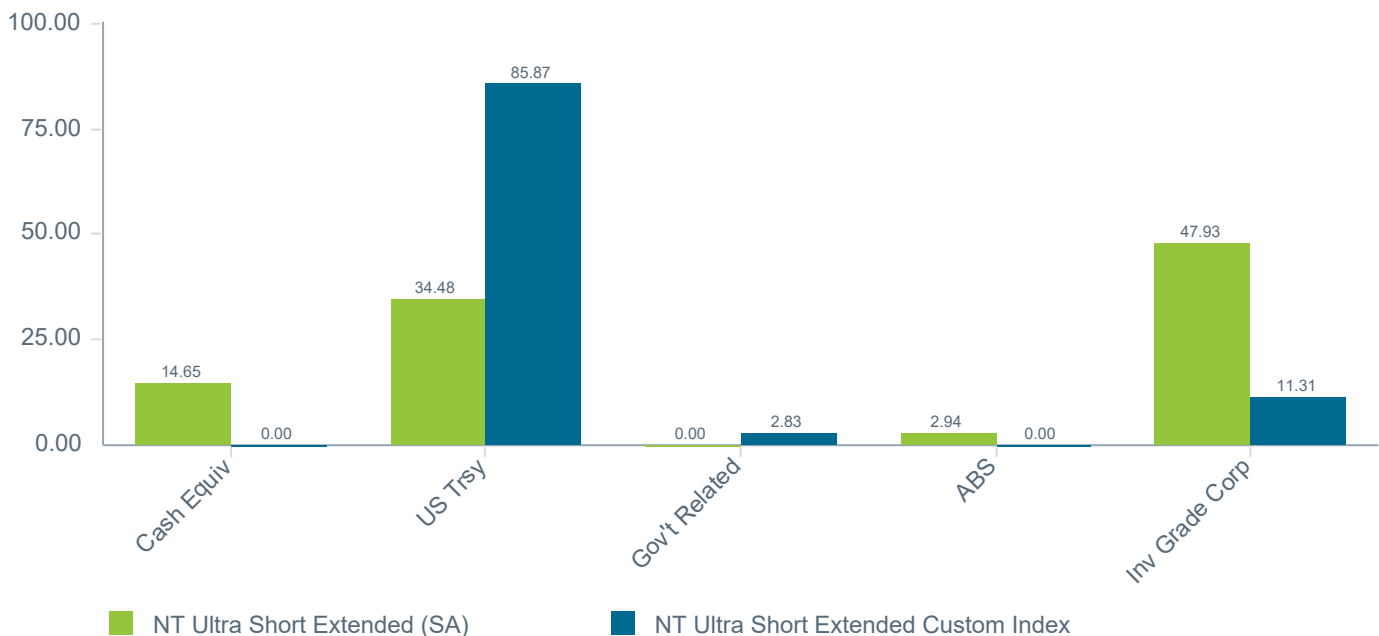
Index Comments Cont.

- From 07/2009 through 12/2012: 15% Russell 1000 Index, 10% Russell 2500 Index, 6% FTSE EPRA/NAREIT US Index, 10% MSCI EAFE Index (USD) (Net), 32.3% Bloomberg US Agg Bond Index, 1.70% CS Lvg'd Loan Index, 10% Bloomberg US Corp Hi Yld Index, 5% Bloomberg Gbl Agg Ex USD Index (Hedged), and 10% ICE BofA Cnvt Bonds Index (All Qual).
- The Actual Allocation Index (Net) is calculated monthly using beginning of month investment weights applied to each corresponding primary benchmark return.
- The Global Fixed Income Custom Index is calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. From 04/2019 through 06/2022, the index consisted of the Bloomberg US Unv Bond Index. Prior to 03/2019, the index consisted of 75% Bloomberg US Unv Bond Index and 25% Bloomberg Multi-Universe Index.
- The Absolute Return Custom Index is calculated monthly using beginning of month weights applied to each corresponding primary benchmark return. Prior to 07/2022, the index consisted of 60% MSCI ACW IM Index (USD) (Net) and 40% Bloomberg US Agg Bond Index.

The asset class market performance is represented by the respective indices:

- US Large Cap Equity = S&P 500 Index (Cap weighted)
- US Small Cap Equity = Russell 2000 Index
- Developed International Equity = MSCI EAFE Index (USD) (Net)
- Developed International Small Cap Equity = MSCI EAFE Small Cap Index (USD) (Net)
- Emerging Markets Equity = MSCI Emerging Markets Index (USD) (Net)
- US Aggregate Bond = Bloomberg US Aggregate Bond Index
- 3 Month US Treasury Bill = ICE BofA 3 Month US T-Bill Index
- US Real Estate = NCREIF ODCE Index (AWA) (Gross)
- Real Estate Investment Trust (REITs) = FTSE NAREIT Equity REITs Index (TR)
- Commodities = Bloomberg Commodities Index (TR)

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Schedule of Investable Assets																									
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)		Ending Market Value (\$)	% Return																			
QTD	935,943,379	79,494	11,260,401		947,283,274	1.20																			
Asset Allocation & Performance																									
	Market Value (\$)	Performance (%)																							
		QTD	FYTD	CYTD	1 Year	Since Incep.	Inception Date																		
NT Ultra Short Extended (SA)	947,283,274	1.20	1.20	3.74	4.45	2.22	08/01/2015																		
NT Ultra Short Extended Custom Index		1.13	1.13	3.66	4.25	1.99																			
Difference		0.07	0.07	0.09	0.20	0.23																			
Fund Objective																									
The objective of this fund is to provide capital preservation with returns which exceed that of its custom benchmark, 50% Bloomberg US Gov't Crdt 1-3 Yr Bond Index and 50% ICE BofA 3 Mo US T-Bill Index.																									
Portfolio Characteristics																									
	Portfolio			Benchmark																					
Effective Duration	0.92			1.05																					
Modified Duration	0.94			1.02																					
Spread Duration	0.61			1.06																					
Convexity	0.01			N/A																					
Avg. Maturity	1.04			1.12																					
Avg. Quality	Aa1			Aa2																					
Yield To Maturity (%)	3.98			3.84																					
Coupon Rate (%)	3.63			N/A																					
Current Yield (%)	3.61			N/A																					
Holdings Count	152			2,040																					
Sector Distribution (%)																									
 <table><thead><tr><th>Sector</th><th>NT Ultra Short Extended (SA)</th><th>NT Ultra Short Extended Custom Index</th></tr></thead><tbody><tr><td>Cash Equiv</td><td>14.65</td><td>0.00</td></tr><tr><td>US Trsy</td><td>34.48</td><td>85.87</td></tr><tr><td>Gov't Related</td><td>0.00</td><td>2.83</td></tr><tr><td>ABS</td><td>2.94</td><td>0.00</td></tr><tr><td>Inv Grade Corp</td><td>47.93</td><td>11.31</td></tr></tbody></table>								Sector	NT Ultra Short Extended (SA)	NT Ultra Short Extended Custom Index	Cash Equiv	14.65	0.00	US Trsy	34.48	85.87	Gov't Related	0.00	2.83	ABS	2.94	0.00	Inv Grade Corp	47.93	11.31
Sector	NT Ultra Short Extended (SA)	NT Ultra Short Extended Custom Index																							
Cash Equiv	14.65	0.00																							
US Trsy	34.48	85.87																							
Gov't Related	0.00	2.83																							
ABS	2.94	0.00																							
Inv Grade Corp	47.93	11.31																							
		NT Ultra Short Extended (SA)	NT Ultra Short Extended Custom Index																						

Performance shown is net of fees. Net cash flow includes fees, securities lending income and client directed flows. Gain/loss includes dividend and interest income and capital appreciation. Allocations shown may not sum up to 100% exactly due to rounding. The NT Ultra Short Extended Custom Index is calculated monthly and currently consists of 50% Bloomberg US Gov't Crdt 1-3 Yr Bond Index and 50% ICE BofA 3 Mo US T-Bill Index. Fiscal year end 6/30.

RE: Administrative Rules Revisions

In September, the Board authorized the Commissioner to proceed with review of the proposed revisions to Title 85 of the North Dakota Administrative Code, including holding a public hearing and consideration of public comment. The draft rules have since been revised to incorporate public feedback. Following is a summary of public comment received, recommended revisions to the proposed rules as a result, and next steps.

Public Comment

- Received one verbal comment at the public hearing held on November 4, 2025
- Received four written comments (summarized below)

Substantive revisions since the Board's first reading

- Removed proposed provisions that would have allowed the Commissioner to exercise sole discretion to refuse to issue or assign an encumbrance.
- Removed proposed § 85-04-04-08 "Full or Partial Release of an Encumbrance."
- Removed language limiting land exchanges to the United States in chapter 85-04-06.

Next Steps

- Review by the Office of Attorney General
- Submittal of Rules Packet to Legislative Council for potential effective date of April 1, 2026

Recommendation: The Board authorize the Commissioner to submit the proposed Administrative Rules to the Office of Attorney General for a rules opinion and to the Legislative Administrative Rules Committee for final approval and enactment.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Bachmeier					
Treasurer Beadle					
Attorney General Wrigley					
Governor Armstrong					

Attachment 1: Summary of Comments
Attachment 2: Redline Revisions since 1st Reading
Attachment 3: Full Final Rules Packet

SUMMARY OF COMMENTS ON PROPOSED ADMINISTRATIVE CODE REVISIONS

Public Hearing Held on November 4, 2025

Comment Period Closed on November 17, 2025

Admin Rule Section(s)	Comments Received	Comment	Discussion	Action Taken
85-04-02-05 85-04-02-07 85-04-02-08 85-04-02-02	Flickertail Paving and Supply, LLC October 9, 2025. AND Sundre Sand and Gravel, Inc. November 3, 2025,	<ul style="list-style-type: none"> Both commenters support shifting all royalty calculations to tons, noting this aligns with actual weighing practices, eliminates conversions, and reduces testing and administrative burden. Both support simplifying royalty timing, including (1) allowing year-end advance-royalty payments and (2) moving final royalty payments to a single year-end deadline, which they say reduces paperwork and avoids paying royalties before customers pay for materials. Both commenters favor unified or simplified deadlines (e.g., one advance-royalty due date for multiple leases) to make compliance easier. Sundre additionally recommends adjusting the lease-term definition so each five-year term ends on December 31, allowing lessees to move stockpiled material during low-activity winter months and simplifying extensions. 	Comments are in favor of proposed changes.	NONE
85-06-01-02	North Dakota Newspaper Association (NDNA) November 14, 2025.	<ul style="list-style-type: none"> NDNA opposes removing the newspaper publication requirement for oil and gas lease auction notices, citing potential reductions in local awareness and transparency. The NDNA notes that newspaper notices help local mineral owners and residents track auctions, and assess lease values. The NDNA observes that similar changes have been rejected by the Legislature and believes any modification to the notice process should occur legislatively. It also states that existing law already provides online posting alternatives, making the proposed rule change unnecessary. 	<p>Publishing notice of lease auctions in newspapers is a recurring expense that fails to reach the target audience.</p> <p>The Legislature has already directed that mineral leases be issued in accordance with rules of the Board of University and School Lands. N.D.C.C. §§ 38-11-02.1 and 02.2. Additionally, the general public can still call or watch our website for information on upcoming lease auctions.</p>	NONE

85-04-04-02	North Dakota Petroleum Council November 4, 2025.	<ul style="list-style-type: none"> • The North Dakota Petroleum Council (NDPC) appreciates the Board's efforts to modernize administrative rules and offers input on several areas, including survey and planning requirements, criteria for encumbrance decisions, pipeline decommissioning provisions, and oil and gas lease nomination language. • It recommends clearer criteria for decisions on lease nominations and encumbrance applications to support consistency and reduce uncertainty. • NDPC raises concerns about requiring removal of below-ground pipeline infrastructure, noting potential departures from common practice and increased disturbance and costs. • It suggests using decommissioning plans aligned with existing federal and state standards, where abandonment-in-place may be appropriate. • NDPC also recommends retaining mandatory lease-nomination language to help maintain transparency and predictability in the leasing process. 		<p>We appreciate NDPC's comments and have revised the rules as follows:</p> <p>1. Provisions granting the Commissioner sole discretion to deny encumbrances have been removed</p> <p>2. Default requirement for removal of surface infrastructure has been eliminated</p>
85-04-04-04				
85-04-04-07				
84-04-04-08				
85-06-01-01				

ARTICLE 85-04
SURFACE LAND MANAGEMENT

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange <u>with the United States</u>
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-04
ENCUMBRANCES OF TRUST LANDS

Section	
85-04-04-01	Application
85-04-04-02	Surveying and Planning Permit Requirements
85-04-04-03	General Standards for an Encumbrance
85-04-04-04	Issuance of an Encumbrance
85-04-04-05	Right of Entry <u>and Inspection</u>
85-04-04-06	Expiration of an Encumbrance
85-04-04-07	<u>Assignment of an Encumbrance</u>
85-04-04-08	<u>Full or Partial Release of an Encumbrance</u>

85-04-04-01. Application.

An applicant shall submit a request for an encumbrance, amendment, ~~assignment~~ consent to assign, extension, or renewal using the electronic application form available on the department's website or a paper application provided upon request. ~~The application must clearly state whether the request is for an encumbrance, amendment, assignment, extension, or renewal.~~ An application submitted on any other form will not be accepted. ~~An application fee may be charged as determined by the board. An application must be made as follows:~~

1. An application must be submitted for the following:

- ~~1 a.~~ Encumbrance. ~~An applicant shall provide all information required by the application form and any supplemental information requested by the department. An application is deemed filed and complete when the department receives an application form, the application fee, and any supplemental information requested by the department.~~
- ~~2 b.~~ Amendment to an encumbrance. ~~An applicant may request an amendment to an encumbrance for a specific purpose, including a request to change the site location or route of a previously issued encumbrance. If the request for an amendment is granted, the department will mail the amendment to the applicant for signature.~~
- ~~3 c.~~ Consent to Assignment of an encumbrance. ~~An encumbrance may not be assigned unless specifically authorized by the terms of the encumbrance or upon written consent of the commissioner. An assignment must be granted by the commissioner through written notification to both the assignor and assignee. The commissioner may refuse to~~

~~assign an encumbrance for good cause. The assignor remains responsible for compliance with all terms of the encumbrance and this chapter until the assignment is approved by the commissioner. If the commissioner's approval is not required, the assignor is responsible for compliance with all terms of the encumbrance and this chapter until the department is notified of the assignment. Upon approval or notification, the assignee shall be responsible for compliance with all terms of the encumbrance and this chapter. If the request for an assignment is granted, the department shall mail the assignment to the applicant for signature.~~

4 d. Extension or renewal of an encumbrance. ~~An applicant may request an extension or renewal of an encumbrance for an additional term. Additional compensation may be requested by the department. If the request for an extension or renewal is granted, the department shall notify the applicant.~~

e. Full or partial release of an encumbrance.

2. An application must state a specific purpose for which it is being submitted.

3. An application is deemed filed and complete when the department receives an application form, the application fee, and any supplemental information requested by the department.

4. An application for a consent to assign an encumbrance must be received by the department prior to execution of an assignment between applicable parties.

5. An application fee may be charged as determined by the board.

6. Compensation may be requested by the department.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-05-01

85-04-04-02. Surveying and planning permit requirements.

1. Prior to accessing trust lands to conduct any surveys, including general surveys, metes-and-bounds, centerline, cadastral, ocular reconnaissance cultural resource surveys, and habitat or wetland delineations, ~~an applicant shall obtain a surveying and planning permit from the department. The applicant shall complete an electronic application available on the department's website or a paper application provided upon request. An application is deemed filed and complete when the department receives an application form, the application fee, and any supplemental information requested by the department. the following criteria must be met:~~

a. An application for an encumbrance for which the survey is being conducted has been filed with the department; and

b. Any person or entity conducting survey work on behalf of the applicant shall obtain a surveying and planning permit from the department.

2. ~~Upon issuance of the surveying and planning permit to the applicant, access to trust lands under the permit is only permissible if a third party applicant has filed an application for an encumbrance. The surface tenant must be notified by the third party applicant of the required access to trust lands at least one calendar week prior to the date of access. The person or entity conducting the survey shall provide notice to the surface tenant of the need for access to trust lands for survey purposes no later than seven calendar days before the scheduled access date.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

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85-04-04-04. Issuance of an encumbrance.

1. The commissioner may approve and issue an encumbrance on the board's behalf in accordance with this chapter.
 2. ~~If an application does not comply with this chapter, or if the commissioner determines board review is desirable, the application may be brought before the board for its consideration. An encumbrance shall not be approved or issued until all required payments and information is received by the department.~~
 3. ~~The commissioner may impose such terms as deemed necessary. An encumbrance must be issued prior to site preparation or construction, except for surveying in accordance with a granted surveying and planning permit.~~
 4. The commissioner may impose such terms to an encumbrance as the commissioner deems necessary.
 5. The commissioner may refuse to issue an encumbrance at commissioner's sole discretion.
65. If an application does not comply with this chapter, or if the commissioner determines board review is desirable, the commissioner may bring the application to the board for consideration.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-05. Right of entry and inspection.

The department may enter the land at any time without notification for the purpose of inspecting the land, activity, or construction.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-06. Expiration of an encumbrance.

1. Unless otherwise stated in the encumbrance, the encumbrance expires two years from the date of issuance if the activity or construction is not fully completed on trust lands in accordance with the terms of the encumbrance.
2. An encumbrance automatically terminates without notice at the end of its term or for failure to complete an activity or construction.
3. Prior to the expiration of the encumbrance, the holder may apply for an amendment or extension in accordance with this chapter.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-07. Assignment of an Encumbrance.

An encumbrance may not be assigned unless specifically authorized by the terms of the encumbrance or upon written consent of the commissioner.

1. Specifically authorized by the terms of the encumbrance.

- a. The assignor is responsible for compliance with all terms of the encumbrance, this chapter, and applicable laws until the department is notified of the assignment.
- b. Upon notification, the assignee shall be responsible for compliance with all terms of the encumbrance, this chapter, and applicable law.

2. Upon written consent of the commissioner.

~~a. The commissioner may refuse to assign an encumbrance at commissioner's sole discretion.~~

~~ba.~~ A consent to assignment shall not be deemed valid unless provided in writing by the commissioner.

~~eb.~~ The assignor remains responsible for compliance with all terms of the encumbrance and this chapter until consent to the assignment is provided by the commissioner. Upon approval, the assignee shall be responsible for compliance with all terms of the encumbrance, this chapter, and applicable law.

History: Effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-08. Full or Partial Release of an Encumbrance.

~~1. An encumbrance may not be released unless specifically authorized by the terms of the encumbrance or upon written consent of the commissioner.~~

~~2. Prior to a full or partial release of an encumbrance:~~

~~a. All infrastructure, both above and below ground, shall be removed from the property unless specifically authorized by the terms of the encumbrance or upon prior written consent of the commissioner.~~

~~b. Pipelines must be purged to eliminate potential contaminants.~~

~~c. If a pipeline is authorized by the commissioner in writing to remain on the property, the pipeline shall be capped at the property boundaries and termination points. The encumbrance holder shall remain liable for pipelines remaining on the property.~~

~~d. The department may require a survey identifying the location of the released infrastructure. The survey shall clearly identify any components of the infrastructure that will remain on the property after the release.~~

History: Effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange with the United States
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-06 ~~LAND EXCHANGE~~ [WITH THE UNITED STATES](#)

Section	
85-04-06-01	Approval of Land Exchange
85-04-06-02	Criteria for Land Exchange
85-04-06-03	Application for Land Exchange
85-04-06-04	Evaluation of Application
85-04-06-05	Comments and Notice
85-04-06-06	Exchange Report
85-04-06-07	Board Authorization

85-04-06-01. Approval of land exchange.

The board may approve an exchange of trust lands [with the United States](#) which it determines is in the best interests of the trusts and complies with current law. Under North Dakota Century Code section 15-06-01, any land received under an exchange of original grant land maintains its status as "original grant lands".

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC [15-01-02](#), 28-32-02

Law Implemented: N.D. Constitution article IX, § 6; NDCC 15-06-01, 15-06-19.1

85-04-06-02. Criteria for land exchange.

The department shall consider the criteria listed below in any land exchange. Land exchanges are not required to satisfy all criteria outlined below. Criteria will be considered in a cumulative manner and meeting certain criteria may not guarantee approval.

1. Equal or greater value. A land exchange must result in the board receiving equal or greater asset value to the trusts.
 - a. ~~In connection with any exchange the department may use information, provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment. The commissioner shall procure appraisals, completed by a certified appraiser, to determine the value of the trust lands and the proposed exchange land. The same appraiser shall conduct appraisals of the trust lands to be exchanged and the~~

~~proposed exchange land. In the event the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.~~

- ~~b. The department shall advise the appraiser regarding the scope of work to ensure the value of the trust lands to be exchanged is determined by the highest and best use of the land, not simply the present use. For example, if an exchange is proposed in which the trust lands to be exchanged are currently leased for grassland but the land is in the path of residential, commercial, or industrial development, the trust lands to be exchanged must be appraised for the highest and best use for residential, commercial, or industrial development rather than its current use as grassland.~~
 - a. Any appraisals considered by the department must include appraised values for both the trust lands highest and best use as well as the current use.
 - ~~e b. The department shall~~ may consider features not reflected in the market price which are difficult to assign a monetary value, including location, proximity to public lands, recreational opportunities, scenery, other amenities, and results of cultural resources inventories in evaluating the relative value of trust lands to be exchanged.
- 2. Equal or greater income to the trusts. A land exchange must result in the board receiving equal or greater income to the trusts. The projected agricultural income for the proposed exchange land will be estimated using the board's minimum lease rate. The minimum lease rate for the proposed exchange land will be compared to the present income received by the trusts from the trust lands to be exchanged, including all current and potential future revenue streams from surface leases, encumbrances, development of natural resources, and other sources, and any tax liability.
 - 3. Acreage. Land exchanges should result in the board receiving equal or greater acreage. The board, however, may consider receiving less acreage in return for ~~substantially higher value or income, or both~~ one or more of the following:
 - a. Improved dedicated access;
 - b. Substantially higher value in relation to the amount of acres lost; or
 - c. Substantially higher income in relation to the amount of acres lost.
 - 4. Consolidation of trust lands. The proposed land exchange must not fragment trust land holdings by creating isolated parcels of trust land. ~~In all exchanges, the board shall reserve all minerals underlying the trust lands to be exchanged pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.~~
 - 5. Potential for long-term appreciation increase in income and value. The proposed exchange land must have similar ~~revenue~~ or greater income and value potential as than the trust lands to be exchanged.
 - 6. Access. A land exchange must not diminish access to trust lands. Accessible trust lands should be exchanged with lands that offer equal or improved access.
 - 7. In connection with any exchange of trust land ~~with the United States~~, the department may consider all available information, including information provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment.
 - 8. In all exchanges, the board shall reserve all minerals underlying the trust lands to be exchanged pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1, 15-06-22, 15-07-02

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85-04-06-04. Evaluation of application.

The department shall evaluate the application and may request the applicant provide additional information. After the department's evaluation:

1. The commissioner may reject an application:
 - a. If the application does not meet the requirements of subsections 1 and 2 of section 85-04-06-02; or
 - b. If the application fails to comply with North Dakota law.
2. If the commissioner determines an application meets the requirements of section 85-04-06-02, the commissioner shall present the application to the board to determine if the application reflects a tract the board is willing to exchange.
3. If the land is leased, the commissioner shall notify the lessee of the intent to exchange the property.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1

85-04-06-05. Comments and notice.

1. ~~Upon receipt of an application for land exchange and a determination by the board that~~ If the board determines the application covers a tract of land the board is willing to exchange, the department shall:
 - a. Post on the department's website a notice of the application for land exchange, any supporting documentation, and instructions for submitting public comments.
 - b. ~~The department also shall~~ publish notice of an application for land exchange in the official newspaper of the county where the proposed exchange land and proposed trust lands to be exchanged are located and in the Bismarck Tribune. The notice must:
 - (1) Be published once each week for three consecutive weeks prior to the deadline for comments; and
 - (2) ~~The notice must~~ Contain the legal description of the proposed exchange land and proposed trust lands to be exchanged and the deadline for comments. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled comment period if it appears the omission or error is not prejudicial to the department's interest.

2. ~~All comments must be in writing and contain the following:~~

- ~~a. Name and address of the interested person;~~
 - ~~b. Applicant's name and address;~~
 - ~~c. The legal description of the proposed exchange land and proposed trust lands to be exchanged as shown on the published notice; and~~
 - ~~d. A detailed statement as to whether the interested person supports or opposes the proposed land exchange.~~
- c. Solicit public comment regarding the proposed exchange. All comments must be in writing and include the following:
- (1) Name and address of the interested person;
 - (2) The legal description of the proposed tract for exchange as shown on the published notice; and
 - (3) A detailed statement as to whether the interested person supports or opposes the exchange.

- 3 2. The department shall give notice of the proposed exchange to any entity having a property interest in any portion of trust lands involved in the exchange as reflected in the records of the department and if the land is leased, the commissioner shall notify the lessee of the intent to exchange the property during the months of October through January.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1

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85-04-06-07. Board authorization.

~~Upon receipt of the department's exchange report, the board shall consider the specific recommendations of the department and public comments and evaluate the merits of the land exchange. The board shall determine whether further review and public comment are required.~~

~~When a proposed exchange satisfies the exchange criteria, the board may exercise its discretion to suspend further review and disapprove the application as not in the best interests of the trusts.~~

~~Alternatively, the board may direct the commissioner to complete specific tasks relating to the merits of the proposed exchange and report back to the board with findings before proceeding further. When the board is satisfied that the department and applicant have generated all information necessary for its decision, the board shall review and determine whether the proposed exchange is in the best interests of the trusts.~~

~~The commissioner is authorized to complete all documents for the exchange on the board's behalf if the board approves the exchange.~~

The board shall review the exchange report, department recommendations, and public comments and determine whether to proceed with the exchange. The commissioner is authorized to complete all documents for the exchange on the board's behalf if the board approves the exchange. If the land is leased, the commissioner shall notify the lessee within the months of October through January of the intent to exchange the property.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1

**ARTICLE 85-01
GENERAL ADMINISTRATION**

Chapter
85-01-01 Definitions and General Provisions

**CHAPTER 85-01-01
DEFINITIONS AND GENERAL PROVISIONS**

Section
85-01-01-01 Definitions
85-01-01-02 Exception

85-01-01-01. Definitions.

The following definitions, in addition to the definitions in North Dakota Century Code chapters 15-05, 15-06, 15-07, 15-08, 15-08.1, 38-09, 47-06, 47-30.2, and 57-62, apply to this title:

1. "Acquired lands" includes all property defined as "nongrant" and "other than original grant lands" in North Dakota Century Code section 15-07-01.
2. "Arm's length transaction" means a transaction between parties with adverse economic interests in which each party to the transaction is in a position to distinguish its economic interest from that of the other party and does not mean a transaction made by a corporation or other entity with itself, or a parent, subsidiary, or interrelated corporation or entity, or between partners or co-joint venturers, or between corporations or other entities having interlocking directorships or close business relationships that may compromise their individual interests.
3. "Agricultural use" includes the use of trust lands for the purpose of grazing, cropping, and haying.
4. "Board" means the board of university and school lands.
5. "Bonus" means the monetary consideration paid by a lessee for the execution of a lease by the board.
6. "Certified appraiser" means a certified general appraiser or a certified residential appraiser who holds a valid permit issued by the North Dakota real estate appraiser qualifications and ethics board.
7. "Coal" means a dark-colored compact and earthy organic rock with less than forty percent inorganic components, based on dry material, formed by the accumulation and decomposition of plant material. The term includes consolidated lignitic coal, in both oxidized and nonoxidized forms, and leonardite, having less than eight thousand three hundred British thermal units per pound [453.59 grams], moist and mineral matter free, whether or not the material is enriched in radioactive materials.
8. "Coal lease" means a contract entered between the board and a third party for a coal mining operation on trust lands.
9. "Coal leased premises" means the land subject to a given coal lease.
10. "Coal mining operation" means any type of activity conducted to discover, or prospect for, the presence of coal, or to remove the coal so discovered from its original position on or in the land by any means whatsoever.

11. "Commercial quantities" means whether: The well yields a profit exceeding operating costs over a reasonable period of time; and
12. A reasonably prudent operator would continue operating a well in the manner being operated under the facts and circumstances.
13. "Commissioner" means the commissioner of university and school lands.
14. "Construction aggregate" means gravel, sand, scoria, road material, building stone, colloidal or other clays, and cement materials.
15. "Construction aggregate lease" means a contract entered between the board and a third party for mining of construction aggregate on trust lands.
16. "Construction aggregate leased premises" means the land area subject to a given construction aggregate lease.
17. "Construction aggregate mining operation" means any type of activity conducted to discover, or prospect for, the presence of construction aggregate, or to remove the construction aggregate so discovered from its original position on or in the land by any means whatsoever.
18. "Custodial agreement" means an agreement between the lessee and a third party in which the lessee agrees to take custody of livestock not owned by the lessee for a specified period of time and to provide day-to-day care for the livestock.
19. "Delay rental" means the annual minimum payment given to maintain a lease in the absence of production in commercial quantities during the primary term.
20. "Department" means the office of the commissioner and the department of trust lands.
21. "Disturbed" means any alteration of the surface or subsurface of any lands subject to a lease or encumbrance with the board.
22. "Encumbrance" means a right other than an ownership interest in real property. The term includes easements, permits, surface damage agreements and any other restrictions, encroachments, licenses, mortgages, and liens that relate to trust lands, and specifically excludes leases which are administered separately.
23. "Fair market value" means the price set by the commissioner after an analysis of prices paid for similar products or services in the local area under article 85-04.
24. "F.O.B." means free on board.
25. "Gas" means all natural gas and all other gaseous or fluid hydrocarbons not defined as oil, but does not include coal, lignite, oil shale, or similar hydrocarbons.
26. "Gas well" means a well producing gas or natural gas from a common source of gas supply as determined by the North Dakota industrial commission, other than from coalbed methane.
27. "Gross proceeds" means the sum of all consideration in whatever form or forms, paid for the gas attributable to the lease.
28. "Invasive species" means a species that is nonnative to the ecosystem under consideration and whose introduction causes or is likely to cause economic or environmental harm or harm to human health.
29. "Market value" means the price a willing buyer would pay a willing seller in an arm's length transaction in which the buyer is not compelled to buy or the seller is not compelled to sell.

30. "Net construction aggregate interest" means the undivided portions of the total construction aggregate estate on a given tract of land.
31. "Nonpermanent Improvement" means agricultural structures that can be readily removed from the land including but not limited to fences, creep feeders, stock tanks.
- 30 31. "Offset drainage" means the drainage of oil or gas to an adjoining tract of land on which a well is being drilled or is already in production.
- 34 32. "Offset well" means any well drilled opposite another well on adjoining property with the specific purpose of preventing drainage to the adjoining property.
- 32 33. "Oil" means crude petroleum oil and other hydrocarbons regardless of gravity produced in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas.
- 33 34. "Oil and gas lease" means a contract entered between the board and a third party for oil and gas production.
- 34 35. "Oil and gas leased premises" means the land subject to a given oil and gas lease.
- 35 36. "Oil well" means a well capable of producing oil and which is not a gas well as defined herein.
- 36 37. "Original grant lands" means all those lands granted to the state of North Dakota by virtue of the Enabling Act of 1889, as further defined in North Dakota Century Code section 15-06-01.
- 37 38. "Payor" means either the lessee or an entity other than the lessee who assumes, or agrees to perform, any of the lessee's rights and responsibilities under a lease.
39. "Permanent Improvement" means agricultural structures that are permanently affixed to the land including but not limited to well casing, dams, dugouts.
- 38 40. "Pest" means any insect, rodent, nematode, fungus, weed, any form of terrestrial or aquatic plant or animal life, viruses, bacteria, or other micro-organisms, except viruses, bacteria, or other micro-organisms, whose presence causes or is likely to cause economic or environmental harm or harm to human health.
- 39 41. "Surface land lease" means a contract entered between the board and a third party for agricultural use on trust lands.
- 40 42. "Surface land leased premises" means the land area subject to a given surface land lease.
- 44 43. "Terminate," unless otherwise provided, has the same meaning as the word "cancel."
- 42 44. "Trust lands" means any property owned by the state of North Dakota and managed by the board.
- 43 45. "Trusts" means permanent trusts and other funds managed or controlled by the board.
- 44 46. "Vertical oil and gas well" means a well, the wellbore of which is drilled on a vertical or directional plane into a non-shale formation and is not turned or curved horizontally to allow the wellbore additional access to the oil and gas reserves in the formation.
- 45 47. "When run" means that point in the time when the production from a well is removed or sold from the leased premises and delivered to the purchaser or user of such production; for purposes of computing royalties, that point in time must be considered to be 7:00 a.m., on the day the production is delivered, using central standard time, to the purchaser or user regardless of the actual time delivered.

History: Effective January 1, 2019; amended effective January 1, 2020; January 1, 2021; April 1, 2022; April 1, 2024; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-05, 15-05-09, 15-05-18, 15-07-02, 15-07-20, 15-08.1-06, 43-30.2-03, 61-33-06

Law Implemented: NDCC 4.1-47-04, 15-01-02, 15-04, 15-05, 15-07, 15-08, 15-08.1

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**ARTICLE 85-03
UNCLAIMED PROPERTY**

Chapter	
85-03-01	Definitions
85-03-02	Reporting Abandoned Property
85-03-03	Claiming Property
85-03-04	Examinations

**CHAPTER 85-03-03
CLAIMING PROPERTY**

Section	
85-03-03-01	Claims [Repealed]
85-03-03-02	Required Documentation
85-03-03-03	Payment of Claim
85-03-03-04	Heir Finder Requests
85-03-03-05	Claims Submitted by Heir Finder

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85-03-03-02. Required documentation.

A claimant shall provide adequate documentation to establish ownership of the abandoned property, including photo identification and documentation of social security number.

1. The following additional documentation is required when a claim is submitted on behalf of:
 - a. Deceased individuals: Copy of death certificate and documentation providing legal claim authority.
 - b. Business claims: Federal employer identification number and documentation providing legal claim authority.
 - c. Incapacitated individuals: Copy of documentation providing legal claim authority.
 - d. Minors: A claim for property held in the name of an owner under the age of eighteen must be submitted by a person with legal authority to act on the owner's behalf. The claimant must provide documentation sufficient to establish such authority.
2. If there are multiple owners, all reported owners or the legal representative shall submit a claim form.
3. The administrator may request additional documentation necessary to support a claim.
4. If a claimant chooses to donate the property to the common schools trust fund, required documentation remains the same.

History: Effective January 1, 2019; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 47-30.2-03

Law Implemented: NDCC 47-30.2-50, 47-30.2-51, 47-30.2-52

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ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-01 LEASING TRUST LANDS FOR AGRICULTURAL USE

Section	
85-04-01-01	Failure to Pay or Nonsufficient <u>Insufficient</u> Funds at Auction
85-04-01-02	Annual Surface Land Lease Rental Payment
85-04-01-03	Assignment and Use by a Third Party
85-04-01-04	Sale of Surface Land Lease for Agricultural Use Prohibited
85-04-01-05	Inspection by Prospective Lessee or Purchaser
85-04-01-06	Custodial Agreement
85-04-01-07	Right of Entry
85-04-01-08	Surface Land Lease Termination
85-04-01-09	Board Review
85-04-01-10	<u>Weed and Pest</u> Cost-Share on Surface Land Leased Premises
85-04-01-11	<u>Weed and Pest</u> Cost-Share Application
85-04-01-12	<u>Weed and Pest</u> Cost-Share on Cropland
85-04-01-13	<u>Weed and Pest</u> Cost-Share Payments
85-04-01-14	Biological Control Agents
85-04-01-15	Record Maintenance

85-04-01-01. Failure to pay or ~~nonsufficient~~ insufficient funds at auction.

1. The commissioner may not issue a surface land lease for agricultural use until payment in full is received by the department.
2. A successful bidder who fails to pay for a surface land lease is may be deemed ineligible to bid at subsequent surface land lease auctions administered by the board for the remainder of the current calendar year plus and a minimum of three additional full calendar years thereafter.
3. If a surface land lease payment made at auction is, fails to clear for any reason ~~not paid by the bank on which it is drawn~~, the commissioner shall notify the bidder by mail addressed to the bidder's ~~post office~~ address on file with the department that payment by cashier's check or money order is required within ten business days from the date the letter is mailed.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-07-20, 54-30-17.1

85-04-01-02. Annual surface land lease rental payment.

1. The annual surface land lease rental payment for the second and each succeeding years of a surface land lease must be received by the department ~~no later than five p.m. central standard time~~ by the close of business on the last business day of January of the surface land lease year. If payment is not received, the surface land lease automatically terminates without notice.
2. If the annual surface land lease rental payment, for any reason, ~~is not paid by the bank on which it is drawn fails to clear after five p.m. central standard time~~ the close of business on the last business day of January of the surface land lease year in which it is due, the surface land lease automatically terminates and the commissioner may designate the lessee ineligible to bid at subsequent surface land lease auctions for the remainder of the current calendar year ~~plus and a minimum of three additional full calendar years thereafter~~.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-04-01, 15-07-20, 54-30-17.1

85-04-01-03. Assignment and use by a third party.

1. A surface land lease or any part thereof may not be assigned, nor may the lessee allow the surface land leased premises or any part thereof to be used in any manner by anyone other than the lessee without the written consent of the commissioner. A grazing permit issued by a grazing association to a member-permittee is authorized.
2. A lessee may request an assignment of a surface land lease from the department. The commissioner shall approve or deny an assignment based on the best interests of the trusts. The following assignments may be approved:
 - a. An assignment without restriction to a close relative including the spouse, father, mother, son, daughter, brother, or sister for the same terms and conditions as the original surface land lease.
 - b. ~~An assignment of less than the full surface land lease term to a third party if the lessee is temporarily out of the livestock business or unable to properly stock the surface land leased premises. Being temporarily out of the livestock business means no longer owning or leasing the livestock and personally providing for their day to day care, with the intent to return to the livestock business within two years or less. The assignment must be for two years or less. The rent payable by the assignee must be at a rate consistent with the current year's fair market value minimum rent or the current surface land lease price, whichever is greater.~~
 - e b. An assignment to a third party with the surface land lease expiring at the end of the current surface land lease year. The rent payable by the assignee must be at a rate consistent with the current year's fair market value minimum rent or the current surface land lease price, whichever is greater.
3. A lessee may request to add one or more additional lessees to a surface land lease. All such additional lessees shall be bound by the full terms and conditions of the surface land lease.
4. A lessee may request to remove one or more lessees from a surface land lease. The removal of any lessee must be approved in writing by all current lessees named on the lease.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-04-01, 15-07-20, 54-30-17.1

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85-04-01-08. Surface land lease termination.

1. Failure to comply with the surface land lease terms, board rules, and board policies, and or applicable laws (except as otherwise stated in this chapter) may result in surface land lease termination by the commissioner. ~~Before a surface land lease is terminated, the department personally shall serve the lessee with the notice of intent to terminate the surface land lease specifying the reason for termination.~~
2. ~~A lessee may file with the department a written request for waiver of the notice of intent to terminate the surface land lease, which must include a statement of the specific grounds for the request. A request must be filed with the department within ten business days after service on the lessee of the notice of intent to terminate the surface land lease. A request for a waiver is deemed filed when personally delivered to or when received by the department. The commissioner may:~~
 - ~~a. Waive any breach except those terms required under applicable laws; or the commissioner may~~
 - ~~b. Allow the lessee time to cure the breach; or~~
 - ~~c. Terminate the surface land lease.~~
3. ~~Not less than ten business days after the notice of intent to terminate the surface land lease is served on the lessee, the commissioner may terminate the surface land lease. Surface land lease termination is effective upon actual delivery of a notice of termination by the department. The notice of termination of the surface land lease must be served personally, by mail requiring a signed receipt, or by overnight courier or delivery service requiring a signed receipt. Failure to accept mail requiring a signed receipt constitutes service. Termination of the surface land lease does not release the lessee from liability for any sum due the board or from any damages due.~~
3. The procedure to terminate a surface land lease is as follows:
 - a. The department shall provide notice of intent to terminate the surface land lease with specific reasons for termination by certified mail to the lessee's last known address on file with the department.
 - b. A lessee may file with the department a written request for review of the intent to terminate the surface land lease. The request for review must:
 - (1) Be received by the department within fifteen business days after service of notice to the lessee; and
 - (2) Include a statement for reason of review.
 - c. The commissioner may terminate a surface land lease no earlier than fifteen business days after the date of notice of intent to terminate the surface land lease.
 - (1) A notice of termination of a surface land lease must be sent by certified mail requiring a signed receipt, or by overnight courier or delivery service requiring a signed receipt.
 - (2) Termination of a construction aggregate lease is effective upon the date of notice of termination.
4. Termination of the surface land lease does not release the lessee from liability for any sum due amounts or damages owed to the board.

- 4 5. When a surface land lease is terminated, the commissioner may deem the former lessee ineligible to bid at a surface land lease auction administered by the department for a minimum of the remainder of the current calendar year plus and a minimum of three additional full calendar years thereafter.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-04-01, 15-07-20, 15-07-21, 54-30-17.1

85-04-01-09. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-07-20, 28-32-02

Law Implemented: NDCC 15-04-01, 15-07-20, 54-30-17.1

85-04-01-10. Weed and Pest Cost-share on surface land leased premises.

The lessee is responsible for noxious weed and invasive species and pest control on the surface land leased premises. The department may participate in weed and pest cost-share reimbursement, as follows:

1. Payments for state-listed noxious weed control costs;
2. Payments for county-listed noxious weed control costs; or
3. Payments for other invasive species and pests as allowed by the department.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24

85-04-01-11. Weed and Pest Cost-share application.

A lessee shall may submit a request for weed or pest cost-share. The request must be submitted using the electronic cost-share application available on the department's website or a paper application provided upon request. A lessee shall provide all information specifically required by the application and any supplemental information requested by the department. The amount of the cost-share must be determined by the department consistent with the department's cost-share policy.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24

85-04-01-12. Weed and Pest Cost-share on cropland.

Noxious weeds and invasive species on cropland are not eligible for cost-share.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24

85-04-01-13. Weed and Pest Cost-share payments.

Cost-share payments may be made ~~upon receipt of an invoice~~ for allowable expenses related to weed and pest control.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24

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ARTICLE 85-04
SURFACE LAND MANAGEMENT

Chapter

85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-02
CONSTRUCTION AGGREGATE

Section

85-04-02-01	Application
85-04-02-02	Construction Aggregate Lease Term
85-04-02-03	Commissioner Authorization
85-04-02-04	Notice of Construction Aggregate Leasing
85-04-02-05	Auctioned Construction Aggregate Leases
85-04-02-06	Use of Construction Aggregate Leased Premises
85-04-02-07	Advance Royalties
85-04-02-08	Royalties
85-04-02-09	Testing
85-04-02-10	Mining and Reclamation Plan
85-04-02-11	Bond
85-04-02-12	Theft of Construction Aggregate
85-04-02-13	Records and Inspections
85-04-02-14	Construction Aggregate Mining Operations
85-04-02-15	<u>Reserved Rights and Termination of a Construction Aggregate Lease</u>
85-04-02-16	Board Review
85-04-02-17	Surrender by Lessee
85-04-02-18	Conditions on Expiration, Termination, or Surrender
85-04-02-19	Surface Owner Consent
85-04-02-20	Surface Lessee Protection
85-04-02-21	Protection of Cultural Resources
<u>85-04-02-22</u>	<u>Assignment of Construction Aggregate Lease</u>
<u>85-04-02-23</u>	<u>Reserved Rights</u>

85-04-02-01. Application.

An applicant shall submit a request for a construction aggregate lease, amendment, assignment, or extension using the electronic application available on the department's website or a paper application provided upon request. ~~The application must clearly state whether the request is for a construction aggregate lease, amendment, assignment, or extension. An application submitted on any other form may not be accepted.~~

1. An application fee may be charged as determined by the board. ~~Each application and construction aggregate lease is limited to a maximum of one hundred sixty contiguous acres [64.75 contiguous~~

hectares] of like net construction aggregate interest. An application must be made as follows:

2. An application is deemed filed and complete when the department receives the application, the application fee if applicable, and any supplemental information requested by the department.
3. An application for a construction aggregate lease must:
 - 1 a. ~~Construction aggregate lease. An applicant shall provide all information required by the application and any supplemental information requested by the department. An application must designate the type of construction aggregate desired. An application is deemed filed and complete when the department receives an application, the application fee, and any supplemental information requested by the department~~ Designate the type of construction aggregate desired; and
 - b. Provide all information required by the application and any supplemental information requested by the department.
- 2 4. ~~Amendment. A lessee may submit a request for an amendment to a construction aggregate lease for a specific purpose. If the request for an amendment is granted, the department shall mail the amendment to the applicant for signature.~~
- 3 5. ~~Assignment. A construction aggregate lease may be assigned upon prior written consent of the commissioner. Assignments must be granted by the commissioner through written notification to both the assignor and assignee. The commissioner may refuse to assign a construction aggregate lease for good cause. The assignor remains responsible for compliance of all construction aggregate lease terms and this chapter until the assignment is approved by the commissioner. Upon approval, the assignee is responsible for compliance with all construction aggregate lease terms and this chapter. If the request for an assignment is granted, the department shall mail the assignment to the applicant for signature.~~
- 4 6. ~~Extension.~~
 - a. ~~A lessee may submit a request~~ an application ~~for an extension of a construction aggregate lease for up to an additional five-year term to be granted at the discretion of the commissioner.~~
 - b. ~~The department may adjust the royalty rate if an additional term is granted. If the request for a construction aggregate lease extension is granted, the department shall mail the construction aggregate lease extension to the applicant for signature.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-02. Construction aggregate lease term.

1. A construction aggregate lease term may not exceed five years.
2. When the lessee is a state agency or a political subdivision:
 - a. ~~Lease term of one year or less; the royalty rate must be a fixed for a construction aggregate lease term of one year or less~~ amount based on fair market value.
 - b. ~~For a construction aggregate Lease term greater than one year; the royalty rate must be based on fair market value. The department may include~~ an annual adjustment based on the current fair market value.

3. When the lessee is a private entity ~~requesting less than five thousand cubic yards [3822.77 cubic meters] of construction aggregate, the term of the construction aggregate lease must be for one year or less:~~
 - a. For leases with a term of one year or less:
 - (1) The royalty rate must be a fixed amount based on fair market value; and
 - (2) The lease must be for less than five thousand cubic yards [3822.77 cubic meters] of construction aggregate.
 - b. For leases with a term greater than one year:
 - (1) The lease shall be offered at public auction; and
 - (2) The royalty rate must be based on fair market value. The department may include an annual adjustment based on the current fair market value.
4. ~~A construction aggregate lease to any entity other than a state agency or a political subdivision for a term greater than one year must be offered at public auction.~~
- 5 4. When construction aggregate is requested for an emergency, the term of the construction aggregate lease may not exceed one year.
5. Each construction aggregate lease is limited to a maximum of one hundred sixty contiguous acres [64.75 contiguous hectares] of like net construction aggregate interest.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

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85-04-02-04. Notice of construction aggregate leasing.

Upon receipt of an application for a construction aggregate lease and a determination that the application covers a tract the commissioner is willing to lease, the department shall post on the department's website a notice of the application for construction aggregate lease, any supporting documentation, and instructions for submitting public comments. Comments must be received by the department no later than five p.m. central standard time fourteen days after posting the notice of the application for a construction aggregate lease to be considered. All comments must be in writing and contain the following:

1. Name and address of the interested person;
2. ~~Applicant's name and address;~~
- 3 2. The legal description of the proposed construction aggregate leased premises as shown on the published notice; and
- 4 3. A detailed statement as to whether the interested person supports or opposes the issuance of the construction aggregate lease.

~~Those comments must be brought to the board along with the department's recommendations.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-05. Auctioned construction aggregate leases.

1. Notice of an auction must be published in the official newspaper of the county where the proposed construction aggregate leased premises is located and in the Bismarck Tribune.
2. The notice must be published once at least ten days prior to the day of the auction.
3. The notice must contain the legal description of the proposed construction aggregate leased premises, the construction aggregate lease term, and the time and place where the auction will be held. ~~Bidding must be on a royalty per yard basis. Immediately after the bidding session, comments as to whether a construction aggregate lease should be issued can be presented to the department.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02 15-05-18

Law Implemented: NDCC 15-05-18

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85-04-02-07. Advance royalties.

1. As consideration for a construction aggregate lease with a term greater than one year, the lessee shall pay on the date a construction aggregate lease is issued an advance on the yearly royalty, as determined by the commissioner, but not less than one thousand dollars.
 - a. The advance payment is due each year in which the construction aggregate lease is in force ~~and is due prior to the construction aggregate lease anniversary date.~~
 - b. The advance payment may be credited against construction aggregate mined during the term of the construction aggregate lease. Advance royalty payments for which a credit is not claimed must be forfeited.
 - c. The commissioner may adjust the advance royalty payment amount. ~~Any adjustment takes effect on the anniversary date of the construction aggregate lease following notice to lessee.~~
2. The commissioner may require an advance royalty deposit for a construction aggregate lease with a term of one year or less. The deposit must be credited against construction aggregate mined during the term of the construction aggregate lease.
3. If payment is not timely received, a notice of intent to terminate the construction aggregate lease must be issued by the department.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-08. Royalties.

1. Royalties must be received by the department by five p.m. central standard prevailing time on the last business day of the calendar ~~month~~ year following sale, utilization, stockpiling, or removal from the construction aggregate leased premises of the construction aggregate mined.
2. ~~If payment is not timely received, a notice of intent to terminate the construction aggregate lease must be issued.~~ Royalties must be paid in full on any stockpiled construction aggregate remaining

on the construction aggregate leased premises ninety days prior to the expiration of the construction aggregate lease.

3. The commissioner may terminate a construction aggregate lease if payment is not received in accordance with this section.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-09. Testing.

The department may require a lessee to conduct drilling tests on the construction aggregate leased premises prior to mining. The commissioner may terminate a lease for failure to conduct test drilling when required or failure to furnish the required information. If testing is required,;

1. Sufficient test holes must be drilled to outline the boundaries, thickness, and depth of the construction aggregate deposit and estimate the quality, quantity, and type of construction aggregate located on the ~~construction aggregate~~ leased premises.
2. The lessee shall furnish the department a map of the ~~construction aggregate~~ leased premises showing the boundaries of the construction aggregate deposit and furnish the department a written report estimating the thickness, depth, quality, quantity, and type of construction aggregate.
3. All test holes must be reclaimed to the satisfaction of the department at the conclusion of testing. ~~Failure to conduct test drilling when required or failure to furnish the required information must result in a notice of intent to terminate the construction aggregate lease being issued.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-10. Mining and reclamation plan.

1. Prior to issuance of a construction aggregate lease, the department, in consultation with the lessee, will develop a mining and reclamation plan for the commissioner's approval. Mining must not begin on the construction aggregate leased premises until the mining and reclamation plan is approved by the commissioner and a lease is issued.
2. The intent of the reclamation plan is to reclaim the construction aggregate leased premises to its previous potential use and productivity.
3. The commissioner may terminate the construction aggregate lease if the lessee fails to comply with the reclamation plan. The reclamation plan may be modified by the commissioner and the lessee shall comply with any modifications to the plan. In the event the lessee does not comply with the modified reclamation plan, the construction aggregate lease may be terminated.
- 3 4. The reclamation plan must:
 - a. ~~indicate the location of~~ Include details describing the construction aggregate mining operation in relation to the construction aggregate deposit and a plan for ~~the~~ reclamation once after the construction aggregate has been removed. ~~The reclamation plan must~~
 - b. Include the leveling of the disturbed surface at the close of the construction aggregate mining operations to as close to its original contour as is reasonably possible taking into consideration the amount of construction aggregate removed,;

- c. Include details for the preservation and respreading of topsoil, and the revegetation of the surface with appropriate flora.
- 4 5. Special reclamation plans for the propagation of wildlife habitat, the creation of a nature preserve, or other alternate land use may be required by the commissioner, provided the costs of such reclamation do not unreasonably increase the cost of reclamation.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-11. Bond.

1. ~~Payment of all royalties and reclamation of any portion of the construction aggregate leased premises disturbed by the lessee is the responsibility of the lessee.~~ To assure payment of royalties and satisfactory reclamation, the lessee must shall obtain and retain in force a surety bond, in an amount determined by the commissioner.
2. ~~The lessee, in lieu of a surety bond, may file another form of security subject to the commissioner's approval.~~
1. Upon written request, the commissioner may waive the bonding requirement for a political subdivision or other state agency.
2. Bond Amount:
 - 3 a. The commissioner shall set the initial surety bond amount at a minimum of five thousand dollars per acre for the initial mine disturbed area, with no initial surety bond amount being less than ten thousand dollars.
 - 4 b. The commissioner may adjust the amount of the surety bond annually, with the adjustment based on the estimated cost to reclaim the remaining disturbed site and the amount of stockpiled construction aggregate. If the commissioner determines an additional surety bond or other security is required, the lessee shall submit the additional surety bond or other security within thirty days after request by the commissioner as required by this section.
3. The lessee, in lieu of a surety bond, may file another form of security subject to the commissioner's approval.
- 5 4. The lessee may submit a written request for a full or partial release of the surety bond to the commissioner. At the commissioner's discretion, the surety bond may be released in whole or in part.
- 6 5. Upon the payment of all outstanding royalties and satisfactory completion of the reclamation, the commissioner shall release the surety bond. The lessee may forfeit the surety bond may be forfeited to pay outstanding royalties or to complete reclamation. The commissioner shall give final approval of the reclamation before the surety bond is released. ~~The forfeiture of the surety bond by the lessee does not release the lessee of the duty and responsibility to reclaim the construction aggregate leased premises.~~
7. ~~Upon written request, the commissioner may waive the bonding requirement for a political subdivision or other state agency.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-14. Construction aggregate mining operations.

The lessee shall conduct construction aggregate mining operations in a good and ~~workmanlike~~ professional manner and in accordance with the construction aggregate lease terms, board rules and policies, and applicable laws, ~~and a construction aggregate lease may be terminated by the lessor for a failure to comply.~~ The lessee shall take reasonable steps to prevent construction aggregate mining operations from unnecessarily causing or increasing soil erosion or drainage and damage to crops, pasture, or trees.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC ~~15-01-02~~, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-15. ~~Reserved rights and~~ Termination of a Construction Aggregate Lease.

1. Failure to comply with construction aggregate lease terms, board rules, and board policies, and or applicable laws may result in construction aggregate lease termination by the commissioner. ~~Before a construction aggregate lease is terminated, the department personally shall serve the lessee with the notice of intent to terminate construction aggregate lease specifying the reason for termination.~~ The commissioner may:
 - a. Waive any breach except those terms required under applicable law;
 - b. Allow the lessee time to cure the breach; or
 - c. Terminate the construction aggregate lease.
2. The procedure to terminate a construction aggregate lease is as follows:
 - a. The department shall provide notice of intent to terminate the construction aggregate lease with specific reasons for termination by certified mail to the lessee's last known address on file with the department.
 - 2 b. The lessee may file with the department a written request for waiver review of the notice of intent to terminate the construction aggregate lease, ~~which must include a statement of the specific grounds for the request. A request must be filed with the department within ten business days after service on the lessee of the notice of intent to terminate the construction aggregate lease. A request for a written waiver is deemed filed when personally delivered to or when received by the department. The commissioner may waive any breach except a breach in violation of applicable laws, or the commissioner may allow the lessee time to cure the breach. The request for review must:~~
 - (1) Be received by the department within fifteen business days of the date of notice; and
 - (2) Include a statement of reason why review is warranted.
 - c. The commissioner may terminate a construction aggregate lease no earlier than fifteen business days after the date of notice of intent to terminate the construction aggregate lease.
 - (1) A notice of termination of a construction aggregate lease must be sent by certified mail requiring a signed receipt, or by overnight courier or delivery service requiring a signed receipt.

(2) Termination of a construction aggregate lease is effective upon the date of notice of termination.

3. Termination does not release the lessee from liability for royalty owed to the board, damages resulting from a breach of a construction aggregate lease term, or to reclaim the construction aggregate leased premises.
- ~~3. The board reserves the right to use, rent, lease, sell, or encumber the construction aggregate leased premises and reserves all historical, archaeological, and paleontological materials on or beneath the surface of the construction aggregate leased premises. Leases for the production of coal, oil and gas, uranium, potash, or other valuable minerals have priority over any lease for the mining of construction aggregate.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-16. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-17. Surrender by lessee.

The lessee may surrender a construction aggregate lease upon payment of all outstanding royalties and other debts owed the board. Surrender of a construction aggregate lease does not release the lessee from its responsibility to reclaim the construction aggregate leased premises in accordance with these rules and terms of the construction aggregate lease.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-18. Conditions on expiration, termination, or surrender.

At the expiration, termination, or surrender of a construction aggregate lease and, upon the completion of reclamation, unless otherwise waived, the lessee shall remove its property from the construction aggregate leased premises within one hundred twenty days from the date of expiration, termination, surrender, or the date reclamation is completed. The lessee is liable to the board for the costs of removal of any property remaining on the construction aggregate leased premises after the deadline for removal. If the lessee does not remove all stockpiled construction aggregate from the construction aggregate leased premises by the construction aggregate lease expiration, termination, or surrender date, it is considered abandoned and becomes the property of the board unless otherwise approved in writing by the commissioner.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

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85-04-02-20. Surface lessee protection.

Where the surface of the construction aggregate leased premises is managed or owned by the board and is leased to a person other than the construction aggregate lessee, the construction aggregate lessee shall restore all fences and other improvements that have been damaged, moved, or removed as a result of construction aggregate mining operations and shall further compensate the surface lessee for any damage to or loss of other improvements owned by the surface lessee.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18

85-04-02-21. Protection of cultural resources.

1. If any historical, archaeological, paleontological, or other cultural artifacts, vestiges, or remains are found prior to, during, or after any exploration, testing, production, mining, or reclamation operations on the construction aggregate leased premises, ~~the director of the state historical board and the commissioner must be notified immediately and the lessee shall:~~
 - a. Immediately notify the commissioner and the state historical society.
 - b. Protect the site and the materials must be protected by the lessee from further disturbance until a professional examination can be made or until some other form of clearance to proceed is authorized by the commissioner. Upon written request, the commissioner may grant an extension of the construction aggregate lease term for delays in operations caused by the requirements of this section.
2. If no further disturbance is allowed, the construction aggregate lease may be terminated and ~~the lessor shall refund to the lessee any advance royalties not already credited or forfeited as provided in this chapter.~~
3. The department and the ~~director of the state historical board~~ society may inspect the construction aggregate leased premises at all times to determine compliance with this section.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18, 55-02-07

85-04-02-22. Assignment of Construction Aggregate Lease.

1. The commissioner may refuse to consent to the assignment of a construction aggregate lease for good cause.
2. The assignor remains responsible for compliance of all construction aggregate lease terms, board rules and policies, and applicable laws until the assignment is approved by the commissioner.

History: Effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18, 55-02-07

85-04-02-23. Reserved Rights.

The board reserves the right to use, rent, lease, sell, or encumber the construction aggregate leased premises and reserves all historical, archaeological, and paleontological materials on or beneath the surface of the construction aggregate leased premises. Leases issued by the board for the production of coal, oil, gas, uranium, potash, or other minerals have priority over any lease for the mining of construction aggregate.

History: Effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-18

Law Implemented: NDCC 15-05-18, 55-02-07

ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-03 PERMANENT IMPROVEMENTS

Section	
85-04-03-01	Permanent and Nonpermanent Improvements
85-04-03-02	Application
85-04-03-03	Rent Credit, Cost-Share, and Depreciation
85-04-03-04	General Standards for a Permit for a Permanent Improvement
85-04-03-05	Issuance of a Permit for Permanent Improvement

85-04-03-01. Permanent and nonpermanent improvements.

1. Permanent improvements may not be placed on, removed from, or applied to any surface land leased premises without the written consent of the commissioner.
2. Permanent improvements placed on or implemented on any surface land leased premises are the property of the state of North Dakota.
- 2 3. A lessee may place nonpermanent improvements on any surface land leased premises without written consent of the commissioner.
4. Upon expiration or termination of the surface land lease;
 - a. The lessee may remove the nonpermanent improvements within one hundred twenty days after the surface land lease expires or is terminated.
 - b. The commissioner may, upon written request from the lessee before the end of the one-hundred-twenty-day period and for good cause, extend the period of time for removing nonpermanent improvements.
 - c. Any nonpermanent improvements not removed within one hundred twenty days become the property of the next lessee unless the Commissioner deems the nonpermanent improvements to be a hinderance to the surface land leased premises.
 - (1) Any nonpermanent improvements deemed to be a hinderance must be removed by the responsible party within 120 days after delivery of written notification from the department ~~The commissioner, upon written application from the lessee before the end of the one hundred twenty day period, for good cause, may extend the period of time for removing nonpermanent improvements.~~

(2) If hinderances are not removed within 120 days, the department may remove the hinderance and require the responsible party to pay for the cost.

5. A lessee shall be responsible for any damage or improvements that remain on the leased premises and are deemed a hinderance by the commissioner.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-08-26

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85-04-03-03. Rent credit, cost-share, and depreciation.

1. Rent credits, cost-share, and depreciation of project costs may be authorized at the sole discretion of the commissioner.
2. Rent credits or cost-share may not exceed the approved maximum project cost as determined by the commissioner or the actual project cost, less reimbursements from non-department sources, whichever is lower.
3. The commissioner may depreciate project costs less reimbursements to the lessee from non-department sources and rent credits or cost-share from the department for a period not to exceed ten years.
4. Any unexpired depreciation amount must be available from the department before the surface land lease auction and must be announced at the surface land lease auction.
5. If the former lessee is not the successful bidder at auction, the new lessee is required to compensate the former lessee for the undepreciated amount and the department shall continue to depreciate through the original depreciation term. The commissioner may cancel any undepreciated cost of constructing a permanent improvement if the lessee fails to offer the minimum bid for the land and the land is not leased at the next auction at which the land is offered, or if the lessee fails to comply with the conditions of the surface land lease.
- ~~5. No rent credits, cost-share, or depreciation for livestock water developments are allowed on surface land leased premises that receive an up-front livestock water deduction in determining the minimum bid for public auction.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-04-24, 15-08-26

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85-04-03-05. Issuance of a permit for permanent improvement.

The commissioner may determine whether to issue a permit for the construction of a permanent improvement and ~~to determine~~ the maximum project cost, rent credit, cost-share, and depreciation

amounts. The commissioner may impose such terms on a permit as the commissioner deems necessary. A permit must be issued prior to site preparation or construction.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-08-26

ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
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CHAPTER 85-04-04 ENCUMBRANCES OF TRUST LANDS

Section	
85-04-04-01	Application
85-04-04-02	Surveying and Planning Permit Requirements
85-04-04-03	General Standards for an Encumbrance
85-04-04-04	Issuance of an Encumbrance
85-04-04-05	Right of Entry <u>and Inspection</u>
85-04-04-06	Expiration of an Encumbrance
85-04-04-07	<u>Assignment of an Encumbrance</u>
85-04-04-08	<u>Full or Partial Release of an Encumbrance</u>

85-04-04-01. Application.

An applicant shall submit a request for an encumbrance, amendment, ~~assignment~~ consent to assign, extension, or renewal using the electronic application form available on the department's website or a paper application provided upon request. ~~The application must clearly state whether the request is for an encumbrance, amendment, assignment, extension, or renewal.~~ An application submitted on any other form will not be accepted. ~~An application fee may be charged as determined by the board. An application must be made as follows:~~

1. An application must be submitted for the following:

- ~~1 a. Encumbrance. An applicant shall provide all information required by the application form and any supplemental information requested by the department. An application is deemed filed and complete when the department receives an application form, the application fee, and any supplemental information requested by the department.~~
- ~~2 b. Amendment to an encumbrance. An applicant may request an amendment to an encumbrance for a specific purpose, including a request to change the site location or route of a previously issued encumbrance. If the request for an amendment is granted, the department will mail the amendment to the applicant for signature.~~
- ~~3 c. Consent to Assignment of an encumbrance. An encumbrance may not be assigned unless specifically authorized by the terms of the encumbrance or upon written consent of the commissioner. An assignment must be granted by the commissioner through written notification to both the assignor and assignee. The commissioner may refuse to~~

~~assign an encumbrance for good cause. The assignor remains responsible for compliance with all terms of the encumbrance and this chapter until the assignment is approved by the commissioner. If the commissioner's approval is not required, the assignor is responsible for compliance with all terms of the encumbrance and this chapter until the department is notified of the assignment. Upon approval or notification, the assignee shall be responsible for compliance with all terms of the encumbrance and this chapter. If the request for an assignment is granted, the department shall mail the assignment to the applicant for signature.~~

4 d. Extension or renewal of an encumbrance. ~~An applicant may request an extension or renewal of an encumbrance for an additional term. Additional compensation may be requested by the department. If the request for an extension or renewal is granted, the department shall notify the applicant.~~

e. Full or partial release of an encumbrance.

2. An application must state a specific purpose for which it is being submitted.

3. An application is deemed filed and complete when the department receives an application form, the application fee, and any supplemental information requested by the department.

4. An application for a consent to assign an encumbrance must be received by the department prior to execution of an assignment between applicable parties.

5. An application fee may be charged as determined by the board.

6. Compensation may be requested by the department.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-05-01

85-04-04-02. Surveying and planning permit requirements.

1. Prior to accessing trust lands to conduct any surveys, including general surveys, metes-and-bounds, centerline, cadastral, ocular reconnaissance cultural resource surveys, and habitat or wetland delineations, ~~an applicant shall obtain a surveying and planning permit from the department. The applicant shall complete an electronic application available on the department's website or a paper application provided upon request. An application is deemed filed and complete when the department receives an application form, the application fee, and any supplemental information requested by the department. the following criteria must be met:~~

a. An application for an encumbrance for which the survey is being conducted has been filed with the department; and

b. Any person or entity conducting survey work on behalf of the applicant shall obtain a surveying and planning permit from the department.

2. ~~Upon issuance of the surveying and planning permit to the applicant, access to trust lands under the permit is only permissible if a third party applicant has filed an application for an encumbrance. The surface tenant must be notified by the third party applicant of the required access to trust lands at least one calendar week prior to the date of access. The person or entity conducting the survey shall provide notice to the surface tenant of the need for access to trust lands for survey purposes no later than seven calendar days before the scheduled access date.~~

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

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85-04-04-04. Issuance of an encumbrance.

1. The commissioner may approve and issue an encumbrance on the board's behalf in accordance with this chapter.
2. ~~If an application does not comply with this chapter, or if the commissioner determines board review is desirable, the application may be brought before the board for its consideration. An encumbrance shall not be approved or issued until all required payments and information is received by the department.~~
3. ~~The commissioner may impose such terms as deemed necessary. An encumbrance must be issued prior to site preparation or construction, except for surveying in accordance with a granted surveying and planning permit.~~
4. The commissioner may impose such terms to an encumbrance as the commissioner deems necessary.
5. If an application does not comply with this chapter, or if the commissioner determines board review is desirable, the commissioner may bring the application to the board for consideration.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-05. Right of entry and inspection.

The department may enter the land at any time without notification for the purpose of inspecting the land, activity, or construction.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-06. Expiration of an encumbrance.

1. Unless otherwise stated in the encumbrance, the encumbrance expires two years from the date of issuance if the activity or construction is not fully completed on trust lands in accordance with the terms of the encumbrance.
2. An encumbrance automatically terminates without notice at the end of its term or for failure to complete an activity or construction.
3. Prior to the expiration of the encumbrance, the holder may apply for an amendment or extension in accordance with this chapter.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

85-04-04-07. Assignment of an Encumbrance.

An encumbrance may not be assigned unless specifically authorized by the terms of the encumbrance or upon written consent of the commissioner.

1. Specifically authorized by the terms of the encumbrance.
 - a. The assignor is responsible for compliance with all terms of the encumbrance, this chapter, and applicable laws until the department is notified of the assignment.
 - b. Upon notification, the assignee shall be responsible for compliance with all terms of the encumbrance, this chapter, and applicable law.
2. Upon written consent of the commissioner.
 - a. A consent to assignment shall not be deemed valid unless provided in writing by the commissioner.
 - b. The assignor remains responsible for compliance with all terms of the encumbrance and this chapter until consent to the assignment is provided by the commissioner. Upon approval, the assignee shall be responsible for compliance with all terms of the encumbrance, this chapter, and applicable law.

History: Effective _____, 2026.

General Authority: NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-01-02, 15-02-05, 15-05-01

ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
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85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-06 LAND EXCHANGE

Section	
85-04-06-01	Approval of Land Exchange
85-04-06-02	Criteria for Land Exchange
85-04-06-03	Application for Land Exchange
85-04-06-04	Evaluation of Application
85-04-06-05	Comments and Notice
85-04-06-06	Exchange Report
85-04-06-07	Board Authorization

85-04-06-01. Approval of land exchange.

The board may approve an exchange of trust lands which it determines is in the best interests of the trusts and complies with current law. Under North Dakota Century Code section 15-06-01, any land received under an exchange of original grant land maintains its status as "original grant lands".

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: N.D. Constitution article IX, § 6; NDCC 15-06-01, 15-06-19.1

85-04-06-02. Criteria for land exchange.

The department shall consider the criteria listed below in any land exchange. Land exchanges are not required to satisfy all criteria outlined below. Criteria will be considered in a cumulative manner and meeting certain criteria may not guarantee approval.

1. Equal or greater value. A land exchange must result in the board receiving equal or greater asset value to the trusts.
 - a. ~~In connection with any exchange the department may use information, provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment. The commissioner shall procure appraisals, completed by a certified appraiser, to determine the value of the trust lands and the proposed exchange land. The same appraiser shall conduct appraisals of the trust lands to be exchanged and the proposed exchange land. In the event the commissioner is not satisfied with the~~

~~appraisals, the commissioner may require additional appraisals by alternative certified appraisers.~~

- ~~b. The department shall advise the appraiser regarding the scope of work to ensure the value of the trust lands to be exchanged is determined by the highest and best use of the land, not simply the present use. For example, if an exchange is proposed in which the trust lands to be exchanged are currently leased for grassland but the land is in the path of residential, commercial, or industrial development, the trust lands to be exchanged must be appraised for the highest and best use for residential, commercial, or industrial development rather than its current use as grassland.~~
- ~~a. Any appraisals considered by the department must include appraised values for both the trust lands highest and best use as well as the current use.~~
- ~~e b. The department shall may consider features not reflected in the market price which are difficult to assign a monetary value, including location, proximity to public lands, recreational opportunities, scenery, other amenities, and results of cultural resources inventories in evaluating the relative value of trust lands to be exchanged.~~
2. Equal or greater income to the trusts. A land exchange must result in the board receiving equal or greater income to the trusts. The projected agricultural income for the proposed exchange land will be estimated using the board's minimum lease rate. The minimum lease rate for the proposed exchange land will be compared to the present income received by the trusts from the trust lands to be exchanged, including all current and potential future revenue streams from surface leases, encumbrances, development of natural resources, and other sources, and any tax liability.
3. Acreage. Land exchanges should result in the board receiving equal or greater acreage. The board, however, may consider receiving less acreage in return for ~~substantially higher value or income, or both~~ one or more of the following:
 - a. Improved dedicated access;
 - b. Substantially higher value in relation to the amount of acres lost; or
 - c. Substantially higher income in relation to the amount of acres lost.
4. Consolidation of trust lands. The proposed land exchange must not fragment trust land holdings by creating isolated parcels of trust land. ~~In all exchanges, the board shall reserve all minerals underlying the trust lands to be exchanged pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.~~
5. Potential for long-term appreciation increase in income and value. The proposed exchange land must have similar ~~revenue~~ or greater income and value potential as than the trust lands to be exchanged.
6. Access. A land exchange must not diminish access to trust lands. Accessible trust lands should be exchanged with lands that offer equal or improved access.
7. In connection with any exchange of trust land, the department may consider all available information, including information provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment.
8. In all exchanges, the board shall reserve all minerals underlying the trust lands to be exchanged pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02
Law Implemented: NDCC 15-06-19.1, 15-06-22, 15-07-02

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85-04-06-04. Evaluation of application.

The department shall evaluate the application and may request the applicant provide additional information. After the department's evaluation:

1. The commissioner may reject an application:
 - a. If the application does not meet the requirements of subsections 1 and 2 of section 85-04-06-02; or
 - b. If the application fails to comply with North Dakota law.
2. If the commissioner determines an application meets the requirements of section 85-04-06-02, the commissioner shall present the application to the board to determine if the application reflects a tract the board is willing to exchange.
3. If the land is leased, the commissioner shall notify the lessee of the intent to exchange the property.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1

85-04-06-05. Comments and notice.

1. ~~Upon receipt of an application for land exchange and a determination by the board that~~ If the board determines the application covers a tract of land the board is willing to exchange, the department shall:
 - a. Post on the department's website a notice of the application for land exchange, any supporting documentation, and instructions for submitting public comments.
 - b. ~~The department also shall~~ publish notice of an application for land exchange in the official newspaper of the county where the proposed exchange land and proposed trust lands to be exchanged are located and in the Bismarck Tribune. The notice must:
 - (1) Be published once each week for three consecutive weeks prior to the deadline for comments; and
 - (2) ~~The notice must~~ Contain the legal description of the proposed exchange land and proposed trust lands to be exchanged and the deadline for comments. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled comment period if it appears the omission or error is not prejudicial to the department's interest.

2. ~~All comments must be in writing and contain the following:~~

- ~~a. Name and address of the interested person;~~
 - ~~b. Applicant's name and address;~~
 - ~~c. The legal description of the proposed exchange land and proposed trust lands to be exchanged as shown on the published notice; and~~
 - ~~d. A detailed statement as to whether the interested person supports or opposes the proposed land exchange.~~
- c. Solicit public comment regarding the proposed exchange. All comments must be in writing and include the following:
- (1) Name and address of the interested person;
 - (2) The legal description of the proposed tract for exchange as shown on the published notice; and
 - (3) A detailed statement as to whether the interested person supports or opposes the exchange.

- 3 2. The department shall give notice of the proposed exchange to any entity having a property interest in any portion of trust lands involved in the exchange as reflected in the records of the department and if the land is leased, the commissioner shall notify the lessee of the intent to exchange the property during the months of October through January.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1

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85-04-06-07. Board authorization.

~~Upon receipt of the department's exchange report, the board shall consider the specific recommendations of the department and public comments and evaluate the merits of the land exchange. The board shall determine whether further review and public comment are required.~~

~~When a proposed exchange satisfies the exchange criteria, the board may exercise its discretion to suspend further review and disapprove the application as not in the best interests of the trusts.~~

~~Alternatively, the board may direct the commissioner to complete specific tasks relating to the merits of the proposed exchange and report back to the board with findings before proceeding further. When the board is satisfied that the department and applicant have generated all information necessary for its decision, the board shall review and determine whether the proposed exchange is in the best interests of the trusts.~~

~~The commissioner is authorized to complete all documents for the exchange on the board's behalf if the board approves the exchange.~~

The board shall review the exchange report, department recommendations, and public comments and determine whether to proceed with the exchange. The commissioner is authorized to complete all documents for the exchange on the board's behalf if the board approves the exchange. If the land is leased, the commissioner shall notify the lessee within the months of October through January of the intent to exchange the property.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06-19.1

**ARTICLE 85-04
SURFACE LAND MANAGEMENT**

Chapter

85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

**CHAPTER 85-04-07
LAND SALES UNDER NORTH DAKOTA CENTURY CODE CHAPTER 15-06**

Section

85-04-07-01	Sale of Original Grant Lands
85-04-07-02	Requirements of Sale
85-04-07-03	Sale Procedure
85-04-07-04	Payment of Costs
85-04-07-05	Board Review

85-04-07-01. Sale of original grant lands.

The board shall retain and manage original grant lands to produce revenue consistent with the long-term maintenance of the original grant lands' income producing potential and ecological health. The commissioner may propose, ~~or accept letters of application for,~~ the sale of original grant lands after the original grant lands have been evaluated by the commissioner for "highest and best use" as defined in North Dakota Century Code section 15-02-05.1 and the department considers the following criteria:

1. If the tract has been zoned or has high potential to be zoned residential, commercial, ~~or industrial,~~ or similar zoning type;
- ~~2. The tract's potential for mineral development, including sand, gravel, clay, and scoria;~~
- 3 2. If the tract has been a source of persistent management problems, resulting in the sale of the tract being prudent from a long-term financial point of view;
- 4 3. If the tract and adjacent trust land tracts total less than eighty acres [32.37 hectares] in size, more or less, for grassland and less than forty acres [16.19 hectares], more or less, for cropland or hayland, except those tracts which are severed by a highway, road, railroad, canal, river, or lake, which may be sold if the severed portion is less than these amounts; or
- ~~5~~ 4. If the tract and adjacent trust land tracts exceed eighty acres [32.37 hectares] in size, more or less, for grassland or more than forty acres [16.19 hectares] in size, more or less, for cropland.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

85-04-07-02. Requirements of no net loss sale.

Any sale of original grant lands, ~~with the exception of~~ excluding sale of tracts provided listed in subsection 1, 2, or 3 of section 85-04-07-01, is subject to the following:

1. The proposed sale would result in no net loss of leasable original grant lands; and
2. ~~The applicant agrees to~~ land provided as consideration must provide accessible and leasable land equal or greater in acres (unless otherwise provided in this section) and value to the trust from which the original grant lands were sold, for which the department then shall consider the criteria listed below in ~~subsections a through f~~ in for any no net loss sale. Land provided for a no net loss sale is not required to satisfy all six criteria outlined below. Criteria will be considered in a cumulative manner and meeting certain criteria may not guarantee approval.
 - a. Equal or greater value. A no net loss sale must result in the board receiving equal or greater asset value to the trusts. Any appraisals considered by the department must include both the values for the trust lands highest and best use and the current use.
 - (1) ~~In connection with any no net loss sale the department may use information, provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment. The commissioner shall procure appraisals in accordance with North Dakota Century Code sections 15-06-22 and 15-06-23, and shall request additional appraisals be completed by a certified appraiser, to determine the value of the trust lands and the proposed no net loss sale land. The same appraiser shall conduct appraisals of the trust lands and the proposed no net loss sale land. In the event the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.~~
 - (2) ~~The department shall advise the appraiser regarding the scope of work to ensure the value of the trust lands is determined by the highest and best use of the land, not simply the present use. For example, if a no net loss sale is proposed in which the trust lands are currently leased for grassland but the land is in the path of residential, commercial, or industrial development, the trust lands must be appraised for the highest and best use for residential, commercial, or industrial development rather than its current use as grassland.~~
 - (3) ~~b.~~ b. The department shall may consider features not reflected in the market price that are difficult to assign a monetary value, including location, proximity to public lands, recreational opportunities, scenery, other amenities, and results of cultural resources inventories in evaluating the relative value of trust lands.
 - ~~b~~ c. Equal or greater income to the trusts. A no net loss sale must result in the board receiving equal or greater income to the trusts. The projected agricultural income for the proposed no net loss sale land will be estimated using the board's minimum lease rate. The minimum lease rate for the proposed no net loss sale land will be compared to the present income received by the trusts from the trust lands, including all current and potential future revenue streams from surface leases, encumbrances, development of natural resources, and other sources, and any tax liability.
 - ~~e~~ d. Acreage. A no net loss sale should result in the board receiving equal or greater acreage. The board may, however, consider receiving less acreage in return for one or more of the following:

- (1) Improved dedicated access;
 - (2) Substantially higher value in relation to the amount of acres lost; or
 - (3) Substantially higher income in relation to the amount of acres lost.
- d e. Consolidation of trust lands. The proposed no net loss sale must not fragment trust land holdings by creating isolated parcels of trust land. ~~In all no net loss sales, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.~~
 - e f. Potential for long-term ~~appreciation~~ increase in income and value. The proposed no net loss sale land must have similar ~~revenue~~ income and value potential as the trust lands.
 - f g. Access. A no net loss sale must not diminish access to trust lands. The no net loss land should provide equal or improved access.
- 3. ~~Any land acquired pursuant to a sale of original grant lands, subject to no net loss, shall be treated by the board as "original grant lands" In connection with any no net loss sale the department may use any available information, including information provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment.~~
 - 4. In all no net loss sales and subject to applicable law, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

85-04-07-03. No net loss Sale procedure.

- 1. ~~A letter of application for purchase of original grant lands meeting the criteria in section 85-04-07-01 may be accepted at any time. An application must include:~~
 - a. ~~A nonrefundable application fee in an amount set by the board;~~
 - b. ~~A legal description of the trust lands; and~~
 - c. ~~A legal description of the lands to be provided to ensure no net loss.~~~~Upon board approval, a sale of original grant lands must be conducted in accordance with North Dakota Century Code chapter 15-06.~~
- 2. ~~Upon receipt of a letter of application to purchase a tract, the potential sale must be presented to the commissioner for preliminary approval or rejection.~~
- 3. ~~The commissioner may recommend to the board that a tract meeting the criteria of section 85-04-07-01 may be offered for sale even though no letter of application has been received.~~
~~Upon a determination that the application covers a tract the board is willing to sell, the department shall post on the department's website a notice of the application for sale, any supporting documentation, and instructions for submitting public comments. The department also shall publish notice of a letter of application for sale in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune. Notice must be published once each week for three consecutive weeks prior to the deadline for comments. The notice must contain the legal description of the proposed tract and the deadline for comments. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled comment period if it appears the omission or error is not prejudicial to the department's interest. All comments must be in writing and contain the following:~~
 - a. ~~Name and address of the interested person;~~
 - b. ~~Applicant's name and address;~~

- c. The legal description of the proposed tract for sale as shown on the published notice; and
 - d. A detailed statement as to whether the interested person supports or opposes the sale.
- 4. ~~The board shall review all appraisals, any public comments, other relevant information including title examinations, and determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall establish a minimum acceptable sale price.~~
- 5. ~~If the land is leased, the commissioner shall notify the lessee of the intent to sell the property during the months of October through January.~~
- 6. ~~The department shall notify the applicant, if any, of the price set by the board, which must be the minimum acceptable sale price.~~
- 7. ~~The department may contract a legal metes and bounds survey for the tract to be sold at public auction under North Dakota Century Code chapter 15-06.~~
- 8. ~~If the applicant desires to proceed, the applicant shall submit to the department a formal offer to purchase. The formal offer to purchase must serve as the opening bid at the public sale. The applicant shall provide five percent of the minimum sale price as earnest money, as a condition of the formal offer to purchase.~~
- 9. ~~Land must be advertised for sale at public auction under North Dakota Century Code chapter 15-06.~~
- 10. ~~If no bids are received on a tract for which no formal application was received, the tract may be sold for the board established minimum acceptable sale price to the first interested party at a private sale during the six months following the date of the auction.~~
- 11. ~~The sale of any tract under this chapter may be by:~~
 - a. ~~Contract under section 6 of article IX of the Constitution of North Dakota; or~~
 - b. ~~A purchase agreement requiring twenty percent payment of the purchase price on the day of the sale, which may include earnest money paid, and the balance due within sixty calendar days. The balance due date may be extended at the commissioner's discretion, up to a maximum of one hundred eighty days from the date of the sale. Interest must be charged on any remaining balance, beginning sixty days after the date of sale, at the Bank of North Dakota base rate plus one percent.~~
- 1. The department may recommend a tract of land that meets the criteria of section 85-04-07-02 to the commissioner for consideration for a no net loss sale.
- 2. Board Preliminary Review. If the commissioner determines to proceed with the sale, the commissioner shall present to the board the proposed no net loss land sale for preliminary review. Upon a determination that the board is willing to sell, the department shall conduct the following:
 - a. Notify the lessee if the lands are leased.
 - b. Publish a notice of sale, that includes a request for bidders, pursuant North Dakota Century Code chapter 15-06. The notice of sale must contain:
 - (1) the legal description of the proposed trust land tract to be sold;
 - (2) Instructions on how to register to bid; and
 - (3) deadline for bidders to register.
 - c. The department shall procure all appraisals from a certified appraiser for tract(s) to be sold and for lands provided for consideration.
 - (1) Appraisals shall be obtained in accordance with North Dakota Century Code sections 15-06-22 and 15-06-23.
 - (2) Appraisals for trust lands and the proposed no net loss sale land shall be appraised by the same certified appraiser.
 - (3) If the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.
 - d. Solicit public comment regarding the proposed sale. All comments must be in writing and

include the following:

- (1) Name and address of the interested person;
- (2) The legal description of the proposed tract for sale as shown on the published notice; and
- (3) A detailed statement as to whether the interested person supports or opposes the sale.

3. Bidder Registration Process.

a. Bidders shall provide the following:

- (1) A nonrefundable application fee; and
- (2) A legal description of the lands to be provided for consideration.

b. Bidders shall agree to an offer to purchase that contains the following:

- (1) Bidder is subject to all costs associated to the bidder review and sale process, including:
 - (a) Appraisal costs;
 - (b) Title examination; and
 - (c) Legal survey, if deemed necessary by the commissioner.
- (2) Bidder agrees to allow the department and its agents access to the lands offered for consideration or shall procure access on department's behalf.

c. The department shall review the lands proposed by each potential bidder to determine if they meet the criteria under 85-04-07-02.

4. Board Final Review. The board shall review all approved registered bidders including appraisals and land offered for consideration, any public comments, other relevant information including title examinations, and determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall establish a minimum acceptable sale price and the following shall be conducted:

a. If the land is leased, the commissioner shall notify the lessee within the months of October through January of the intent to sell the property.

b. The commissioner shall conduct an auction pursuant to North Dakota Century Code chapter 15-06.

c. A purchase agreement shall be executed with the winning bidder at the closing of the sale. The purchase agreement must require:

- (1) That the purchaser pay twenty (20) percent of the purchase price at the time the purchase agreement is executed; and
- (2) That the purchaser convey the land used as consideration within sixty calendar days after execution of the agreement. The commissioner may extend the deadline to convey, at the commissioner's sole discretion, up to a maximum of one hundred eighty days after execution of the purchase agreement.

d. If no bids are received at auction, the tract may be sold for the board established minimum acceptable sale price to the first interested party at a private no net loss sale during the six months following the date of the auction.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

85-04-07-04. Payment of costs.

The purchaser is responsible for payment of all costs, including appraisals, title examinations, and other costs as may be necessary to complete the sale.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

85-04-07-05. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-06, 15-08

ARTICLE 85-04 SURFACE LAND MANAGEMENT

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

CHAPTER 85-04-08 LAND SALES UNDER NORTH DAKOTA CENTURY CODE CHAPTER 15-07

Section	
85-04-08-01	Sale of Acquired Lands
85-04-08-02	Requirements of Sale
85-04-08-03	Sale Procedure
85-04-08-04	Payment of Costs
85-04-08-05	Board Review

85-04-08-01. Sale of acquired lands.

The board shall retain and manage acquired lands to produce revenue consistent with the long-term maintenance of the acquired lands' income producing potential and ecological health until sold. The commissioner may propose, ~~or accept a letter of application for,~~ the sale of acquired lands if the ~~department has reviewed its potential for mineral development and the acquired~~ lands have been evaluated by the commissioner for "highest and best use" as defined in North Dakota Century Code section 15-02-05.1 and the department considers the following criteria:

1. If a tract is acquired through foreclosure or deed in lieu of foreclosure from the board's loan pool account, established under North Dakota Century Code section 15-03-04.1, after January 1, 2020;
2. If the tract has been zoned or has high potential to be zoned residential, commercial, ~~or industrial~~ or similar zoning type;
3. ~~The tract's potential for mineral development, including sand, gravel, clay, and scoria;~~
- 4 3. If the tract has been a source of persistent management problems, resulting in the sale of the tract being prudent from a long-term financial point of view;
- 5 4. If the tract and adjacent trust land tracts total less than eighty acres [32.37 hectares] in size, more or less, for grassland and less than forty acres [16.19 hectares], more or less, for cropland or hayland, except those tracts which are severed by a highway, road, railroad, canal, river, or lake, which may be sold if the severed portion is less than these amounts; or
- 6 5. If the tract and adjacent trust land tracts exceed eighty acres [32.37 hectares] in size, more or

less, for grassland or more than forty acres [16.19 hectares] in size, more or less, for cropland.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

85-04-08-02. Requirements of no net loss sale.

Any sale of acquired lands, with the exception of tracts provided in subsections 1, 2, 3, and 2 4 of section 85-04-08-01, is subject to the following:

1. The proposed sale would result in no net loss of leasable acquired lands; and
2. ~~The applicant agrees to land provided as consideration must~~ provide accessible and leasable land equal or greater in acres (unless otherwise provided in this section) and value to the trust from which the acquired lands were sold, for which the department then shall consider the criteria listed below ~~in subdivisions a through f in for~~ any no net loss sale. Land provided for a no net loss sale is not required to satisfy all six criteria outlined below. Criteria will be considered in a cumulative manner and meeting certain criteria may not guarantee approval.
 - a. Equal or greater value. A no net loss sale must result in the board receiving equal or greater asset value to the trusts. Any appraisals considered by the department must include appraised values for both the trust lands highest and best use as well as the current use.
 - ~~(1) In connection with any no net loss sale, the department may use consider all available information, including information provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment. The commissioner shall procure appraisals, completed by a certified appraiser, to determine the value of the trust lands and the proposed no net loss sale land. The same appraiser shall conduct appraisals of the trust lands and the proposed no net loss sale land. In the event the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.~~
 - ~~(2) The department shall advise the appraiser regarding the scope of work to ensure the value of the trust lands is determined by the highest and best use of the land, not simply the present use. For example, if a no net loss sale is proposed in which the trust lands are currently leased for grassland but the land is in the path of residential, commercial, or industrial development, the trust lands must be appraised for the highest and best use for residential, commercial, or industrial development rather than its current use as grassland.~~
 - b. The department shall may consider features not reflected in the market price that are difficult to assign a monetary value, including location, proximity to public lands, recreational opportunities, scenery, other amenities, and results of cultural resources inventories in evaluating the relative value of trust lands.
 - c. Equal or greater income to the trusts. A no net loss sale must result in the board receiving equal or greater income to the trusts. The projected agricultural income for the proposed no net loss sale land will be estimated using the board's minimum lease rate. The minimum lease rate for the proposed no net loss sale land will be compared to the present income received by the trusts from the trust lands, including all current and potential future revenue streams from surface leases, encumbrances, development of natural resources, and other sources, and any tax liability.

- e d. Acreage. A no net loss sale should result in the board receiving equal or greater acreage. The board may, however, consider receiving less acreage in return for one or more of the following:
 - (1) Improved dedicated access;
 - (2) Substantially higher value in relation to the amount of acres lost; or
 - (3) Substantially higher income in relation to the amount of acres lost.
- d e. Consolidation of trust lands. The proposed no net loss sale must not fragment trust land holdings by creating isolated parcels of trust land. ~~In all no net loss sales, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.~~
- e f. Potential for long-term ~~appreciation~~ increase in income and value. The proposed no net loss sale land must have similar ~~revenue~~ income and value potential as the trust lands.
- f g. Access. A no net loss sale must not diminish access to trust lands. The no net loss land should provide equal or improved access.
- 3. In connection with any no net loss sale, the department may consider all available information, including information provided by the applicant or the department's own knowledge, regarding lands and resources to estimate value for purposes of a preliminary evaluation, including completion of an environmental assessment.
- 4. In all no net loss sales, the board shall reserve all minerals underlying the trust lands pursuant to section 5 of article IX of the Constitution of North Dakota subject to applicable law.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

85-04-08-03. No net loss Sale procedure.

- 1. ~~A letter of application for purchase of acquired lands meeting the criteria in section 85-04-08-01 may be accepted at any time. An application must include:~~
 - a. ~~A nonrefundable application fee in an amount set by the board;~~
 - b. ~~A legal description of the trust lands; and~~
 - c. ~~A legal description of the lands to be provided to ensure no net loss.~~~~Upon board approval, a sale of acquired lands must be conducted in conformance with North Dakota Century Code sections 15-06-25 and 15-07-04.~~
- 2. ~~Upon receipt of a letter of application for sale of a tract, the potential sale must be presented to the commissioner for preliminary approval or rejection.~~
- 3. ~~The commissioner may recommend to the board that a tract be sold even though no letter of application for sale has been received.~~
- 4. ~~Upon a determination that the application covers a tract the board is willing to sell, the department shall post on the department's website a notice of the application for sale, any supporting documentation, and instructions for submitting public comments. The department also shall publish notice of a letter of application for sale in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune. Notice must be published once each week for three consecutive weeks prior to the deadline for comments. The notice must contain the legal description of the proposed tract and the deadline for comments. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled comment period if it appears the omission or error is not prejudicial to the department's interest. All comments must be in writing and contain the~~

following:

- a. Name and address of the interested person;
 - b. Applicant's name and address;
 - c. The legal description of the proposed tract for sale as shown on the published notice; and
 - d. A detailed statement as to whether the interested person supports or opposes the sale.
 5. ~~The board shall review all appraisals, public comments received, and any other relevant information, and determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall use the appraisal to establish a sale price. The board reserves the right to increase the sale price if it deems the appraised value is inadequate.~~
 6. ~~If the land is leased, the commissioner shall notify the lessee of the intent to sell the property during the months of October through January.~~
 7. ~~The department shall notify the applicant, if any, of the price set by the board, which must be the minimum acceptable sale price.~~
 8. ~~The department may contract a legal metes and bounds survey for the tract to be sold at public auction under North Dakota Century Code chapter 15-07.~~
 9. ~~If the applicant desires to proceed, the applicant shall submit to the department a formal offer to purchase. The formal offer to purchase must serve as the opening bid at the public sale. The applicant shall provide five percent of the minimum sale price as earnest money, as a condition of the formal offer to purchase.~~
 10. ~~The department shall determine if acquired lands will be advertised for sale at public auction or by sealed bids, with the sale price set by the board as the minimum bid. If no bids are received on property for which an application has been received, the acquired lands may be sold to the applicant at the minimum bid.~~
 11. ~~If no bids are received on property for which no formal application was received, the property may be sold for the board established minimum acceptable sale price to the first interested party at a private sale during the six months following the date of the auction.~~
 12. ~~The sale of land may be by:~~
 - a. ~~Contract under section 6 of article IX of the Constitution of North Dakota; or~~
 - b. ~~A purchase agreement requiring twenty percent payment of the purchase price on the day of the sale, which may include earnest money paid, and the balance due within sixty calendar days. The balance due date may be extended at the commissioner's discretion, up to a maximum of one hundred eighty days from the date of the sale. Interest must be charged on any remaining balance, beginning sixty days after the date of sale, at the Bank of North Dakota base rate plus one percent.~~
1. The department may recommend a tract of land that meets the criteria of section 85-04-08-02 to the commissioner for consideration for a no net loss sale.
 2. Board Preliminary Review. If the commissioner determines to proceed with the sale, the commissioner shall present to the board the proposed no net loss land sale for preliminary review. Upon a determination that the board is willing to sell, the department shall conduct the following:
 - a. Notify the lessee if the lands are leased.
 - b. Publish a notice of sale, that includes a request for bidders, in accordance with the procedures set out in North Dakota Century Code chapter 15-06. The notice of sale must contain:
 - (1) The legal description of the proposed trust land tract to be sold;
 - (2) Instructions on how to register to bid; and
 - (3) Deadline for bidders to register.
 - c. The department shall obtain all appraisals from a certified appraiser for tract(s) to be sold and for lands provided for consideration.

- (1) Appraisals shall be obtained in accordance with the procedures set out in North Dakota Century Code sections 15-06-22 and 15-06-23.
 - (2) Appraisals for trust lands and the proposed not net loss sale land shall be appraised by the same certified appraiser.
 - (3) If the commissioner is not satisfied with the appraisals, the commissioner may require additional appraisals by alternative certified appraisers.
 - d. Solicit public comment regarding the proposed sale. All comments must be in writing and include the following:
 - (1) Name and address of the interested person;
 - (2) The legal description of the proposed tract for sale as shown on the published notice; and
 - (3) A detailed statement as to whether the interested person supports or opposes the sale.
 3. Bidder Registration Process.
 - a. Bidders shall provide the following:
 - (1) A nonrefundable application fee; and
 - (2) A legal description of the lands to be provided for consideration.
 - b. Bidders shall agree to an offer to purchase that contains the following:
 - (1) Bidder is subject to all costs associated to the bidder review and sale process, including:
 - (a) Appraisal costs;
 - (b) Title examination; and
 - (c) Legal survey, if deemed necessary by the commissioner.
 - (2) Bidder agrees to allow the department and its agents access to the lands offered for consideration or shall obtain access on department's behalf.
 - c. The Department shall review the lands proposed by each potential bidder to determine if they meet the criteria under 85-04-07-02.
 4. Board Final Review. The board shall review all approved registered bidders including appraisals, land offered as consideration, any public comments, other relevant information including title examinations, and determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall establish a minimum acceptable sale price and the following shall be conducted:
 - a. If the land is leased, the commissioner shall notify the lessee of the intent to sell the property.
 - b. The commissioner shall conduct an auction pursuant to North Dakota Century Code chapter 15-07.
 - c. A Purchase Agreement shall be executed with the winning bidder at the closing of the sale. The purchase agreement must require:
 - (1) That the purchaser pay twenty (20) percent of the purchase price at the time the purchase agreement is executed; and

(2) That the purchaser convey the land used as consideration within sixty calendar days after execution of the agreement. The commissioner may extend the deadline to convey, at the commissioner's sole discretion, up to a maximum of one hundred eighty days after execution of the purchase agreement.

d. If no bids are received at auction, the tract may be sold for the board-established minimum acceptable sale price to the first interested party at a private sale during the six months following the date of the auction.

- 43 5. Acquired lands acquired after January 1, 2020, may be sold to any mortgagor or a member of the mortgagor's immediate family under North Dakota Century Code section 15-07-10. The sale must be for cash only with twenty percent payment of the purchase price on the day of the sale, which may include earnest money paid, and the balance due within sixty calendar days. The balance due date may be extended at the commissioner's discretion, up to a maximum of one hundred eighty days from the date of the sale. Interest must be charged on any remaining balance, beginning sixty days after the date of sale, at the Bank of North Dakota base rate plus one percent.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

85-04-08-04. Payment of costs.

The purchaser is responsible for payment of all costs, including appraisals, title examinations, and other costs as may be necessary to complete the sale.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

85-04-08-05. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-07, 15-08

**ARTICLE 85-04
SURFACE LAND MANAGEMENT**

Chapter	
85-04-01	Leasing Trust Lands for Agricultural Use
85-04-02	Construction Aggregate
85-04-03	Permanent Improvements
85-04-04	Encumbrances of Trust Lands
85-04-05	Public Access and Use [Repealed]
85-04-06	Land Exchange
85-04-07	Land Sales Under North Dakota Century Code Chapter 15-06
85-04-08	Land Sales Under North Dakota Century Code Chapter 15-07
85-04-09	Land Sales Under North Dakota Century Code Chapter 15-09

**CHAPTER 85-04-09
LAND SALES UNDER NORTH DAKOTA CENTURY CODE CHAPTER 15-09**

Section	
85-04-09-01	Sale of Lands for Public or Quasi-Public Purpose
85-04-09-02	Sale Procedure
85-04-09-03	Payment of Costs
85-04-09-04	Fencing
85-04-09-05	Reversion Clause
85-04-09-06	Board Review

....

85-04-09-02. Sale procedure.

1. ~~The commissioner may accept an application for to purchase of land may be accepted and the land sold in conformance in accordance~~ with North Dakota Century Code chapter 15-09.
2. An application must be submitted ~~using a paper application provided on a form prescribed by the department upon request and be~~
 - a. The application must:
 - (1) Be completed and signed by authorized personnel;
 - (2) ~~and must~~ Include a nonrefundable application fee in an amount set by the board unless waived by the commissioner; and
 - (3) ~~The application must~~ Meet the requirements of North Dakota Century Code section 15-09-01, ~~and may require, depending on the land to be purchased, the following:~~
 - a. ~~A siting and environmental review completed by the department; and~~
 - b. ~~A "metes and bounds" survey of the land to be purchased, including both a plat and written narrative of the survey completed by the applicant. The narrative must include the distances and angles between points of intersection and points of entry and exit tied into the section corners, quarter section corners, or lot corners, and a breakdown of the acreage in the parcel for each separate quarter section or lot included in the purchase.~~
 - b. The department may request additional supporting documents.

- ~~3. If the land is leased, the commissioner shall notify the lessee of the intent to sell the property during the months of October through January.~~
- ~~3. Upon receipt of an application for sale of lands for public or quasi-public purpose and a determination that the application covers a tract the commissioner is willing to consider for sale, the department shall post on the department's website a notice of the application for sale of lands for public or quasi-public purpose, any supporting documentation, and instructions for submitting public comments. All comments must be in writing and contain the following:~~
 - ~~a. Name and address of the interested person;~~
 - ~~b. Applicant's name and address;~~
 - ~~c. The legal description of the proposed tract as shown on the published notice; and~~
 - ~~d. A detailed statement as to whether the interested person supports or opposes the sale.~~
- ~~4. The department shall secure a real property appraisal in accordance with North Dakota Century Code sections 15-06-22 and 15-06-23 and may secure additional appraisals from certified appraisers. Appraisals must consider the matter of severance of adjacent trust lands caused by the sale and the effect on the value of adjacent trust lands, which may reflect a higher appraisal.~~
- ~~5. The department shall provide the board a report of all appraisals, public comments, and any other relevant information to allow the board to determine whether to proceed with the sale. If the board decides to proceed with the sale, the board shall establish a minimum acceptable sale price. The board reserves the right to increase the sale price if it deems the appraised value is inadequate.~~
- ~~6. The board shall obtain fair market value for all land sold under North Dakota Century Code chapter 15-09 and must consider its "highest and best use" as defined in North Dakota Century Code section 15-02-05.1.~~
- ~~7. The department shall notify the applicant, if any, of the price set by the board, which must be the approved sale price.~~
- ~~8. The notice of the application and the board approved sale price must be published and a hearing must be held in conformance with North Dakota Century Code section 15-09-03. If publication of any notice is omitted inadvertently by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled hearing if it appears the omission or error is not prejudicial to the department's interest.~~
- ~~9. Any comments made at the hearing must be brought to the board, along with the department's recommendations regarding those comments.~~
- ~~10. If the applicant desires to purchase the property at the price set by the board and pays full purchase price, the commissioner may complete the sale on the board's behalf. If an agreement as to price cannot be reached, the applicant may proceed under North Dakota Century Code section 15-09-05.~~
4. Commissioner Review. If the commissioner determines to proceed with the sale, the department shall conduct the following:
 - a. Notify the lessee if the lands are leased.
 - b. Obtain all appraisals from a certified appraiser for tract(s) to be sold. The commissioner may require additional appraisals be conducted by different certified appraisers.
 - c. Obtain from the applicant a "metes and bounds" survey of the land to be purchased, including both a plat and written narrative of the survey. The narrative must include the

distances and angles between points of intersection and points of entry and exit tied into the section corners, quarter section corners, or lot corners, and a breakdown of the acreage in the parcel for each separate quarter section or lot included in the purchase.

5. Board Review. The commissioner shall present to the board the proposed land sale including appraisals public comments, and any other relevant information. Upon a determination by the board that it is willing to sell:
 - a. The board shall set a minimum acceptable sale price.
 - b. The department shall:
 - (1) Publish a notice of sale that includes a request for bidders. The notice of sale must include:
 - (a) The legal description of the proposed trust land tract to be sold;
 - (b) Instructions on how to register to bid; and
 - (c) The deadline for bidders to register.
 - (2) Notify the lessee of the intent to sell the property within the months of October through January if the land is leased.
 - (3) Conduct a hearing according to the North Dakota Century Code section 15-09-03. Any comments made at the hearing must be brought to the board, along with recommendations regarding the comments.
6. If the applicant desires to purchase the property at the price set by the board and pays full purchase price, the commissioner may complete the sale on the board's behalf.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-09

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85-04-09-06. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review, and the commissioner shall ~~recommend~~ determine if board review is warranted.

History: Effective January 1, 2021; amended effective _____, 2026.

General Authority: N.D. Constitution article IX, § 6; NDCC 15-01-02, 28-32-02

Law Implemented: NDCC 15-09

ARTICLE 85-06 MINERALS MANAGEMENT

Chapter	
85-06-01	Oil and Gas
85-06-02	Coal

CHAPTER 85-06-01 OIL AND GAS

Section	
85-06-01-01	Oil and Gas Lease Nomination
85-06-01-02	Advertisement for Public Auction
85-06-01-03	Public Auction
85-06-01-04	Rejection of Nomination and Bids
85-06-01-05	Form and Term of Oil and Gas Lease
85-06-01-06	Assignment, Amendment, or Extension
85-06-01-07	Voluntary Release
85-06-01-08	Royalties
85-06-01-09	Disputed Title Royalty Escrow Account
85-06-01-10	Breach <u>Cancellation</u> of Oil and Gas Lease
85-06-01-11	Board Review
85-06-01-12	Reports of Lessee - Delinquency Penalty
85-06-01-13	Audit and Examination
85-06-01-14	Request for Shut-In Status for Oil or Gas
85-06-01-15	Offset Obligations for Vertical Oil and Gas Wells

85-06-01-01. Oil and gas lease nomination.

The department ~~shall~~ may accept an oil and gas lease nomination for a tract not already under an oil and gas lease as reflected in department records and may accept a nomination for a tract under an oil and gas lease which will expire prior to the date of the oil and gas lease sale. The first nomination received on a tract is considered an offer and determines the opening bid.

1. The department ~~shall~~ may accept a nomination for an oil or gas lease either electronically through the department's website or in writing. The nomination period for an oil and gas lease must be the period set by the commissioner during which the department ~~shall~~ may accept oil and gas lease nominations.
2. An oil and gas lease nomination must be limited to a maximum of one quarter section, unless otherwise authorized under subsection 3, or by the board.
3. A nomination for a tract containing a body of water may include up to a section of land if the tract cannot reasonably be subdivided by quarter section or half section. The tract acreage, including islands, may be offered and described as "more or less" and may be adjusted by the board within each quarter section.

History: Effective January 1, 2020; amended effective April 1, 2024; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Constitution article IX, § 5; NDCC 15-01-02, 15-02-05, 15-05-09, 61-33-06, 61-33.1

85-06-01-02. Advertisement for public auction.

The department shall publish notice of an oil and gas lease auction ~~in the official newspaper of the county where the nominated tract is located and in the Bismarck Tribune~~ on the department's website. The notice must be published ~~once~~, at least ten days prior to the day of the auction. The advertisement must specify the date, time, and place of the auction, and how an interested person may obtain a list of the tracts to be auctioned. ~~Should~~ If publication of any notice is inadvertently omitted by any newspaper or the notice contains typographical errors, the department may proceed with the scheduled leasing if it appears the omission or error is not prejudicial to the department's interest.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09, 38-09-15

85-06-01-03. Public auction.

The board may issue an oil and gas lease by public auction. Public auctions may be hosted either live or online at the discretion of the commissioner. Bidding is based on a bonus of not less than one dollar per acre, and an annual delay rental of not less than one dollar per acre per year based on the acreage shown in the records of the department at the time the oil and gas lease is issued.

1. The successful bidder at an auction shall pay the bonus, the rental payments for the primary term as defined by the oil and gas lease, the advertising fee, the lease auction administration fee, and any processing fees via automated clearing house or wire transfer, by five p.m. central prevailing time, ten days after the date the auction closed. ~~The board may not issue an oil and gas lease until receipt of the bonus, rental payments, and fees.~~
2. If no bids are received, the nominator is the successful bidder.
3. The board may not issue an oil and gas lease until receipt of the bonus, rental payments, and fees.

History: Effective January 1, 2020; amended effective April 1, 2024; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Constitution article IX, § 5; NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

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85-06-01-06. Assignment, amendment, or extension.

A lessee shall submit ~~a written request~~ an application to the department for an assignment, amendment, or extension of an oil and gas lease, or a portion of the oil and gas leased premises, utilizing the form available on the department's website. ~~A request must include~~ The lessee shall provide any documents requested by the department. The lessee shall submit a fee, in an amount set by the board, to the department with the ~~request~~ application.

1. Assignments. All oil and gas lease obligations must be current at the time the assignment is approved. The lessee remains bound by the terms and conditions of the oil and gas lease, board rules and policies, and applicable laws until the assignment is approved by the department. Upon approval of the assignment, the assignee is bound by all the terms and conditions of the

oil and gas lease, board rules and policies, and applicable laws. The assignor shall provide the department with a copy of the fully executed assignment within thirty days from the approval.

2. Extensions. If, at the expiration of the primary term, production of oil or gas or both has not been obtained in commercial quantities on the leased premises but drilling, testing, completion, recompletion, reworking, deepening, plugging back, or repairing operations are being conducted thereon in good faith, the lessee may, on or before the expiration of the primary term, file a written application with the department for a one hundred eighty day extension of ~~this~~ the oil and gas lease, such application to be accompanied by a payment of ten dollars per acre, and the commissioner, in writing, shall extend ~~this~~ the oil and gas lease for a period of one hundred eighty days beyond the expiration of the primary term and as long as oil or gas or both is produced in commercial quantities; the lessee may, as long as such drilling, testing, or completion operations are being conducted in good faith, make written application to the commissioner, on or before the expiration of the initial extended period of one hundred eighty days for an additional extension of one hundred eighty days, such application to be accompanied by a payment of twenty dollars per acre, and the commissioner, in writing, shall extend ~~this~~ the oil and gas lease for an additional one hundred eighty day period from and after the expiration of the initial extended period of one hundred eighty days, and as long as oil or gas or both is produced in commercial quantities; ~~this~~ the oil and gas lease must not be extended for more than a total of three hundred sixty days from and after the expiration of the primary term unless production in commercial quantities has been obtained or unless extended by some other provision hereof.
3. Amendments. A lessee may request an amendment to an oil and gas lease for a specific purpose. A request for an amendment must state the specific grounds for the request. Approval of a request is at the discretion of the commissioner and the department shall notify the lessee in writing whether or not the request is approved.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09, 15-05-15

85-06-01-07. Voluntary release.

To request a voluntary release of an oil and gas lease, a lessee shall submit a written request to the department for the voluntary release of an oil and gas lease, or portion of an oil and gas leased premises, ~~utilizing the form available on the department's website~~ and shall provide all other documents requested by the department. Approval of a voluntary release is at the discretion of the commissioner and the department shall notify the lessee in writing whether ~~or not~~ the voluntary release is approved. All oil and gas lease obligations must be current at the time the voluntary release is approved. The lessee remains bound by the terms and conditions of the oil and gas lease, board rules and policies, and applicable laws until the voluntary release is approved by the commissioner.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09

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85-06-01-10. Breach Cancellation of oil and gas lease.

1. Other than as provided in subsection 7, an oil and gas lease may be canceled for:

- a. Nonpayment of any sum due under the oil and gas lease;
 - b. Breach of any oil and gas lease terms or conditions; or
 - c. A violation of applicable laws, rules, or board policies.
2. Before an oil and gas lease is canceled, the department shall send a notice of intention to cancel the lease specifying the reason for cancellation to the lessee listed in the records of the department by certified or registered mail ~~requiring a signed receipt~~ to the lessee's address as shown in the records of the department.
3. A lessee may file with the commissioner a request for a waiver, or a request for the commissioner to review the notice of intention to cancel the oil and gas lease, which must include a statement of the specific grounds for the request. A request must be in writing and filed with the commissioner within thirty days after the date the notice of intention to cancel the oil and gas lease is postmarked. A request for a waiver or review is deemed filed when personally delivered or when received by the department. The commissioner may allow the lessee time to cure the breach, or may waive any breach, except a breach of oil and gas lease terms required under North Dakota Century Code. Any waiver must be limited to the particular breach waived and does not limit the board's right to cancel the oil and gas lease for any other breach. If, after review of the request, the commissioner determines cancellation of the lease is still warranted, the commissioner shall request board approval of the cancellation. An oil and gas lease cancellation under this section is exempt from the requirements of section 85-06-01-11.
4. If the lessee has not filed a release of the oil and gas lease with the applicable county recorder's office or requested a waiver or commissioner review within thirty days after the postmark date of a notice of intention to cancel the lease, the commissioner may cancel the lease.
5. Release of the oil and gas lease by the lessee or cancellation of the lease does not release the lessee from liability for any sum due to the board or from any damages caused by a breach of the lease.
6. Upon cancellation of the oil and gas lease, the department shall file a notice of cancellation of oil and gas lease with the applicable county recorder's office.
7. An oil and gas lease automatically terminates for failure to pay the annual delay rental by the date due without further notice by the department or opportunity for the lessee to remedy the default.

History: Effective January 1, 2020; amended effective April 1, 2024; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Constitution article IX, § 5; NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

85-06-01-11. Board review.

Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall ~~recommend~~ determine if a board review is warranted.

History: Effective January 1, 2020; amended effective _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09, 15-05-10

85-06-01-12. Reports of lessee - Delinquency penalty.

Royalty payment and reporting are due on forms prescribed by the department as follows:

1. For gas:
 - a. Within one hundred twenty-three days of the last day of the month in which initial production occurs, royalty payment and reporting are due for the first, second, and third months of production.
 - b. Successive royalty payments and reporting are due within sixty-one days of the last day of the month in which production occurs.
2. For oil:
 - a. Within ninety-two days of the last day of the month in which initial production occurs, royalty payment and reporting are due for the first, second, and third months of production.
 - b. Successive royalty payments and reporting are due within thirty days of the last day of the month in which production occurs.
3. The royalty payment and reporting deadline may be extended by the commissioner upon written request. An extension, if granted, only applies to future royalty payments and reporting.
4. Any sum, other than delay rentals, not paid when due is delinquent and is subject to a delinquency penalty of one percent of the sum for each thirty-day period of delinquency or fraction of delinquency period, unless a waiver or board review is requested under subsection 6. For leases issued after July 31, 2021, any penalty must be calculated pursuant to subsection 3 of North Dakota Century Code section 15-05-10.
5. Unpaid royalties bear interest under subsection 2 of North Dakota Century Code section 15-05-10 and said interest shall be due for each thirty-day period of delinquency or fraction of delinquency period, unless a waiver or board review is requested under subsection 6.
6. A lessee has thirty days from the date of the receipt of a notice of a penalty and interest assessment to pay the penalty and interest, request a waiver or reduction, or to request board review.
 - a. A request for a waiver or reduction of the penalty or interest or a request for board review must be in writing and provide the grounds for the request.
 - b. The following factors may be considered when deciding to waive or reduce the penalty or interest: the reason for the late payment; the degree of control the payor had over the late payment; any unusual or mitigating circumstances involved; the loss of interest earnings to the trust involved; and any other relevant factors.
 - c. A waiver or reduction of penalty and interest does not constitute a waiver of the right to seek the full amount of both penalty and interest if the initial claim for royalty payment is not paid. If a claim for unpaid royalties, penalties, and interest is settled and payment received, the amount of penalties and interest not collected is deemed waived.

History: Effective January 1, 2020; amended effective April 1, 2022; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09, 15-05-10, 47-16-39.2

85-06-01-14. Request for shut-in status for oil or gas.

1. A lessee requesting shut-in status of an oil or gas well, without canceling the lease, shall submit a written request application to the department utilizing the form available on the department's website. The request application must contain the following information:
 - a. The name and well file number assigned by the North Dakota department of mineral resources oil and gas division;
 - b. The township, range, and section of the surface location of the well;
 - c. The board's oil and gas lease number for the subject lease, the date of the oil and gas lease, the acreage covered by the oil and gas lease, and the current lessee;
 - d. The name and address of the operator of the well;
 - e. The cumulative production and the number of days of production for the three months immediately preceding the request;
 - ~~f. The written approval of the request from the operator;~~
 - ~~g f.~~ The grounds for the request and the anticipated length of time the well will be shut-in; and
 - ~~h g.~~ Any additional information requested by the department.
2. An application fee, in an amount set by the department, must be submitted with the application. Upon approval of the shut-in request application, the applicant shall promptly submit to the department a shut-in well payment. The shut-in well payment must be the same amount for oil or gas wells and must be calculated on a per-lease, per-well basis.
3. An application is deemed filed when the department receives the application form, application fee, shut-in well payment, and any additional information requested by the department.
4. Within fifteen days of receipt of an application, the commissioner shall notify the applicant in writing, as follows:
 - a. The application is approved and the terms of the shut-in approval;
 - b. The application is denied;
 - c. An additional fifteen day period is necessary to consider the application; or
 - d. The application requires board approval.
5. If an application is denied, a lessee may file with the department a written request for commissioner review, specifying the grounds for the request.
6. A shut-in approval is effective for one year from the date of approval unless the commissioner determines a shorter amount of time is appropriate.
7. The commissioner may revoke a shut-in approval if the commissioner determines the action is in the best interests of the trusts. If a shut-in approval is revoked prior to its expiration, the department shall provide notice to the lessee by certified mail. Within sixty days from the date

of receipt of the notice, the lessee shall re-establish production. If the lessee fails to re-establish production, the oil and gas lease is subject to cancellation under section 85-06-01-10.

History: Effective January 1, 2020; amended effective April 1, 2024; _____, 2026.

General Authority: NDCC 15-01-02, 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Constitution article IX, § 5; NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

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MINERAL TRACKER[®]

Powered by First International Bank & Trust

NORTH DAKOTA DEPARTMENT OF TRUST LANDS **Mineral Value Estimation as of June 30, 2025**

Joel Brown

VP | Oil & Gas Financial Solutions Manager

First International Bank & Trust

Email: jbrown@fibt.com


Cell: (701) 570-1504

December 11, 2025




VALUATION SUMMARY

Income Approach

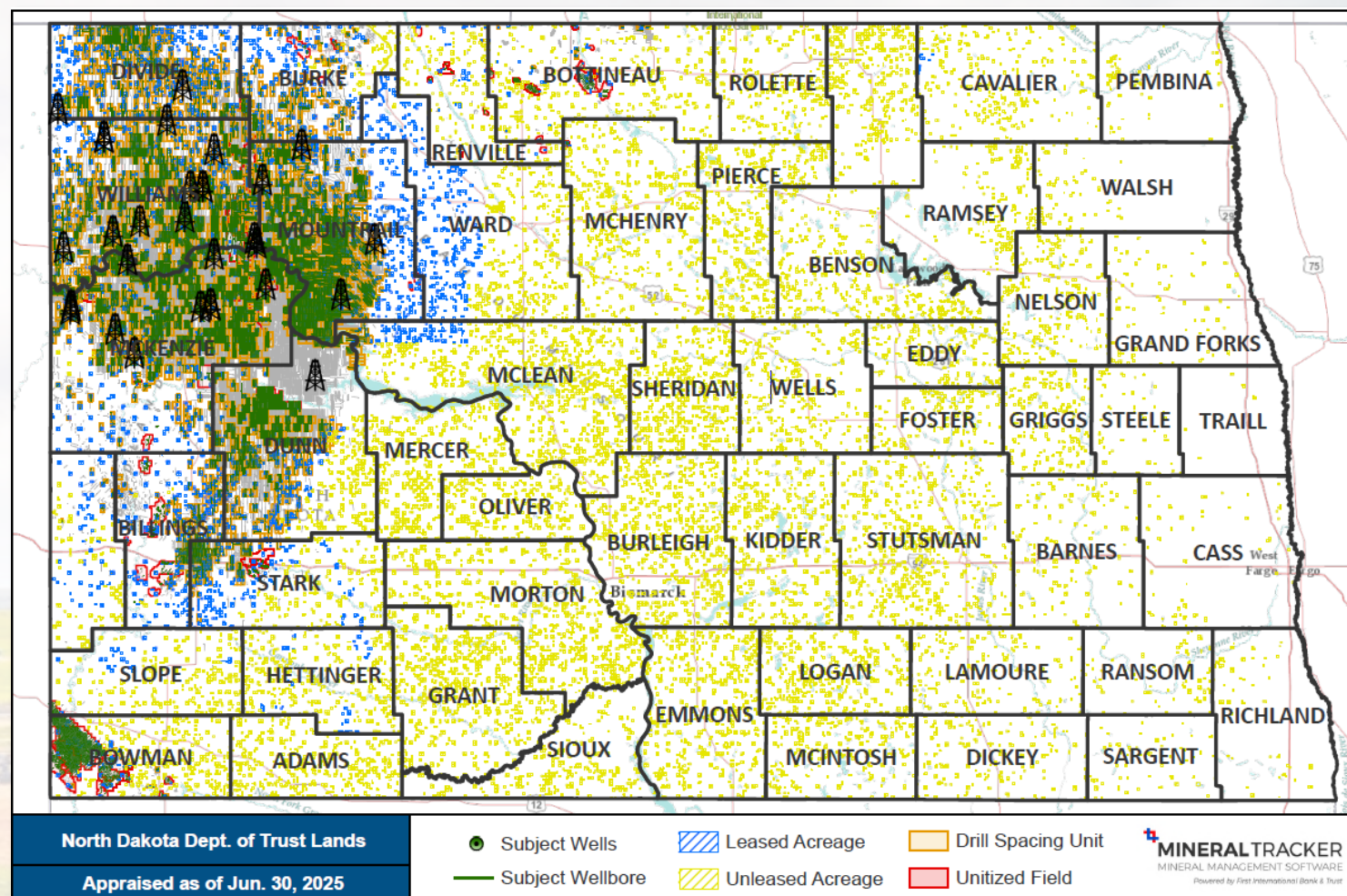
-  Provides an indication of the value by converting future cash flows to a single current capital value.¹

Market Approach

-  Provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.²

Mineral Value Estimation
as of June 30, 2025

\$2,177,250,937.00









1. IVSC. (2016, April 7). IVS 105: Valuation Approaches and Methods. International Valuations Standards Council. p. 13






2. IVS 105: Valuation Approaches and Methods. International Valuations Standards Council. p. 7

VALUATION SUMMARY

Reserve Categories

-  Proved Developed Producing ("PDP")
-  Proved Developed Shut-In ("PDSI")
-  Proved Developed Non-Producing ("PDNP")
-  Proved Undeveloped ("PUD")
-  Probable Undeveloped ("PROB")
-  Possible Undeveloped ("POSS")

Key Changes from Last Year

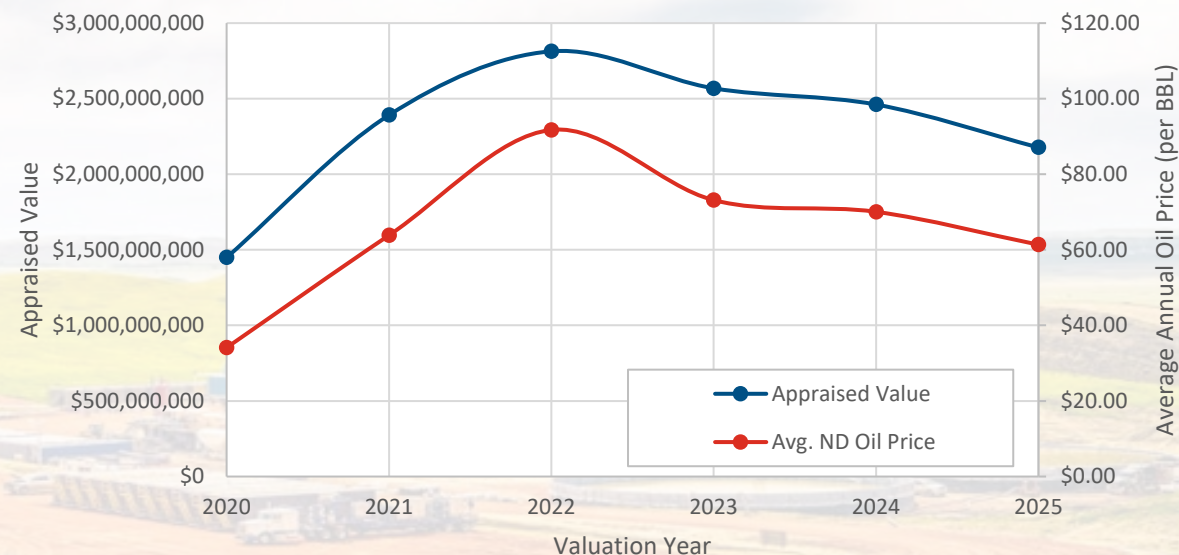
-  PDP count increased by 454 wells
-  PDNP count decreased by 175 wells
-  PDSI count decreased by 142 wells
-  Total wells decreased by 248 wells (due to 3 & 4-mile lateral respacing)
-  Value decreased by \$284MM

Reserve Class & Category	PDP	PDSI	PDNP	PUD	PROB	POSS	Total
Case Count	9,159	584	460	5,735	535	1,061	17,534
Cumulative Royalty Interest	237	14	12	162	13	29	467
Gross Oil (BBL)	1,490,335,088	58,767,482	342,313,456	3,024,537,329	119,501,949	176,191,651	5,211,646,955
Gross Gas (Mcf)	4,192,772,002	177,433,664	783,278,668	6,269,955,328	194,906,586	239,932,760	11,858,279,008
Gross Reserve (BOE)	2,189,130,422	88,339,759	472,859,901	4,069,529,883	151,986,380	216,180,444	7,188,026,789
Net Oil (BBL)	35,976,435	1,369,486	8,733,707	85,321,504	2,900,142	4,759,282	139,060,556
Net Gas (Mcf)	96,130,756	3,794,652	18,305,321	165,590,646	4,200,133	5,796,167	293,817,675
Net Reserve (BOE)	51,998,227	2,001,928	11,784,594	112,919,945	3,600,164	5,725,310	188,030,168
Undiscounted Cash Flow	\$2,229,386,038	\$85,153,157	\$527,263,289	\$5,152,919,256	\$171,501,131	\$278,739,117	\$8,444,961,988
NPV10	\$1,116,124,642	\$34,793,238	\$272,379,840	\$1,542,172,935	\$26,895,828	\$37,917,840	\$3,030,284,322
NPV12.5	\$995,950,958	\$30,049,469	\$246,069,250	\$1,237,736,043	\$18,556,572	\$25,283,569	\$2,553,645,861
NPV15	\$901,042,847	\$26,381,648	\$224,936,147	\$1,012,447,751	\$13,189,187	\$17,388,375	\$2,195,385,955
NPV20	\$760,695,620	\$21,083,678	\$192,654,826	\$707,868,218	\$7,240,038	\$8,955,081	\$1,698,497,461
NPV25	\$661,690,377	\$17,442,720	\$168,751,526	\$517,419,788	\$4,406,363	\$5,114,164	\$1,374,824,939
NPV30	\$587,855,090	\$14,787,590	\$150,074,560	\$391,053,531	\$2,942,023	\$3,200,782	\$1,149,913,576
Appraised Value Subtotal	\$2,086,585,622						
Undeveloped Acreage	\$90,665,316						
Total Appraised Value	\$2,177,250,937						

VALUATION TRENDS

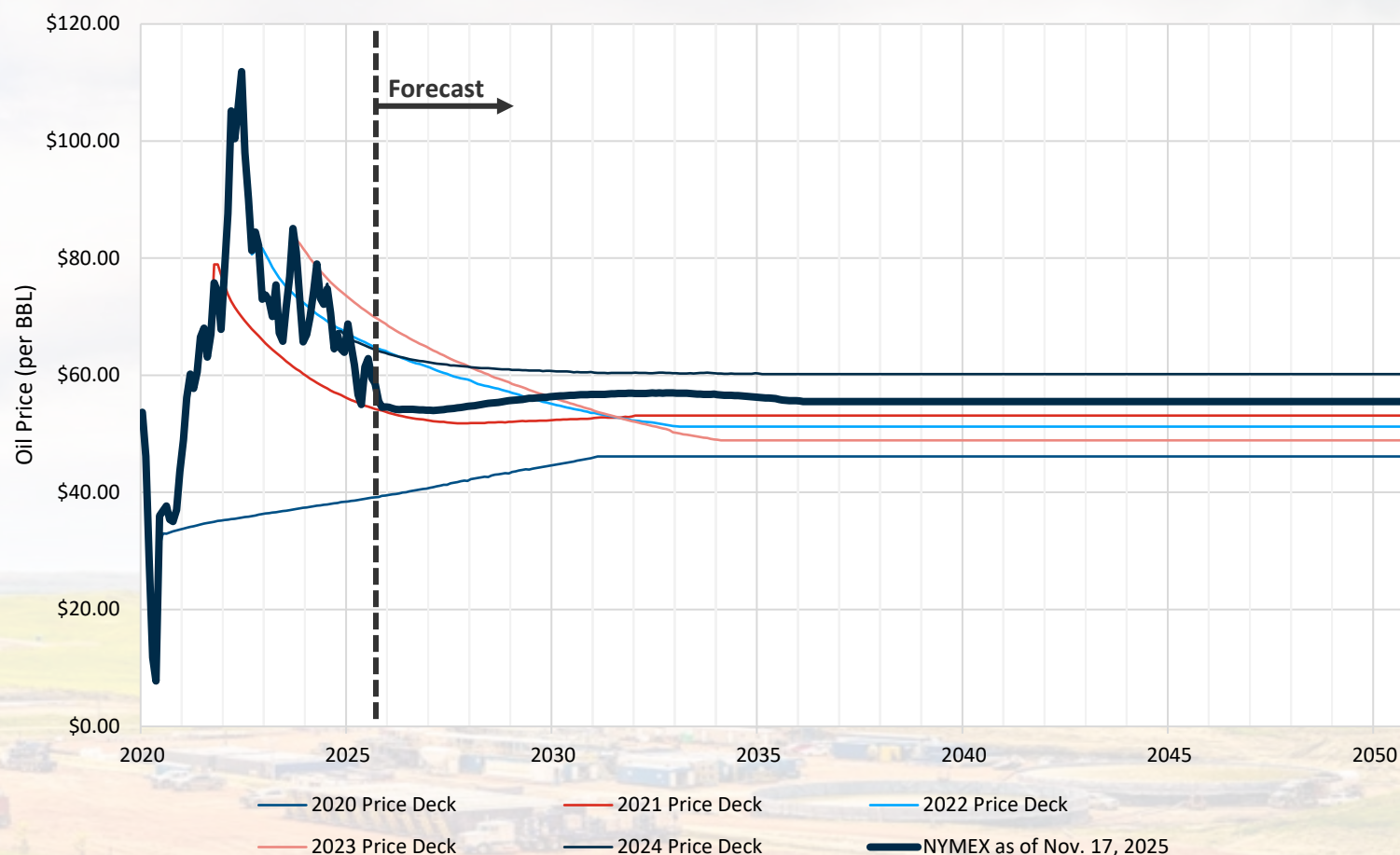
- This Mineral Value Estimation represents the 6th consecutive year that MineralTracker has conducted the analysis for the ND Dept. of Trust Lands.
- The analysis methodology has remained consistent each year.
- There is a strong correlation between oil price and appraised value.
- Royalties July-2024 through June-2025: **\$455MM**
- The 12% decrease in value from the 2024 is largely due to the decrease in oil price.

Valuation Year	Appraised Value	% Change from Previous Analysis	Avg. ND Oil Price
2020	\$1.45 B		\$ 34.11/BBL
2021	\$2.39 B	65%	\$ 63.84/BBL
2022	\$2.81 B	18%	\$ 91.74/BBL
2023	\$2.57 B	-9%	\$ 73.15/BBL
2024	\$2.46 B	-4%	\$ 70.06/BBL
2025	\$2.18 B	-12%	\$ 61.36/BBL

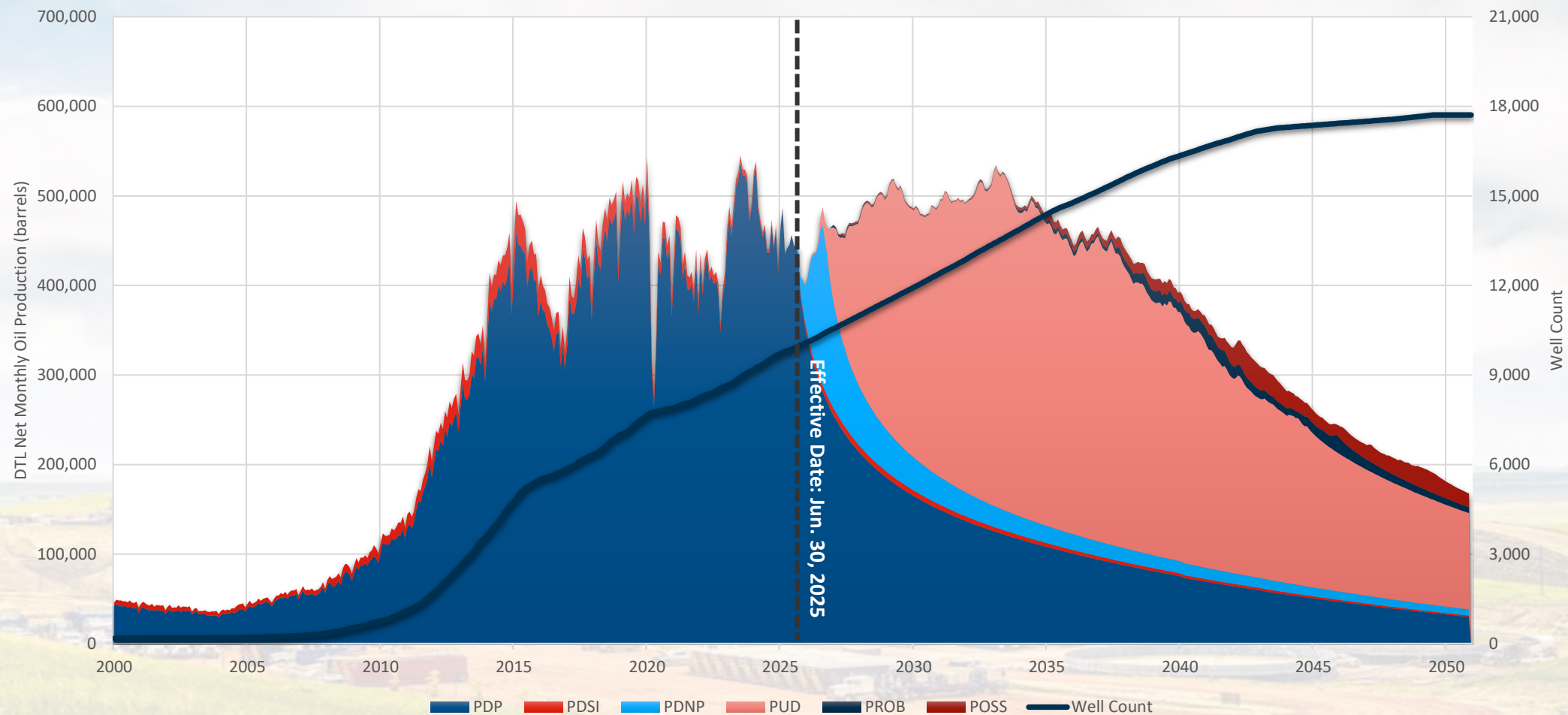


OIL PRICE

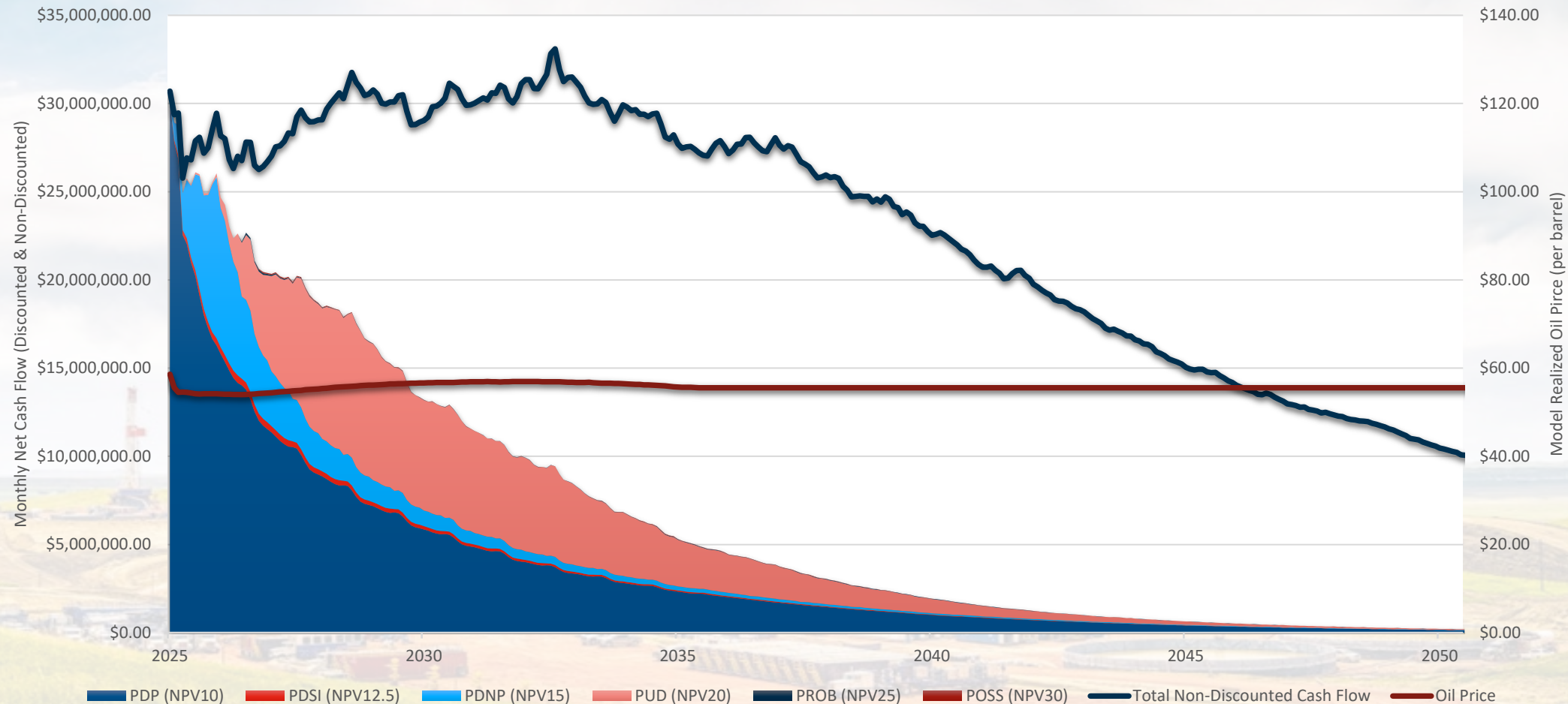
- Oil prices remain under pressure after a year of volatility, with WTI down roughly 12% year-over-year and trading near \$58–\$63/bbl; strip pricing reflects a relatively flat forward-looking curve.
- Long-dated NYMEX futures have softened compared to last year, averaging in the low \$60's through 2027
- Market fundamentals show competing forces: bearish oversupply from OPEC+ unwinding cuts and strong U.S. output versus bullish geopolitical risk (Middle East tensions, Russian sanctions).



VOLUME PROJECTIONS



CASH FLOW FORECASTING



OIL PRICE SENSITIVITY

NYMEX as of November 17, 2025		
Year	WTI Oil Price (\$/BBL)	Henry Hub Natural Gas Price (\$/MMBtu)
2023	59.89	4.36
2024	59.54	4.14
2025	59.62	4.02
2026	60.53	3.83
2027	61.37	3.76
2028	61.92	3.69
2029	62.18	3.62
2030	62.28	3.49
2031	62.18	3.41
2032	61.84	3.47
2033	61.26	3.53
2034	60.90	3.62

Modelled Oil Price	PDP (NPV10)	PDSI (NPV12.5)	PDNP (NPV15)	PUD (NPV20)	PROB (NPV25)	POSS (NPV30)	Undeveloped Acreage	Total Value
+\$30 per barrel	\$1,675M	\$45M	\$338M	\$1,062M	\$7M	\$5M	\$91M	\$3,223M
+\$20 per barrel	\$1,490M	\$40M	\$300M	\$944M	\$6M	\$4M	\$91M	\$2,875M
+\$10 per barrel	\$1,303M	\$35M	\$263M	\$826M	\$5M	\$4M	\$91M	\$2,527M
NYMEX as of Nov. 17, 2025	\$1,116M	\$30M	\$225M	\$708M	\$4M	\$3M	\$91M	\$2,177M
-\$10 per barrel	\$928M	\$25M	\$187M	\$590M	\$4M	\$3M	\$91M	\$1,827M
-\$20 per barrel	\$737M	\$20M	\$149M	\$472M	\$3M	\$2M	\$91M	\$1,474M
-\$30 per barrel	\$540M	\$14M	\$112M	\$353M	\$2M	\$2M	\$91M	\$1,114M

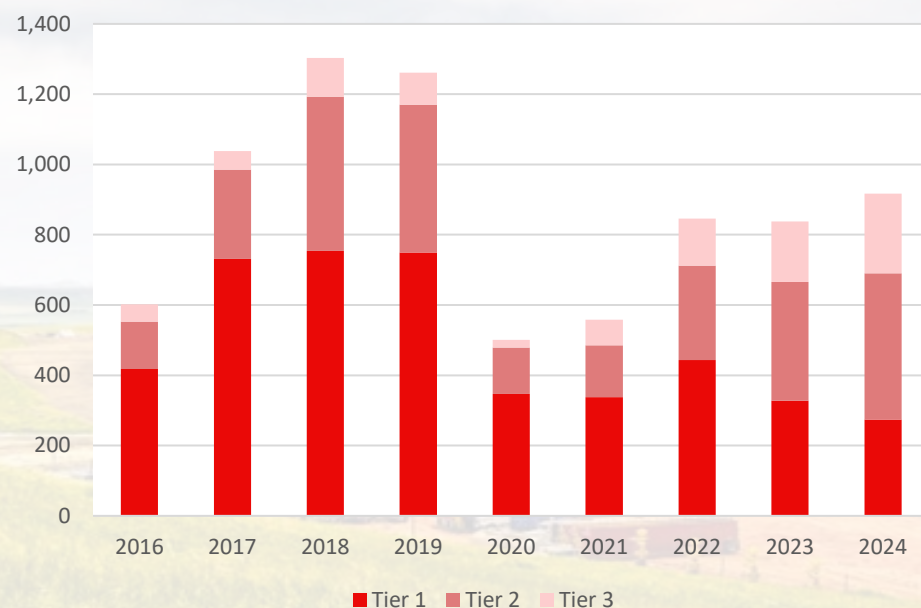
Modelled Oil Price	PDP (Non-Disc.)	PDSI (Non-Disc.)	PDNP (Non-Disc.)	PUD (Non-Disc.)	PROB (Non-Disc.)	POSS (Non-Disc.)	Total Non-Disc. Cash Flow
+\$30 per barrel	\$3,469M	\$134M	\$791M	\$7,723M	\$262M	\$435M	\$12,815M
+\$20 per barrel	\$3,057M	\$118M	\$703M	\$6,868M	\$233M	\$384M	\$11,364M
+\$10 per barrel	\$2,643M	\$102M	\$615M	\$6,012M	\$202M	\$332M	\$9,907M
NYMEX as of Nov. 17, 2025	\$2,229M	\$85M	\$527M	\$5,153M	\$172M	\$279M	\$8,445M
-\$10 per barrel	\$1,814M	\$69M	\$439M	\$4,287M	\$140M	\$224M	\$6,973M
-\$20 per barrel	\$1,398M	\$52M	\$350M	\$3,403M	\$108M	\$168M	\$5,479M
-\$30 per barrel	\$977M	\$35M	\$260M	\$2,502M	\$75M	\$110M	\$3,958M

Note: -\$5.35/bbl differential was applied to future cash flow estimates

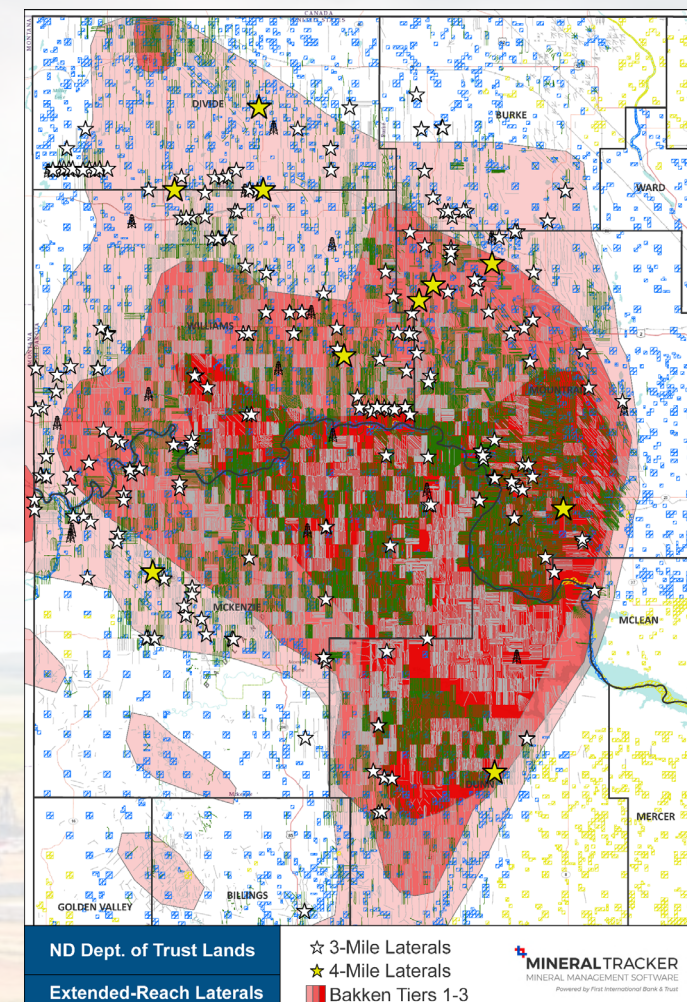
EXPANDING THE CORE

- The adoption of extended-reach laterals has allowed operators to drill economically outside of the traditional “core” of the Bakken
- Since 2023, nearly 3x more wells were drilled in Tier 2 and Tier 3 than in Tier 1

Wells Drilled Per Year

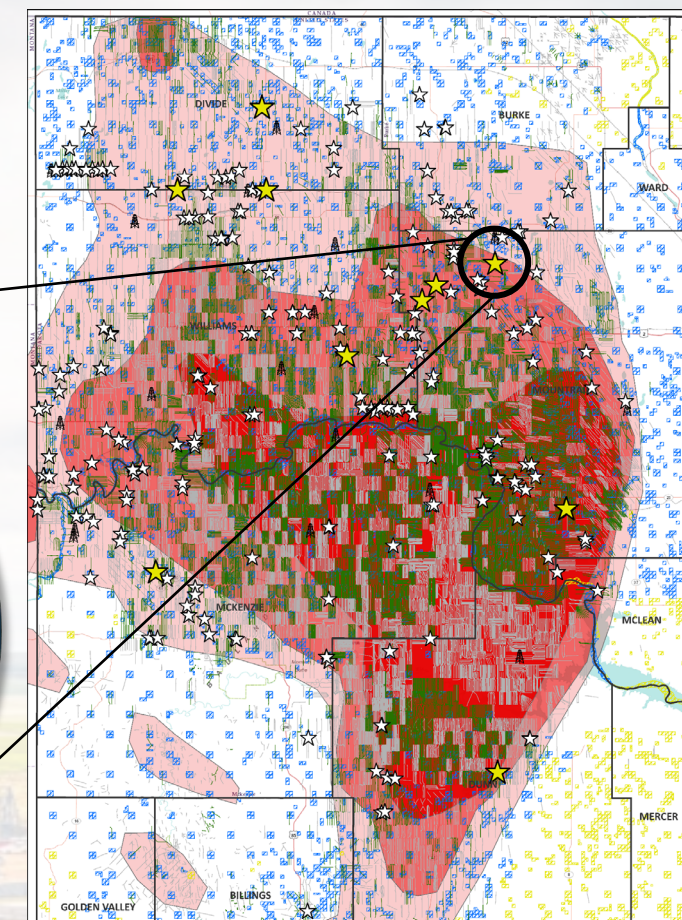
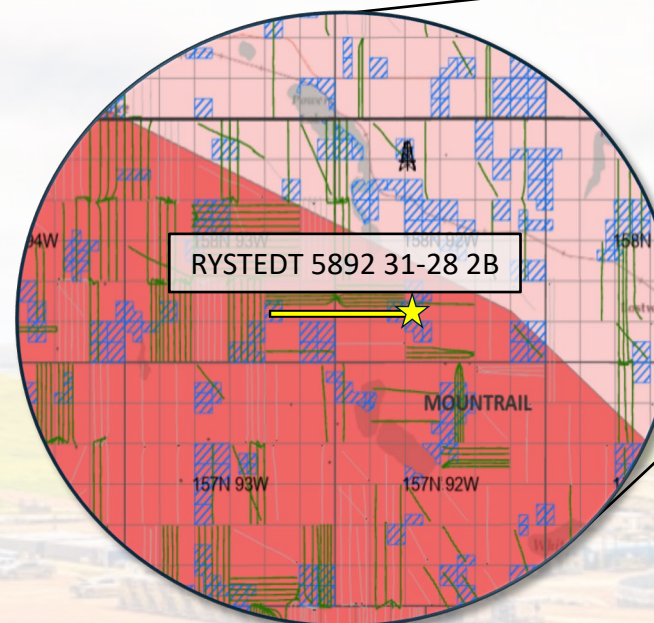
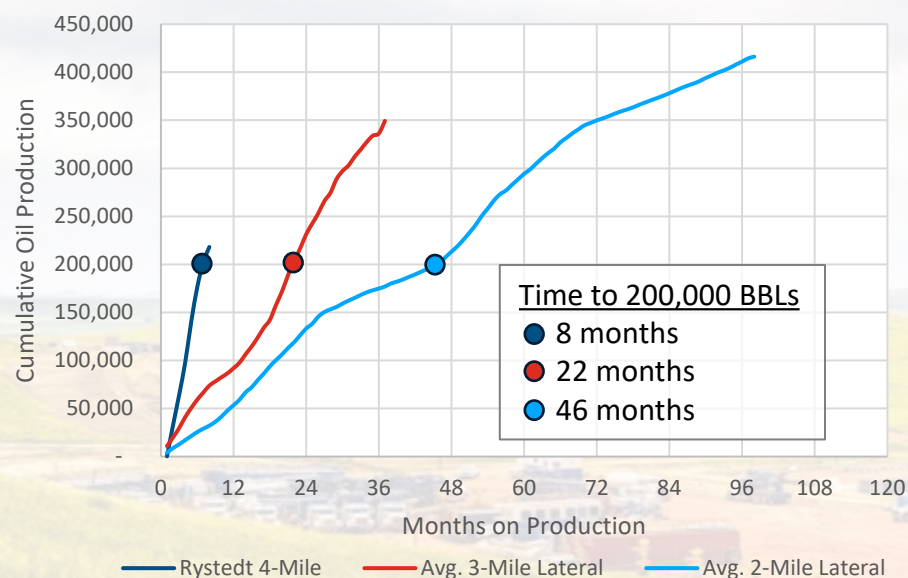


Tier 3 Operators Wells Spud 2023-2025	
Operator	% of Spuds
KRAKEN OPERATING	19%
PHOENIX OPERATING	15%
CHORD ENERGY	12%
HUNT OIL COMPANY	8%
KODA RESOURCES	7%
PETRO-HUNT	5%
CHEVRON	5%
SILVER HILL ENERGY	4%
GRAYSON MILL OPERATING	4%
CONTINENTAL RESOURCES	3%
Other	19%



EXTENDED-REACH LATERALS

- The Rystedt 5892 31-28 2B, operated by Chord Energy, is the first producing 4-mile lateral in which the State holds a royalty interest.
- The chart below illustrates average cumulative production for all wells drilled with a five-mile radius since the year 2017.



ND Dept. of Trust Lands
Extended-Reach Laterals

☆ 3-Mile Laterals
★ 4-Mile Laterals
■ Bakken Tiers 1-3

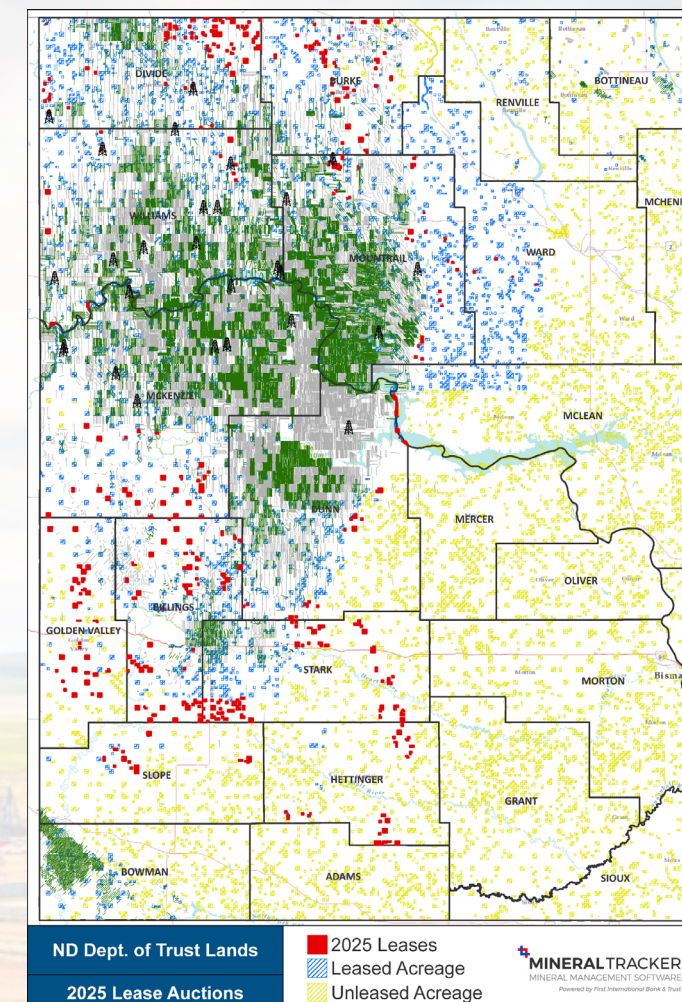
MINERALTRACKER
MINERAL MANAGEMENT SOFTWARE
Powered by First International Bank & Trust

LEASING ACTIVITY

- Leasing activity in Tier 3 acreage increased significantly in 2025.
- Undeveloped acreage value increased from \$18MM in 2024 to \$90MM in 2025.



2025 Lease Auction Results		
County	Acres Leased	Avg. Bonus (per NMA)
Billings	15,519	\$225
McKenzie	11,349	\$2,178
Stark	9,036	\$3
Divide	8,559	\$638
Golden Valley	8,550	\$9
Burke	6,151	\$993
Dunn	4,343	\$89
Hettinger	3,800	\$1
Mountrail	3,422	\$4,116
Slope	3,265	\$2
Williams	2,519	\$3,449
Ward	110	\$39
Bottineau	80	\$21
Total	76,702	\$822



Contact Us

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First International Bank & Trust

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RE: Litigation Update
(No Action Requested)

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior**

Case Summary: Missouri riverbed ownership – Quiet title action brought by the federal government is proceeding, with discovery now completed; the U.S. and MHA filed separate summary judgment motions; our opposition brief was filed by the March 18, 2025 deadline; the U.S. filed its reply brief on April 18, 2025; we now await the Court to either schedule a hearing on the motion or decide on the briefs; additionally, on February 28, 2025, the Department of Interior Acting Solicitor suspended the Biden administration's M-Opinion that was contrary to the state's position.

Commencement: July 2020

ND Assigned Attorneys: James Auslander, Kathryn Tipple, Peter Schaumberg, and Nessa Coppinger (Beveridge & Diamond, Washington, D.C.)
Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs

Counsel for MHA: Steven D. Gordon (Holland & Knight's Washington, D.C.)
Philip Merle Baker-Shenk (Holland & Knight's Washington, D.C.)
Timothy Purdon (Robins Kaplan, Bismarck, ND)
Timothy Billion (Robins Kaplan, Minneapolis, MN)

Counsel for United States
Department of Interior: Reuben S. Schiffman (Washington, D.C.)

Court: United States District Court for the District of Columbia

Judge: Honorable Amy Berman Jackson

Win = North Dakota owns historical Missouri Riverbed (mineral rights) through Fort Berthold Indian Reservation resulting in release to state of tens of millions of dollars in withheld oil & gas royalties.

Lose = U.S. owns the riverbed in trust for MHA Nation so royalties are released to the tribe

- **State of North Dakota, ex. rel. v Virginia Leland, et.al.**

Case Summary: OHWM river island ownership; trial was held September 12-16, 2022; Judge Schmidt issued a Phase I Memorandum Decision on April 30, 2024, finding 1) the at issue Yellowstone River segment was navigable at statehood; 2) the at issue west bank of the river is owned by the state; 3) the at issue north island is not owned by the state; 4) the at issue south island is owned by the state; and 5) the state's claim is not barred by laches. The remaining issues of conveyances, mineral acreage calculations, etc. are now being determined in Phase II proceedings. On December 19, 2024, the Court granted opposing parties' summary judgment motion on certain issues. A trial to determine the remaining issues was held January 29, 2025, in Watford City. On May 8, 2025, the Court issued its trial decision ruling that: 1) the State does not own the North Island; 2) the 1950 deed from the State conveyed the at issue lots to the

Montana state line; and 3) the State only reserved a 5% mineral interest in the 1950 deed. Notice of final judgment was entered July 17, 2025. On September 12, 2025, North Dakota Department of Water Resources filed a joint appeal with the Land Board to the North Dakota Supreme Court. Briefing to be completed in January 2026.

Commencement:	January 2016
ND Assigned Attorneys:	Zachary Pelham (Pearce Durick, Bismarck) Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs James Wald, DTL General Counsel
Counsel for Whiting Oil and Gas Corp:	Paul Forster (Crowley Fleck, PLLP, Bismarck, ND) Shane Hanson (Crowley Fleck, PLLP, Bismarck, ND)
Counsel for Defendant(s):	Kevin Chapman (Chapman Law Firm, P.C., Williston, ND) Ariston Johnson (Johnson & Sundeen, Watford City, ND) and Others
Court:	State District Court, McKenzie County
Judge:	Honorable Robin Schmidt
Win =	State owns at issue Yellowstone River islands and related mineral interests
Lose =	Plaintiffs owns at issue Yellowstone River islands and related mineral interests

Procedures for Executive Session Regarding Attorney Consultation and Consideration of Closed Records

Overview

- 1) The governing body must first meet in open session.
- 2) During the meeting's open session the governing body must announce the topics to be discussed in executive session and the legal authority to hold it.
- 3) If the executive session's purpose is attorney consultation, the governing body must pass a motion to hold an executive session. If executive session's purpose is to review confidential records a motion is not needed, though one could be entertained and acted on. The difference is that attorney consultation is not necessarily confidential but rather has "exempt" status, giving the governing body the option to consult with its attorney either in open session or in executive session. Confidential records, on the other hand, cannot be opened to the public and so the governing body is obligated to review them in executive session.
- 4) The executive session must be recorded (electronically, audio, or video) and the recording maintained for 6 months.
- 5) Only topics announced in open session may be discussed in executive session.
- 6) When the governing body returns to open session, it is not obligated to discuss or even summarize what occurred in executive session. But if "final action" is to be taken, the motion on the decision must be made and voted on in open session. If, however, the motion would reveal "too much," then the motion can be abbreviated. A motion can be made and voted on in executive session so long as it is repeated and voted on in open session. "Final actions" DO NOT include guidance given by the governing body to its attorney or other negotiator regarding strategy, litigation, negotiation, etc. (See NDCC §44-04-19.2(2)(e) for further details.)

Recommended Motion to be made in open session:

Under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes of attorney consultation regarding:

- **Royalty Settlements**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Bachmeier					
Treasurer Beadle					
Attorney General Wrigley					
Governor Armstrong					

Statement Before Leaving Public Meeting:

"This executive session will be recorded and all Board members are reminded that discussion during executive session must be limited to the announced purpose for entering into executive session, which is anticipated to last approximately 20 minutes.

Board members, their staff, employees of the Department of Trust Lands and counsel with the Attorney General staff will remain, but the public is asked to leave the room.

The executive session will begin at: _____AM, and will commence with a new audio recording device. When the executive session ends the Board will reconvene in open session."

Statements upon return to open session:

State the time at which the executive session adjourned and that the public has been invited to return to the meeting room.

State that the Board is back in open session.

State that during its executive session, the Board consulted with attorneys regarding the identified legal issue.

State that no final action will be taken at this time as a result of the executive session discussion

-or- .

Ask for a formal motion and a vote on it.

Move to the next agenda item.