

**Governor's Conference Room and Via Microsoft Teams**

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[+1 701-328-0950,,800945819#](#) United States, Fargo

Phone Conference ID: **800 945 819#**

➤ = **Board Action Requested**

1. **Approval of Meeting Minutes – Joseph Heringer**

Consideration of Approval of Land Board Meeting Minutes by voice vote.

- A. [October 27, 2022](#) – minutes available via link

2. **Special Reports – Joseph Heringer**

A. Annual Minerals Valuation Report (Joel Brown, Mineral Tracker) – pg. 2

B. [Financial Audit \(Eide Bailly\)](#) – full audit report available via link – pg. 43

C. Commissioner's Report – pg. 48

D. 2023- 2025 Distributions – pg. 49

3. **Division Reports – Joseph Heringer**

- A. Surface – pg. 50  
B. Minerals – pg. 55  
C. Unclaimed Property – pg. 59  
D. Financials – pg. 60  
E. Executive Estimate of Assets – pg. 69  
F. Investments Update – pg. 71

4. **Special Projects - Joseph Heringer/Chris Suelzle**

A. Acreage Adjustment Report Part II – pg. 74

5. **Litigation – Joseph Heringer – pg. 76**

**Next Meeting Date – December 19, 2022**

November 8, 2022

North Dakota Department of Trust Lands  
Attn: Joseph Heringer  
1707 North 9<sup>th</sup> Street  
Bismarck, ND 58506

RE: MINERAL ESTATE VALUATION | Update Summary

Greetings Mr. Heringer:

MineralTracker has completed the analysis necessary to provide an updated valuation of the oil and gas mineral rights owned by the State of North Dakota and managed by the Department of Trust Lands ("NDDTL"). The methodology employed was consistent with the previous iterations performed over the past two years.

As of the effective date, December 31, 2021, the value of all subject minerals was calculated at **\$2,813,480,347.00**. A summary table has been included on the following page to provide further detail.

The calculated value has increased approximately \$420 million from last year, primarily due to increased prices for oil and natural gas. Estimated oil reserves were relatively similar to the expectations formed last year, while expectations for natural gas production have increased as the gas-to-oil ratio in the State continues to rise.

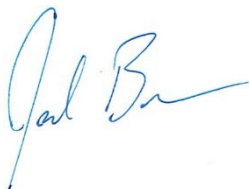
MineralTracker will present the results of the updated Mineral Estate Valuation to the Land Board on November 17<sup>th</sup>. In addition to providing narrative color to the results of the valuation, we will plan to touch on some of the following highlights:

- Primary drivers behind record revenues realized by NDDTL this year
- Trends in lease bonuses in core counties
- Operator changes across the Williston Basin
- 3-mile laterals in off-core regions

Following the presentation to the Land Board, the MineralTracker team will endeavor to finalize the updated Mineral Estate Valuation report for the NDDTL's records in as timely a manner as possible.

It has been a pleasure working with your team over this past year, and we look forward to continuing to serve the State of North Dakota by providing insights into its valuable mineral resources.

Respectfully Submitted,



**Joel Brown**

VP | Mineral Services Manager

100 N. Main St. • Watford City, ND 58854

Direct: (701) 842-7331 • Cell: (701) 570-1504

[jbrown@FIBT.com](mailto:jbrown@FIBT.com)

| Reserve Class & Category              | PDP                    | PDSI          | PDNP           | PUD              | PROB           | POSS           | Total             |
|---------------------------------------|------------------------|---------------|----------------|------------------|----------------|----------------|-------------------|
| Case Count                            | 7,843                  | 481           | 475            | 7,004            | 614            | 1,186          | 17,603            |
| Cumulative Royalty Interest           | 212.20                 | 11.02         | 16.27          | 200.16           | 15.89          | 33.07          | 489               |
| Gross Oil (BBL)                       | 1,562,773,611          | 52,806,489    | 260,381,764    | 3,425,605,920    | 127,979,234    | 185,962,361    | 5,615,509,380     |
| Gross Gas (Mcf)                       | 4,052,824,817          | 124,958,518   | 553,061,132    | 6,694,507,329    | 201,597,470    | 247,522,119    | 11,874,471,385    |
| Gross Reserve (BOE)                   | 2,238,244,413          | 73,632,909    | 352,558,620    | 4,541,357,141    | 161,578,813    | 227,216,048    | 7,594,587,944     |
| Net Oil (BBL)                         | 42,217,039             | 1,313,013     | 9,182,940      | 98,829,891       | 3,311,305      | 5,114,647      | 159,968,835       |
| Net Gas (Mcf)                         | 97,274,307             | 2,897,351     | 19,475,273     | 178,522,054      | 4,582,177      | 6,156,425      | 308,907,586       |
| Net Reserve (BOE)                     | 58,429,423             | 1,795,905     | 12,428,819     | 128,583,566      | 4,075,002      | 6,140,718      | 211,453,433       |
| Undiscounted Cash Flow                | \$ 2,978,814,631       | \$ 85,811,226 | \$ 633,696,496 | \$ 5,948,734,199 | \$ 219,880,206 | \$ 336,863,585 | \$ 10,203,800,343 |
| NPV10                                 | \$ 1,633,052,449       | \$ 38,207,366 | \$ 354,700,979 | \$ 1,749,943,214 | \$ 29,946,181  | \$ 38,471,206  | \$ 3,844,321,395  |
| NPV12.5                               | \$ 1,486,014,208       | \$ 33,327,822 | \$ 321,904,115 | \$ 1,405,844,902 | \$ 20,201,214  | \$ 24,989,769  | \$ 3,292,282,031  |
| NPV15                                 | \$ 1,368,440,665       | \$ 29,492,997 | \$ 294,869,775 | \$ 1,153,290,510 | \$ 14,109,845  | \$ 16,876,366  | \$ 2,877,080,158  |
| NPV20                                 | \$ 1,190,989,255       | \$ 23,844,654 | \$ 252,363,722 | \$ 814,172,408   | \$ 7,555,819   | \$ 8,566,178   | \$ 2,297,492,036  |
| NPV25                                 | \$ 1,062,076,719       | \$ 19,876,050 | \$ 219,969,590 | \$ 602,435,517   | \$ 4,501,804   | \$ 4,932,045   | \$ 1,913,791,725  |
| NPV30                                 | \$ 963,144,538         | \$ 16,930,628 | \$ 194,161,674 | \$ 461,115,232   | \$ 2,924,908   | \$ 3,151,869   | \$ 1,641,428,849  |
| <b>Appraised Value Subtotal</b>       | <b>\$2,783,076,127</b> |               |                |                  |                |                |                   |
| <b>Additional Undeveloped Acreage</b> | <b>\$30,404,220</b>    |               |                |                  |                |                |                   |
| <b>Total Appraised Value</b>          | <b>\$2,813,480,347</b> |               |                |                  |                |                |                   |



# MINERAL TRACKER<sup>®</sup>

*Powered by First International Bank & Trust*

## **NORTH DAKOTA DEPARTMENT OF TRUST LANDS** **Mineral Estate Valuation as of December 31, 2021**

**Joel Brown**

VP | Mineral Services Manager

First International Bank & Trust

Email: [jbrown@fibt.com](mailto:jbrown@fibt.com)





Cell: (701) 570-1504

November 17, 2022







# PRESENTATION OUTLINE

## Valuation Update

-  Valuation Summary
-  Volume Projections
-  Cash Flow Forecasting
-  Oil Price Sensitivities

## Williston Basin Highlights


-  Operator Breakdown
-  3-Mile Laterals
-  Record Revenues
-  Lease Bonus Trends






# VALUATION SUMMARY

## Income Approach

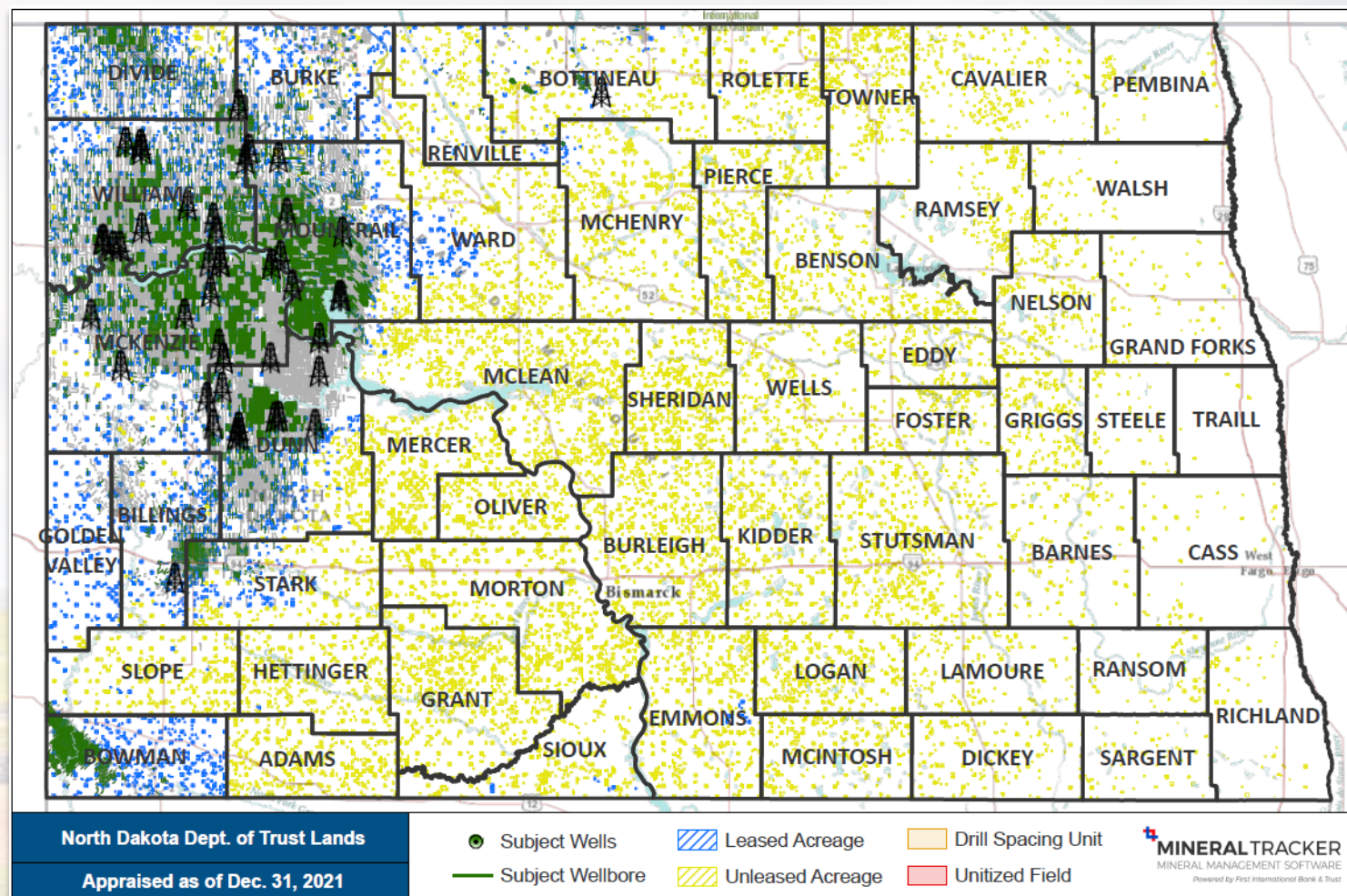
-  Provides an indication of the value by converting future cash flows to a single current capital value.<sup>1</sup>

## Market Approach

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

Mineral Estate Valuation  
as of Dec. 31, 2021

**\$2,813,480,347.00**









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



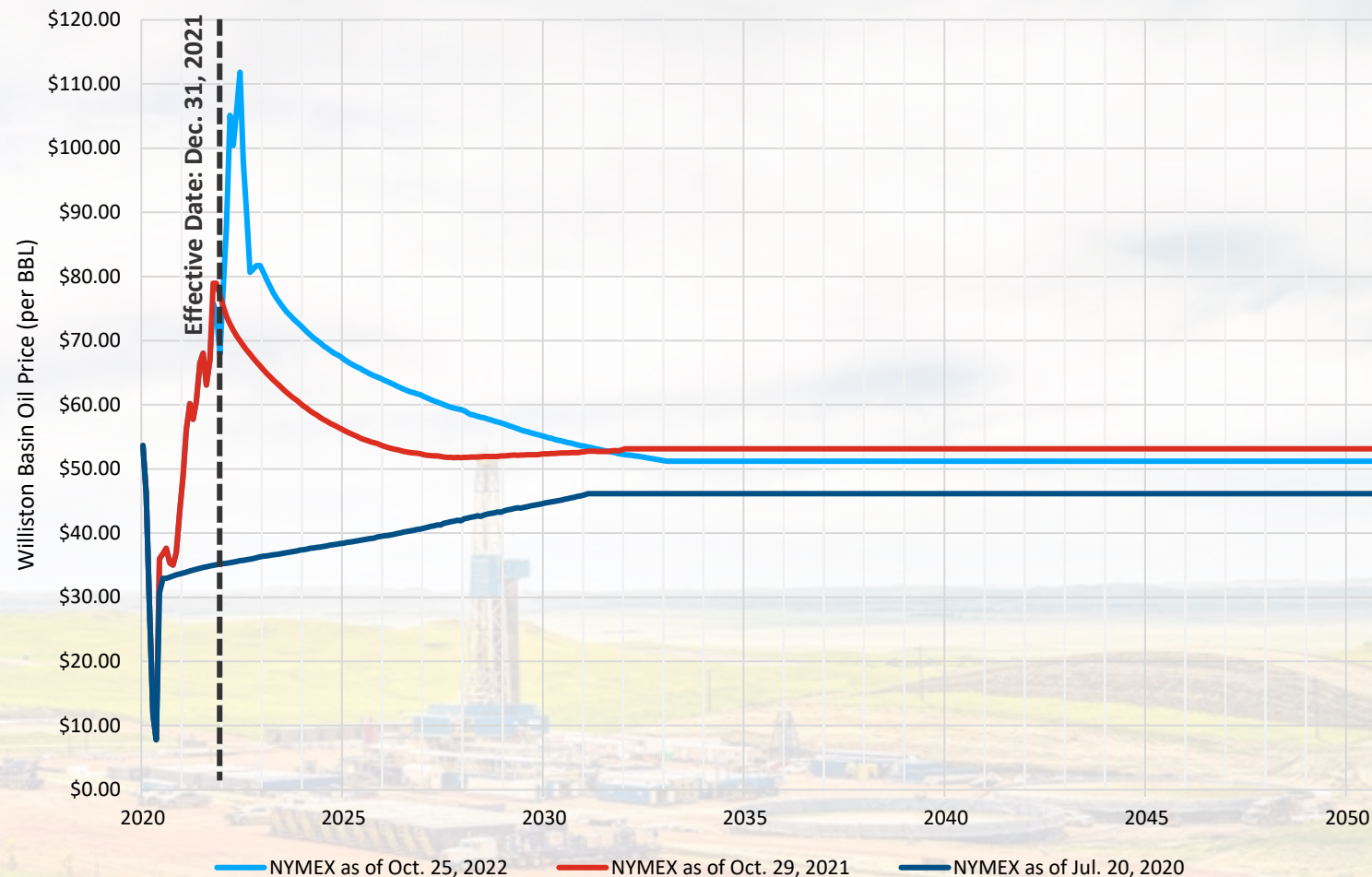
# VALUATION SUMMARY

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

| Reserve Class & Category       | PDP              | PDSI          | PDNP           | PUD              | PROB           | POSS           | Total             |
|--------------------------------|------------------|---------------|----------------|------------------|----------------|----------------|-------------------|
| Case Count                     | 7,843            | 481           | 475            | 7,004            | 614            | 1,186          | 17,603            |
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| Appraised Value Subtotal       | \$2,783,076,127  |               |                |                  |                |                |                   |
| Additional Undeveloped Acreage | \$30,404,220     |               |                |                  |                |                |                   |
| Total Appraised Value          | \$2,813,480,347  |               |                |                  |                |                |                   |

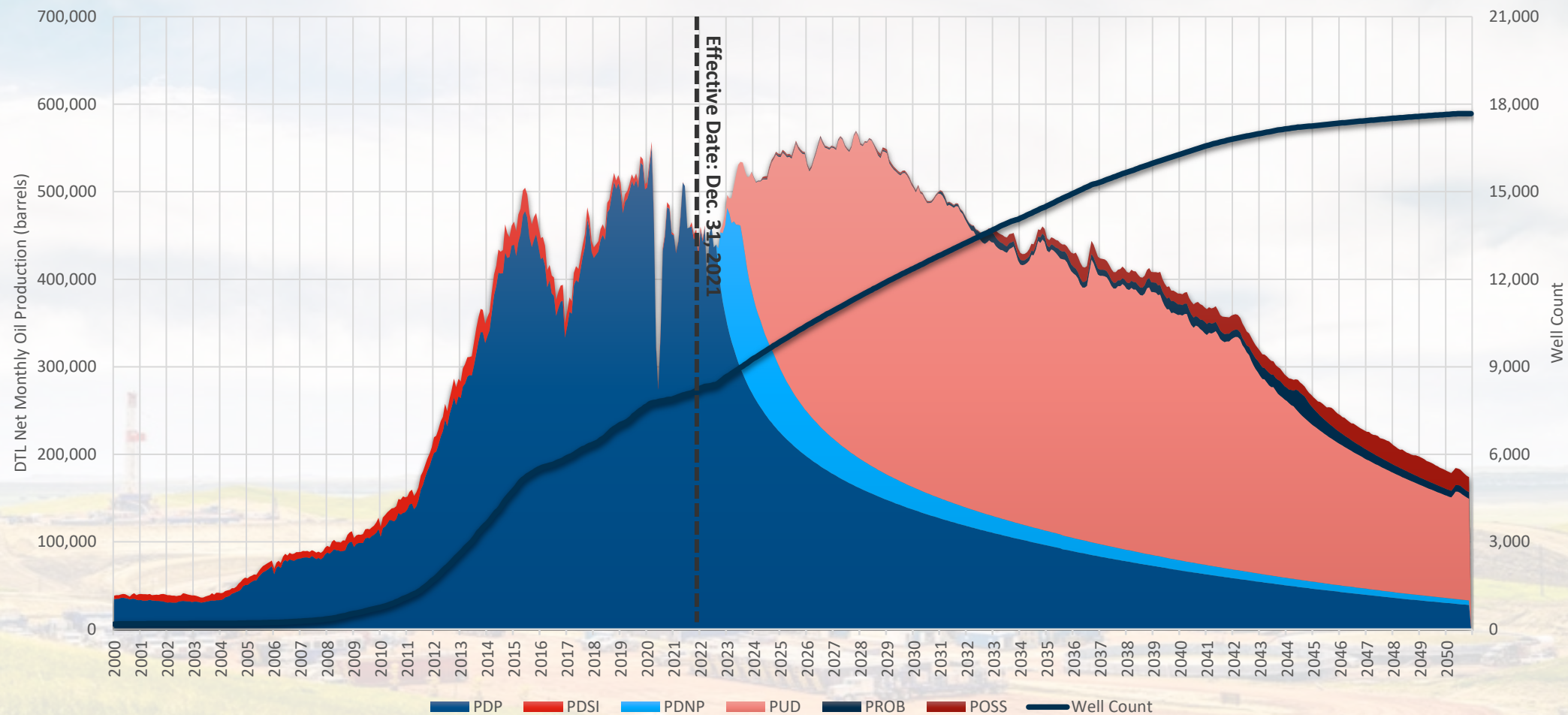
# OIL PRICE

- Oil price has been volatile in 2022, ranging from \$75 to \$124 per barrel (WTI).
- Gas price has been even more volatile, ranging from \$3.73 to \$9.85 per MMBtu (Henry Hub).
- North Dakota pricing differentials have improved for both oil and natural gas. At times, Bakken producers have realized prices above WTI and Henry Hub in 2022.



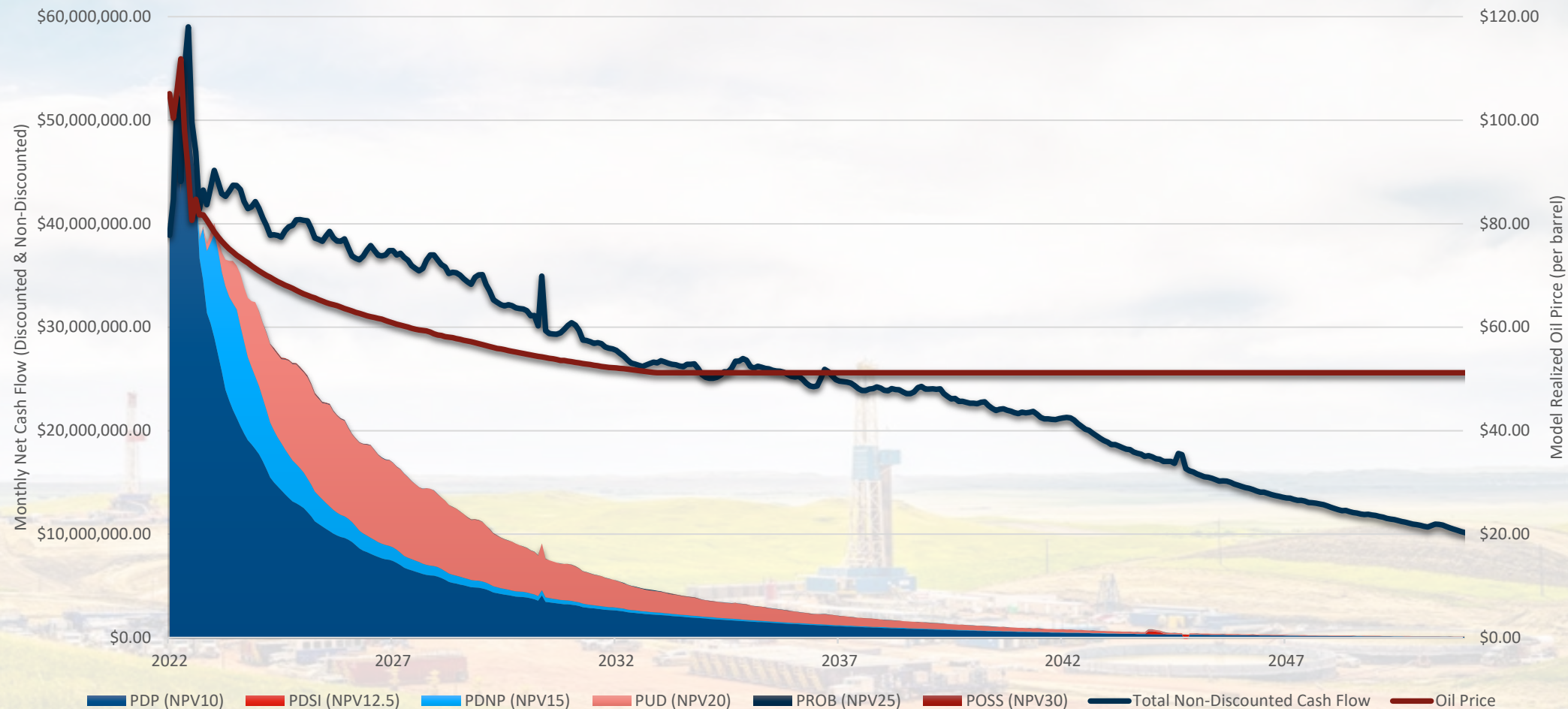


# VOLUME PROJECTIONS





# CASH FLOW FORECASTING



# OIL PRICE SENSITIVITY

| NYMEX as of October 25, 2022 |                        |  |
|------------------------------|------------------------|--|
| Year                         | WTI Oil Price (\$/BBL) | Henry Hub Natural Gas Price (\$/MMBtu) |
| 2022                         | 85.32                  | 5.797                                  |
| 2023                         | 79.51                  | 5.232                                  |
| 2024                         | 73.13                  | 4.616                                  |
| 2025                         | 69.13                  | 4.425                                  |
| 2026                         | 66.23                  | 4.371                                  |
| 2027                         | 63.77                  | 4.346                                  |
| 2028                         | 61.64                  | 4.401                                  |
| 2029                         | 59.67                  | 4.510                                  |
| 2030                         | 57.93                  | 4.662                                  |
| 2031                         | 56.54                  | 4.725                                  |
| 2032                         | 55.43                  | 4.864                                  |
| 2033                         | 54.84                  | 4.986                                  |

| Modelled Oil Price        | PDP (NPV10) | PDSI (NPV12.5) | PDNP (NPV15) | PUD (NPV20) | PROB (NPV25) | POSS (NPV30) | Undeveloped Acreage | Total Value |
|---------------------------|-------------|----------------|--------------|-------------|--------------|--------------|---------------------|-------------|
| +\$30 per barrel          | \$2,265M    | \$48M          | \$412M       | \$1,208M    | \$1M         | \$0M         | \$30M               | \$3,965M    |
| +\$20 per barrel          | \$2,055M    | \$43M          | \$373M       | \$1,079M    | \$1M         | \$0M         | \$30M               | \$3,582M    |
| +\$10 per barrel          | \$1,844M    | \$38M          | \$334M       | \$947M      | \$3M         | \$1M         | \$30M               | \$3,198M    |
| NYMEX as of Oct. 25, 2022 | \$1,633M    | \$33M          | \$295M       | \$814M      | \$5M         | \$3M         | \$30M               | \$2,813M    |
| -\$10 per barrel          | \$1,421M    | \$28M          | \$256M       | \$673M      | \$10M        | \$4M         | \$30M               | \$2,423M    |
| -\$20 per barrel          | \$1,207M    | \$24M          | \$216M       | \$532M      | \$12M        | \$8M         | \$30M               | \$2,030M    |
| -\$30 per barrel          | \$9,89M     | \$18M          | \$177M       | \$370M      | \$30M        | \$12M        | \$30M               | \$1,627M    |


| 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          | \$4,377M        | \$132M           | \$917M           | \$9,604M        | \$40M            | \$50M            | \$15,120M                 |
| +\$20 per barrel          | \$3,913M        | \$117M           | \$823M           | \$8,436M        | \$92M            | \$79M            | \$13,459M                 |
| +\$10 per barrel          | \$3,447M        | \$101M           | \$728M           | \$7,178M        | \$190M           | \$147M           | \$11,791M                 |
| NYMEX as of Oct. 25, 2022 | \$2,979M        | \$86M            | \$634M           | \$5,949M        | \$220M           | \$337M           | \$10,204M                 |
| -\$10 per barrel          | \$2,509M        | \$70M            | \$539M           | \$4,610M        | \$323M           | \$373M           | \$8,423M                  |
| -\$20 per barrel          | \$2,037M        | \$55M            | \$443M           | \$3,340M        | \$318M           | \$523M           | \$6,717M                  |
| -\$30 per barrel          | \$1,565M        | \$40M            | \$348M           | \$1,978M        | \$499M           | \$568M           | \$4,997M                  |

Note: -\$3.61/bbl differential was applied to future cash flow estimates



# OPERATOR BREAKDOWN

## **Chord Energy** – merger of Whiting and Oasis

 Oasis acquired Diamondback's QEP acreage in 2021

 Whiting acquired Kraken's "Robinson Lake" acreage in 2021

## **Enerplus** – acquired Hess's "Little Knife" acreage and Bruin E&P positions 2021

## **Grayson Mill** – acquired Equinor (StatOil) position in 2021

## **Formentera** – acquired Resource Energy Can-Am's position in 2022

## **Bowline** – acquired Nine Point assets in 2021

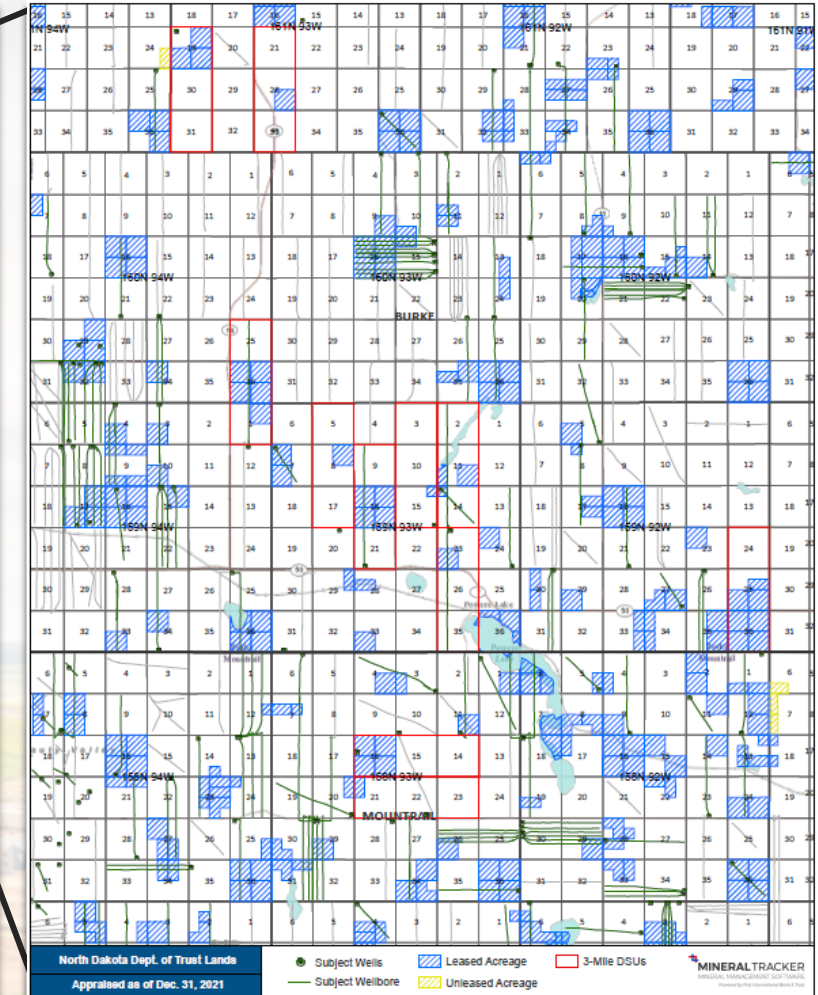
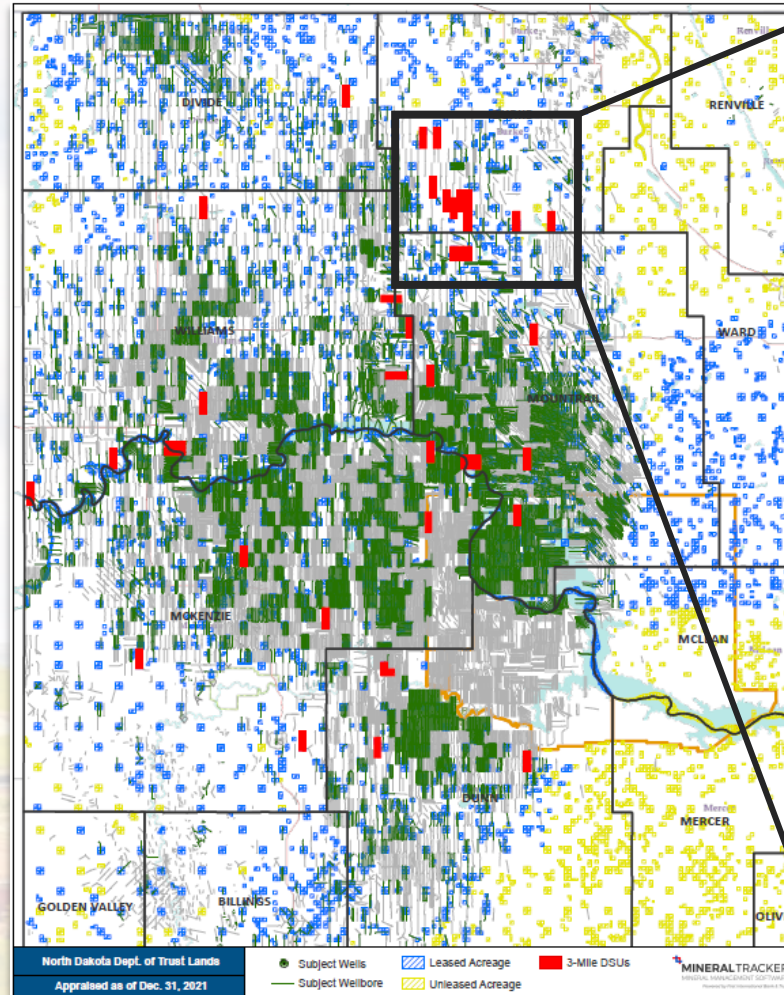
| Operator           | Current Well Count* | DTL Net Mineral Acres | Appraised Value        |
|--------------------|---------------------|-----------------------|------------------------|
| CHORD              | 1,867               | 73,447                | \$397,681,735          |
| CONTINENTAL        | 1,268               | 65,731                | \$649,485,632          |
| HESS               | 950                 | 40,352                | \$276,724,218          |
| CONOCOPHILLIPS     | 580                 | 16,491                | \$200,667,462          |
| MARATHON           | 542                 | 18,914                | \$198,150,930          |
| XTO                | 427                 | 29,404                | \$178,209,799          |
| EOG                | 303                 | 13,710                | \$26,888,603           |
| SLAWSON            | 373                 | 13,779                | \$157,820,449          |
| GRAYSON MILL       | 377                 | 17,343                | \$100,291,660          |
| PETRO-HUNT         | 307                 | 20,248                | \$66,164,460           |
| LIME ROCK          | 171                 | 13,389                | \$36,159,330           |
| OVINTIV            | 160                 | 4,587                 | \$89,459,463           |
| ENERPLUS           | 151                 | 13,577                | \$54,677,974           |
| FORMENTERA         | 145                 | 9,535                 | \$10,149,571           |
| KRAKEN             | 124                 | 7,107                 | \$50,865,358           |
| CRESCENT POINT     | 94                  | 5,799                 | \$24,958,406           |
| BOWLINE            | 118                 | 3,904                 | \$12,662,102           |
| LIBERTY            | 85                  | 7,521                 | \$14,042,960           |
| MUREX              | 85                  | 8,062                 | \$24,166,174           |
| HUNT               | 67                  | 6,102                 | \$16,968,828           |
| OTHER              | 605                 | 83,120                | \$164,355,330          |
| UNDEVELOPED        | -                   | 2,125,594             | \$62,929,904           |
| <b>GRAND TOTAL</b> | <b>8,799</b>        | <b>2,597,716</b>      | <b>\$2,813,480,347</b> |

\*A "current" well is defined as a well which has been spud. A unitized field evaluated conglomerately is counted as one "well" within this table.




# 3-MILE LATERALS


- Most Bakken and Three Forks wells drilled to-date are drilled 2-miles laterally.
- 3-mile laterals were traditionally drilled to reach acreage under Lake Sakakawea. Production results were inefficient.
- Improved drilling and geo-steering technology now allows for efficient stimulation of 3-mile laterals.
- 3-mile laterals permitted or being drilled on State minerals: 53










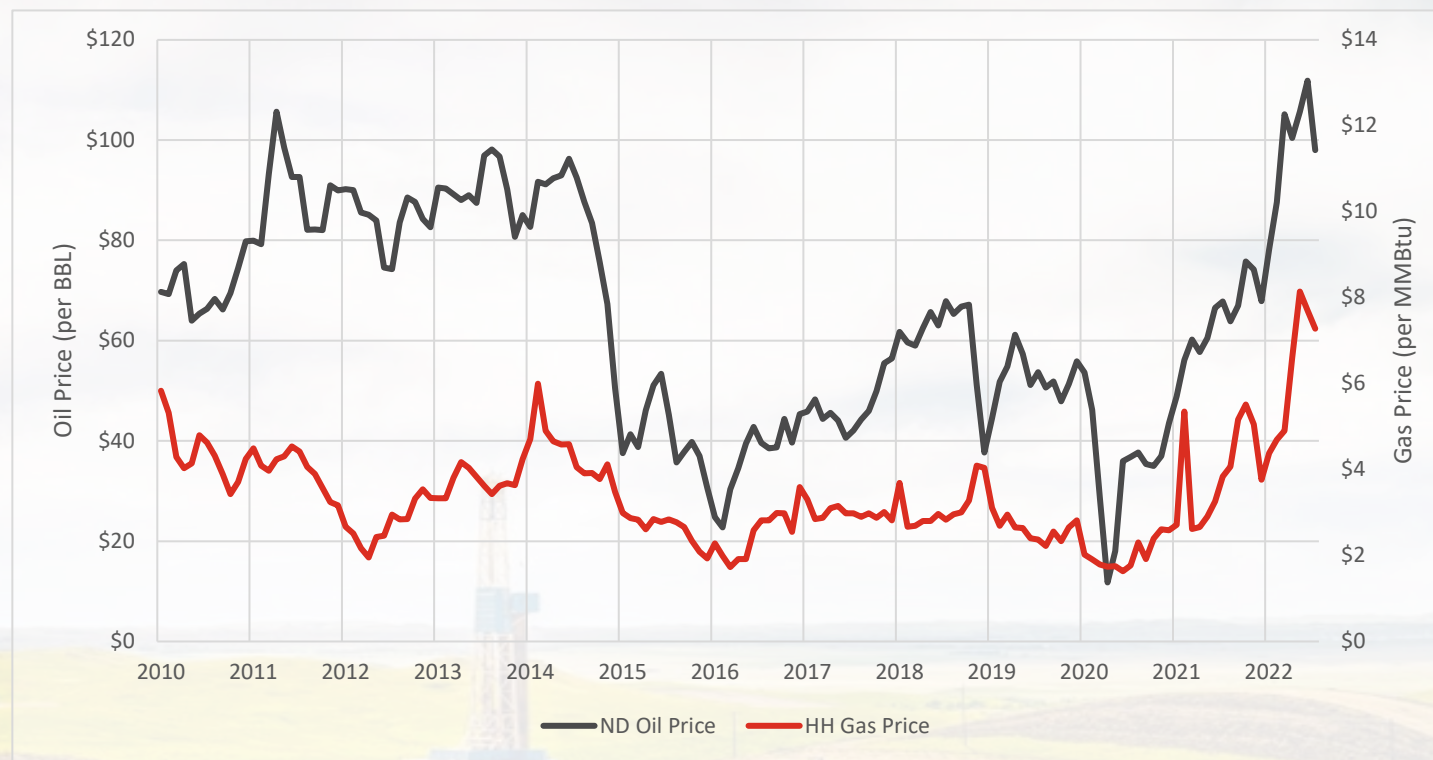
# RECORD REVENUES


 2022 Fiscal Year: \$464MM received in royalties—a record for the Department.

 In July 2022, the State received royalty payment of over \$55MM, compared to \$36MM in July 2021.

 What are the underlying drivers for the record revenues experienced?

-  Oil Sales Volume
-  Oil Price
-  Gas Sales Volume
-  Gas Price



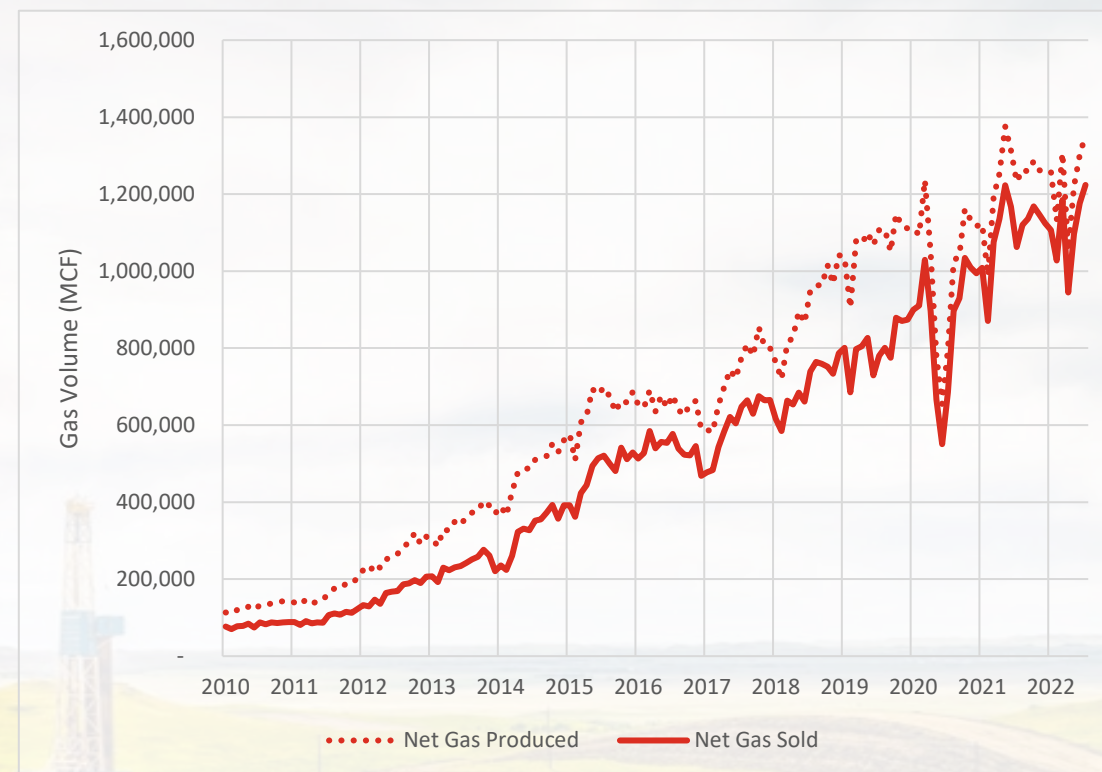
 Realized prices for oil and natural gas have reached the highest levels experienced during the modern development of the Bakken and Three Forks Formations.




# RECORD REVENUES

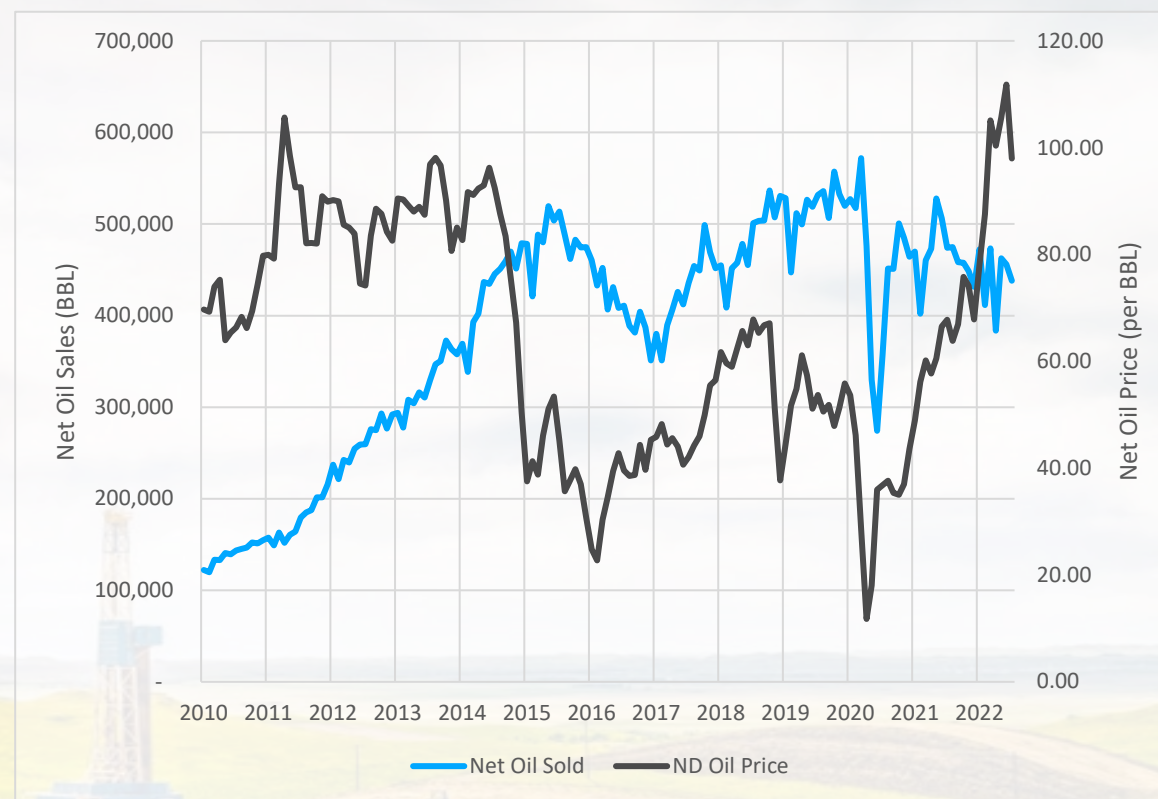
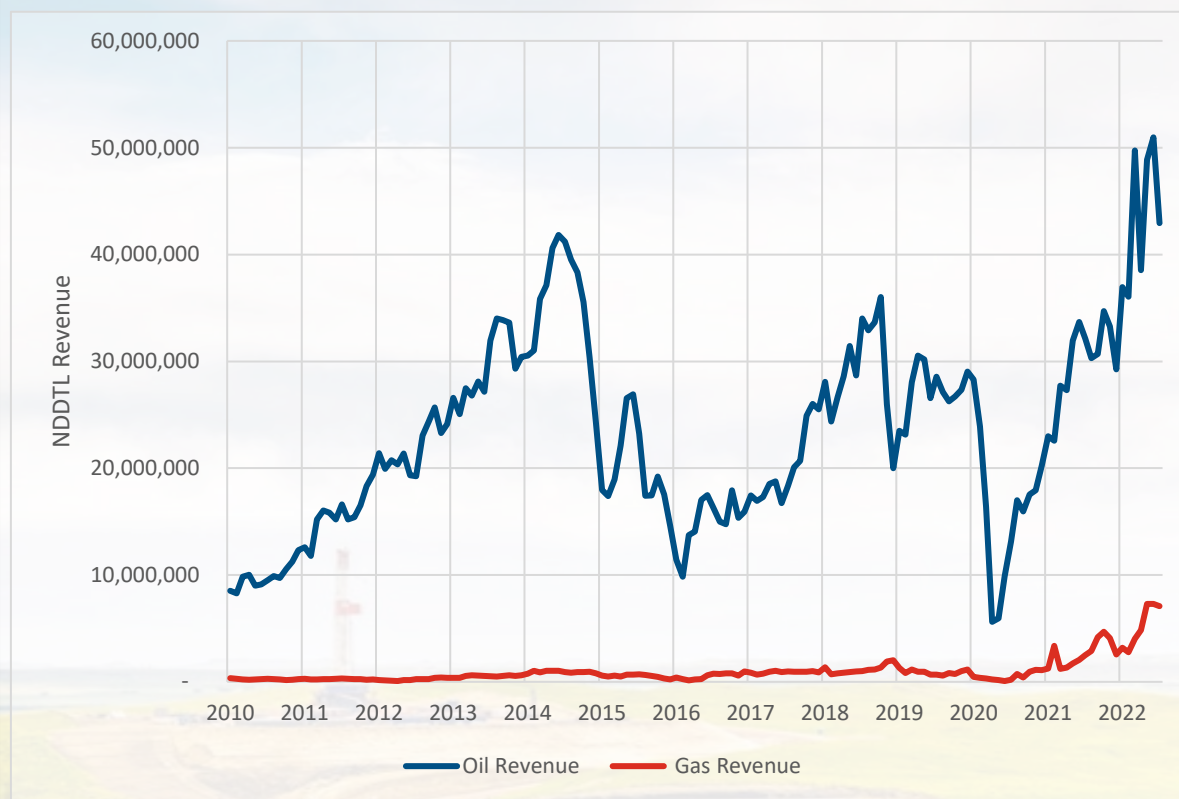


 Gas sales have grown significantly even as oil sales have flattened.



 Gas flaring has decreased following the recovery from the economic shut-downs of 2020.

# RECORD REVENUES

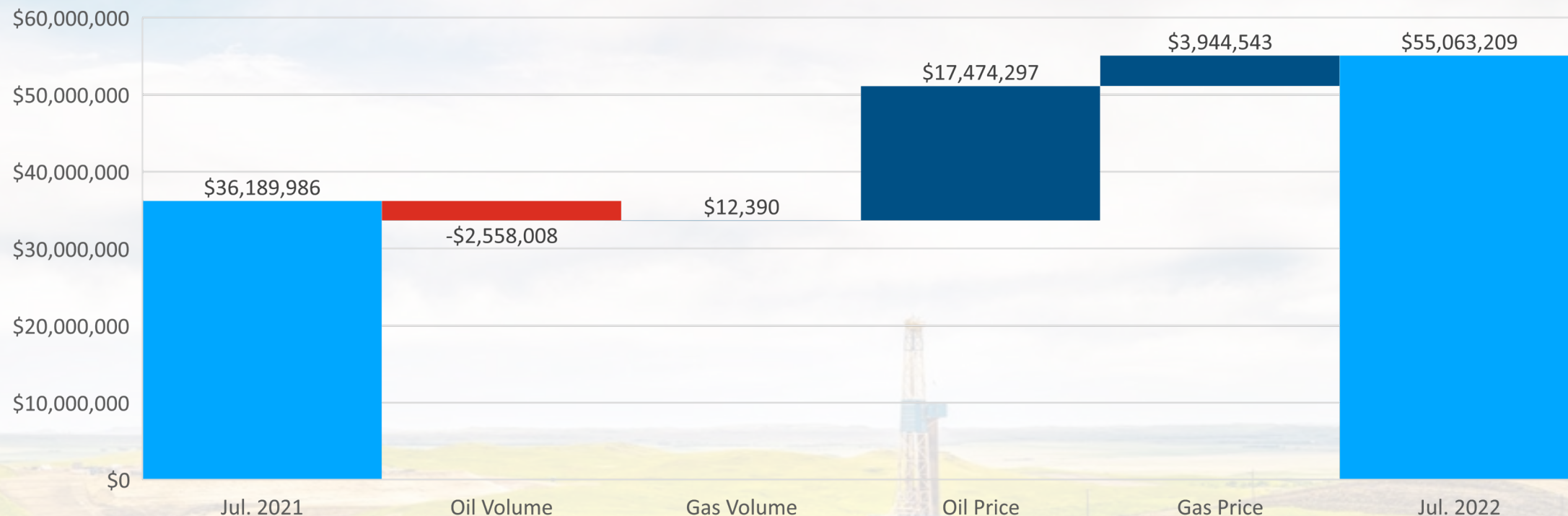


Even with major improvements for natural gas, oil still generates 90% of the States royalty income.

Record revenues are primarily due to high oil prices and sustained oil production.





# RECORD REVENUES





 A waterfall analysis comparing July 2021 and July 2022 realized royalties shows that improved oil price accounts for 93% of the difference.

# 2000



## Dunn County

-  Tracts Leased: 4
-  Avg. Bonus: \$1



## McKenzie County

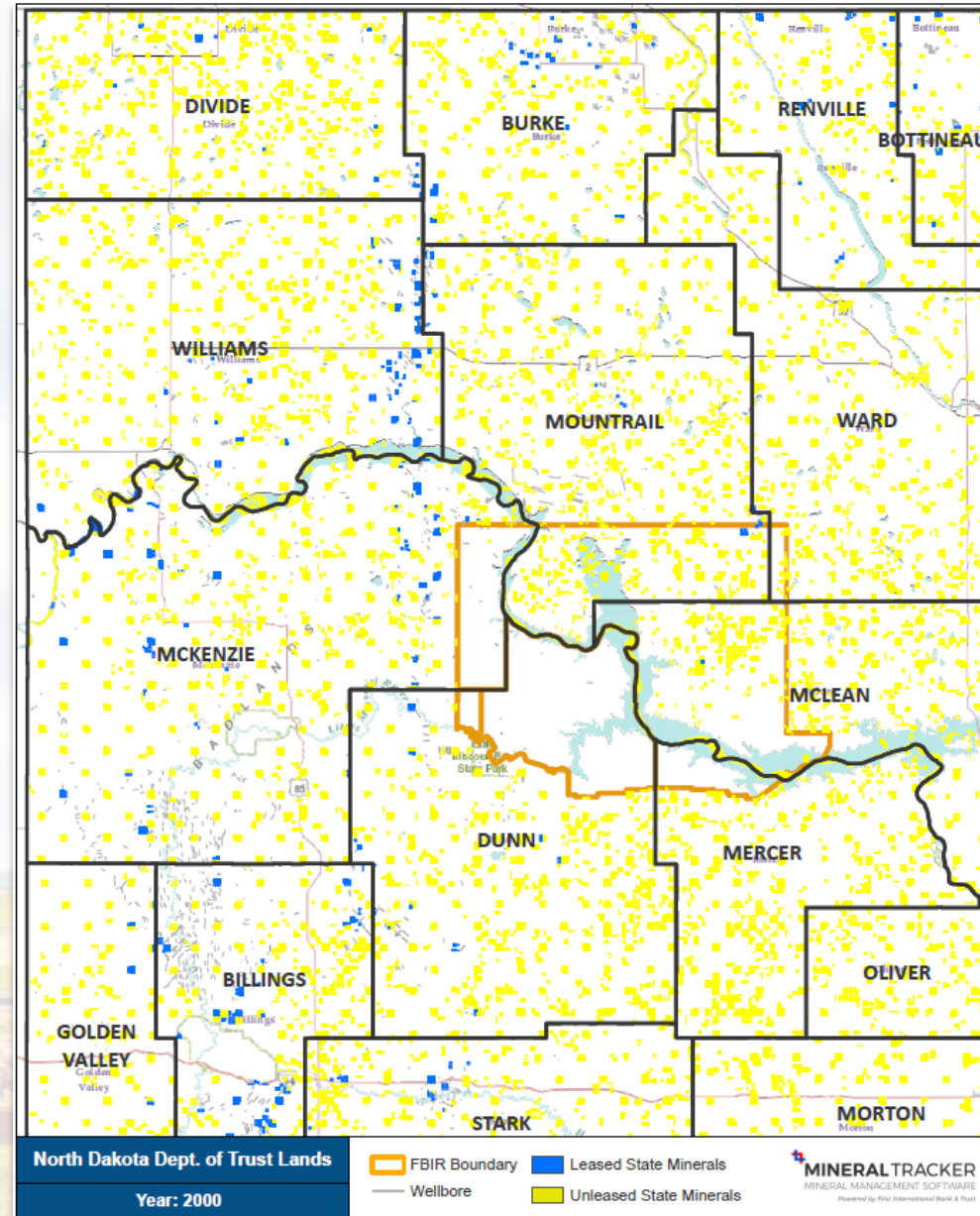
-  Tracts Leased: 18
-  Avg. Bonus: \$34

## Mountrail County

-  Tracts Leased: 0
-  Avg. Bonus: N/A

## Williams County



-  Tracts Leased: 0
-  Avg. Bonus: N/A







# 2001



## Dunn County

-  Tracts Leased: 1
-  Avg. Bonus: \$50



## McKenzie County

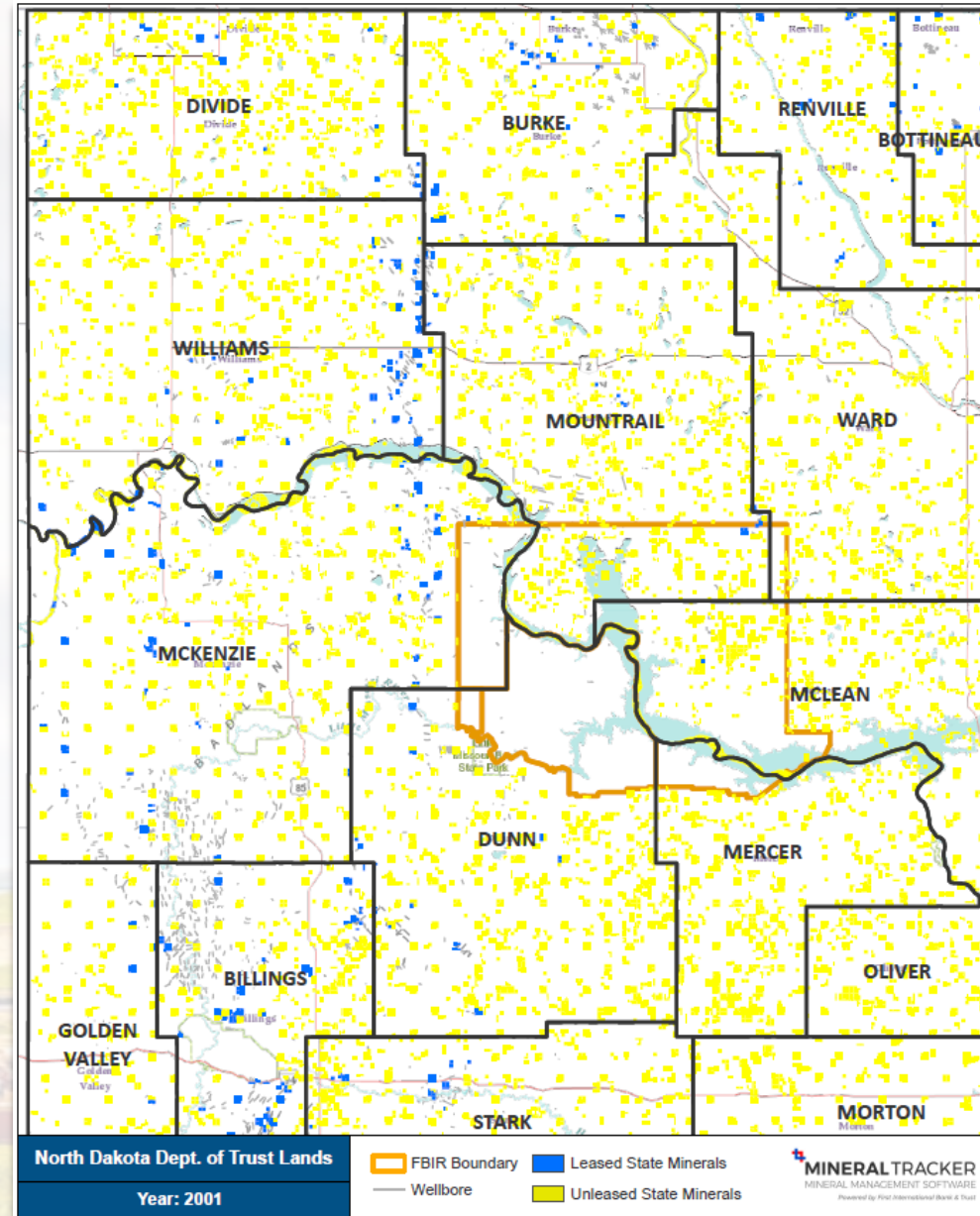
-  Tracts Leased: 10
-  Avg. Bonus: \$7

## Mountrail County

-  Tracts Leased: 0
-  Avg. Bonus: N/A

## Williams County



-  Tracts Leased: 0
-  Avg. Bonus: \$1







# 2002



## Dunn County

-  Tracts Leased: 0
-  Avg. Bonus: N/A



## McKenzie County

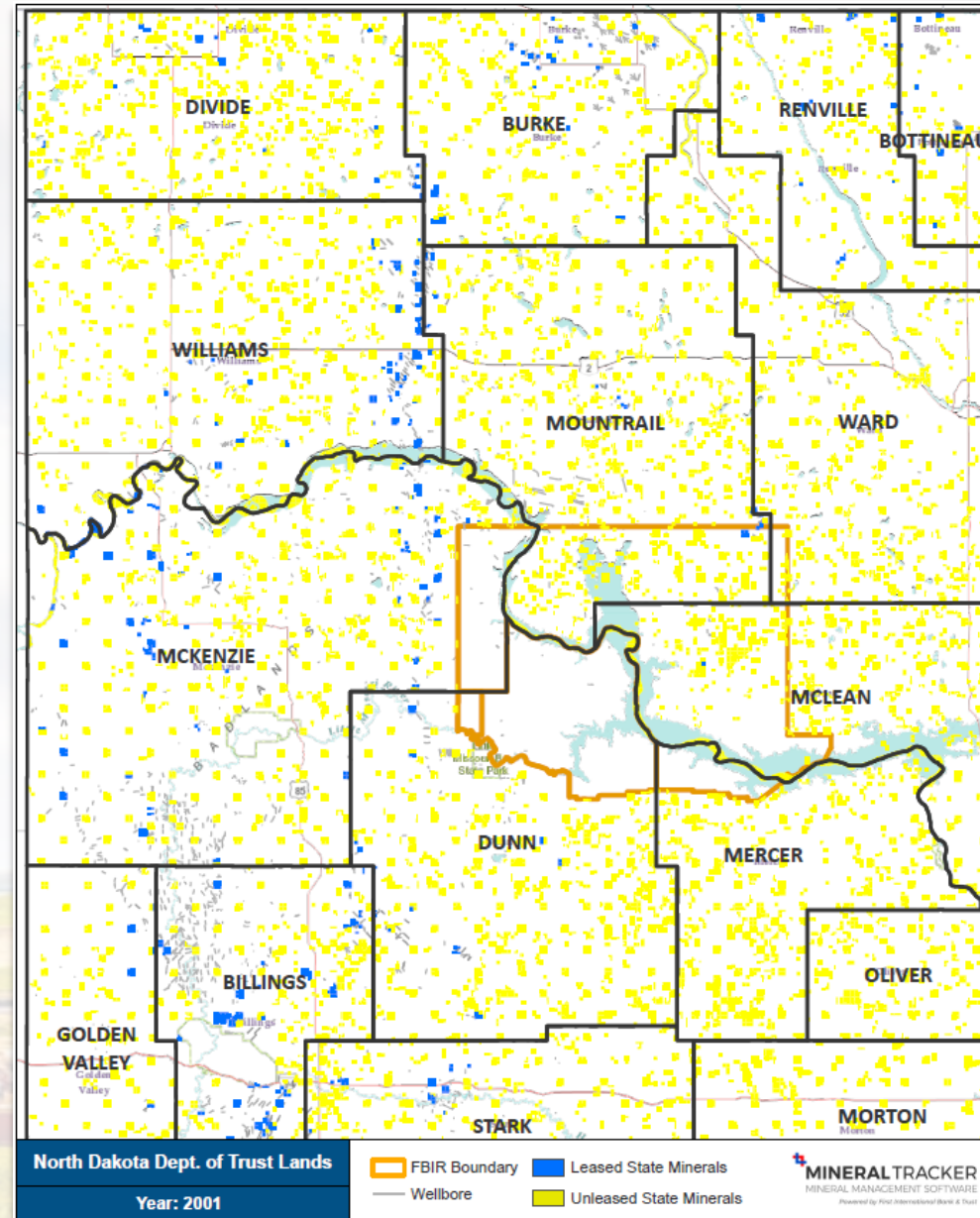
-  Tracts Leased: 16
-  Avg. Bonus: \$18

## Mountrail County

-  Tracts Leased: 0
-  Avg. Bonus: N/A



## Williams County

-  Tracts Leased: 0
-  Avg. Bonus: N/A





# 2003



## Dunn County

-  Tracts Leased: 2
-  Avg. Bonus: \$1



## McKenzie County

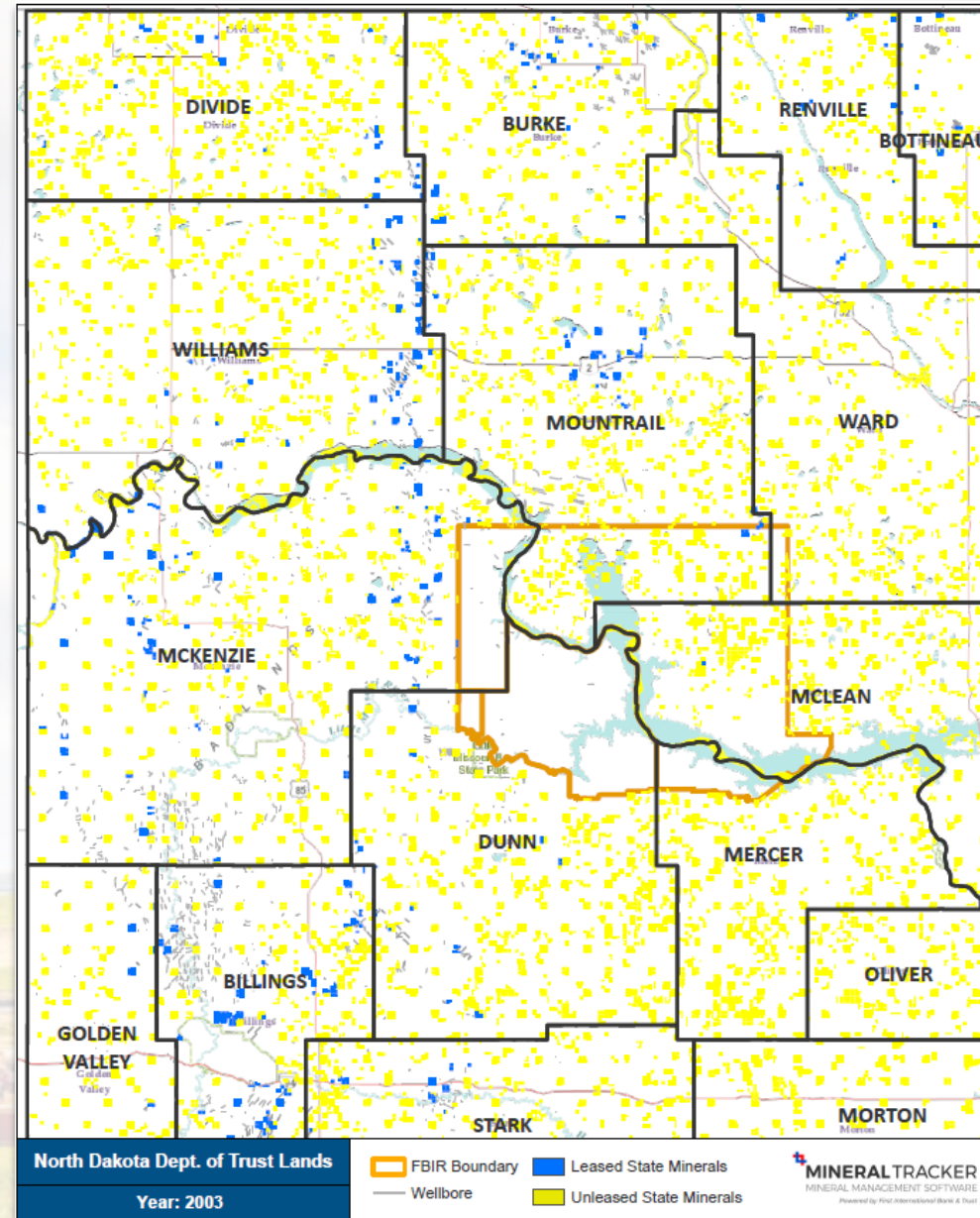
-  Tracts Leased: 27
-  Avg. Bonus: \$20

## Mountrail County

-  Tracts Leased: 48
-  Avg. Bonus: \$2

## Williams County



-  Tracts Leased: 7
-  Avg. Bonus: \$40







# 2004



## Dunn County

-  Tracts Leased: 122
-  Avg. Bonus: \$25



## McKenzie County

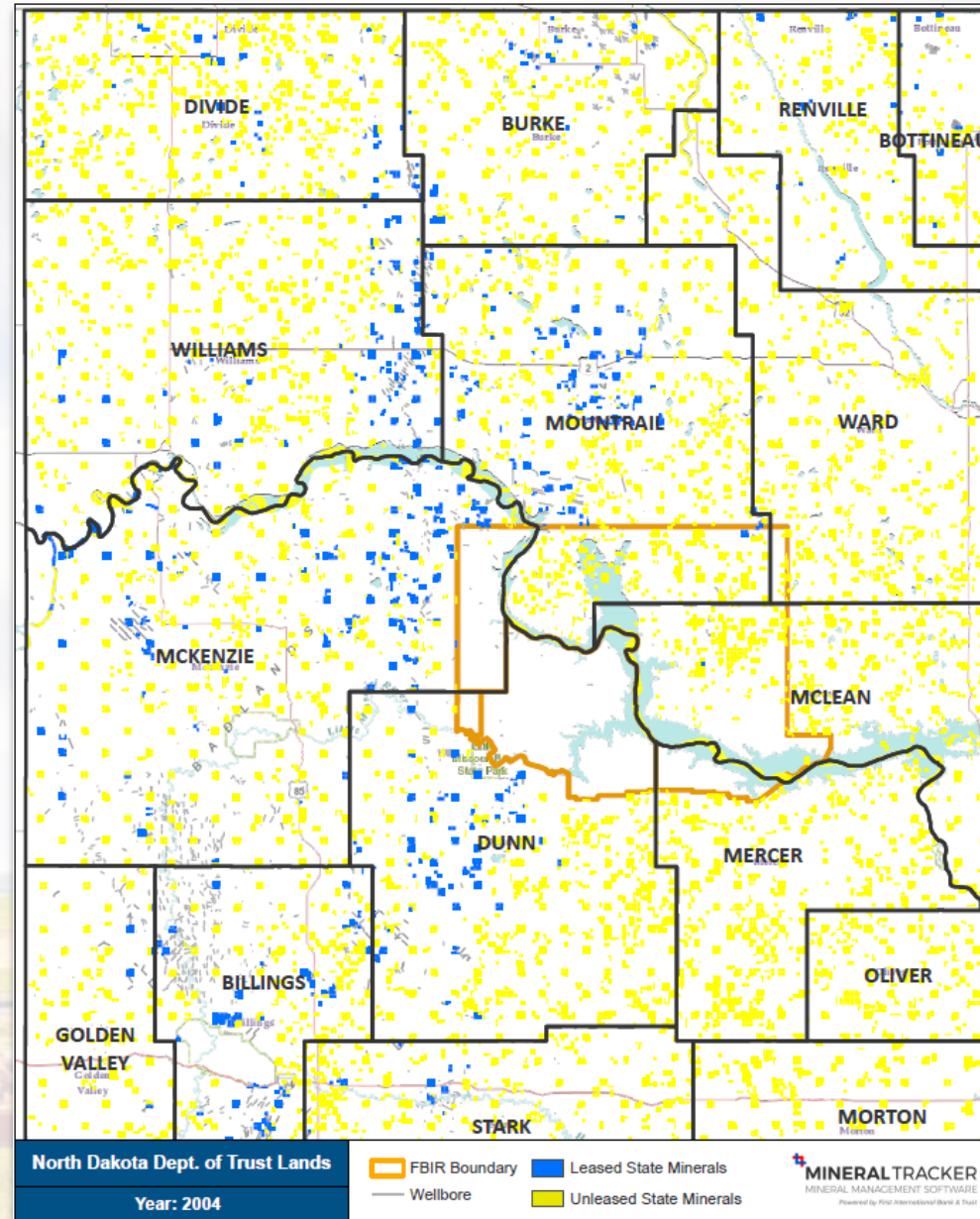
-  Tracts Leased: 238
-  Avg. Bonus: \$85

## Mountrail County

-  Tracts Leased: 156
-  Avg. Bonus: \$67



## Williams County

-  Tracts Leased: 70
-  Avg. Bonus: \$120





# 2005



## Dunn County

-  Tracts Leased: 111
-  Avg. Bonus: \$278



## McKenzie County

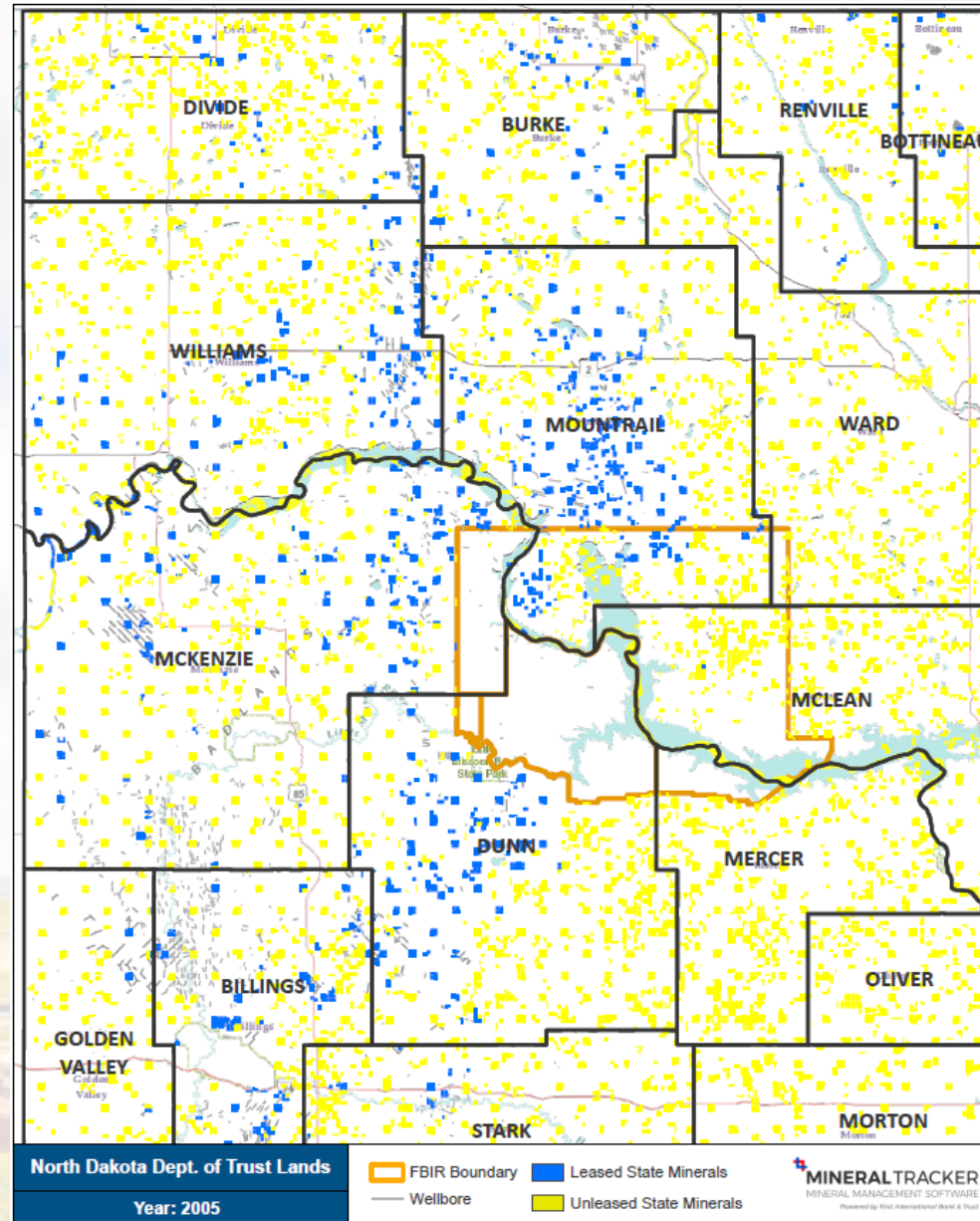
-  Tracts Leased: 27
-  Avg. Bonus: \$147

## Mountrail County

-  Tracts Leased: 237
-  Avg. Bonus: \$63

## Williams County



-  Tracts Leased: 52
-  Avg. Bonus: \$91







# 2006



## Dunn County

-  Tracts Leased: 91
-  Avg. Bonus: \$160



## McKenzie County

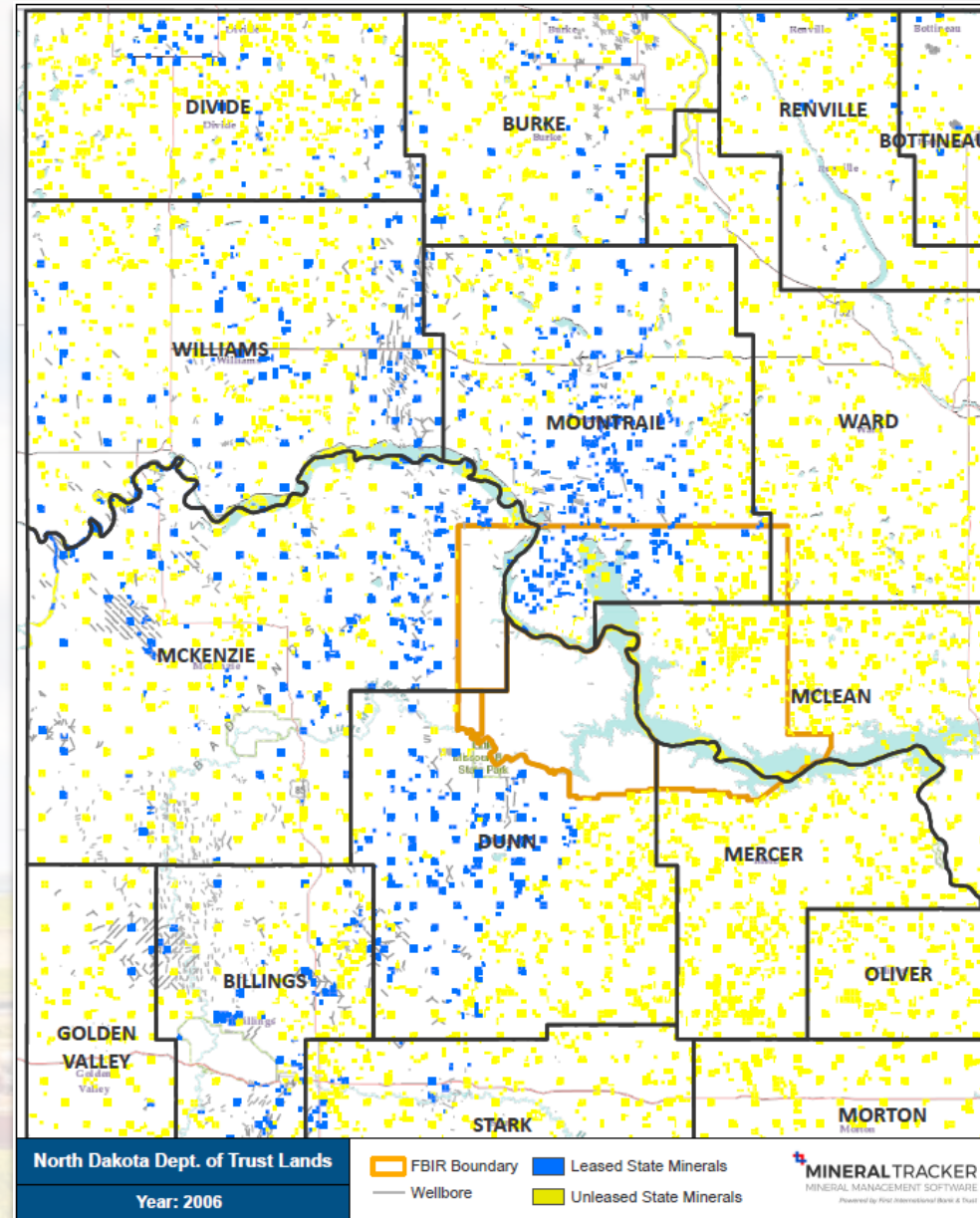
-  Tracts Leased: 200
-  Avg. Bonus: \$134

## Mountrail County

-  Tracts Leased: 131
-  Avg. Bonus: \$35

## Williams County



-  Tracts Leased: 77
-  Avg. Bonus: \$45







# 2007



## Dunn County

-  Tracts Leased: 17
-  Avg. Bonus: \$81



## McKenzie County

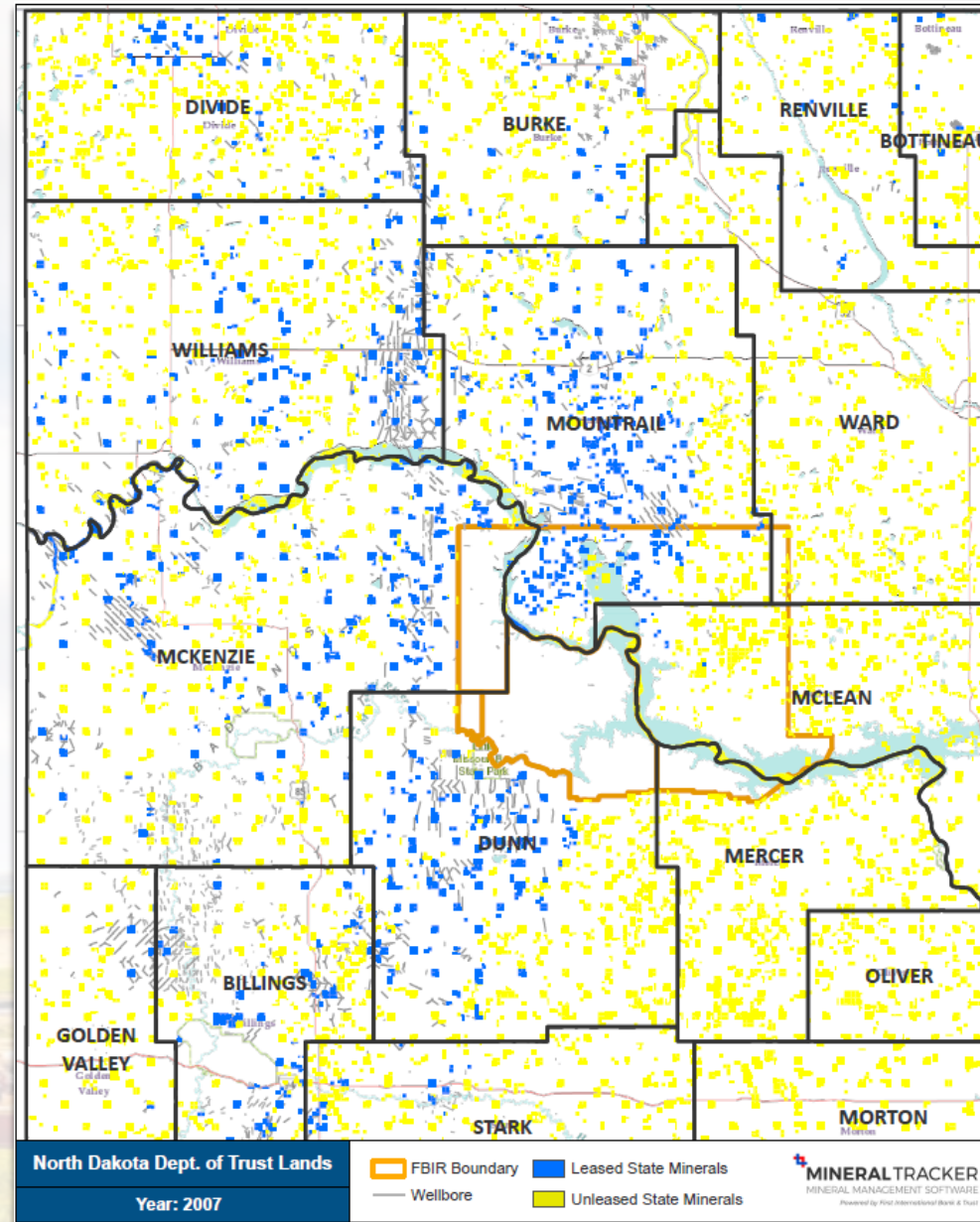
-  Tracts Leased: 26
-  Avg. Bonus: \$80

## Mountrail County

-  Tracts Leased: 24
-  Avg. Bonus: \$448



## Williams County

-  Tracts Leased: 27
-  Avg. Bonus: \$35





# 2008



## Dunn County

-  Tracts Leased: 22
-  Avg. Bonus: \$665



## McKenzie County

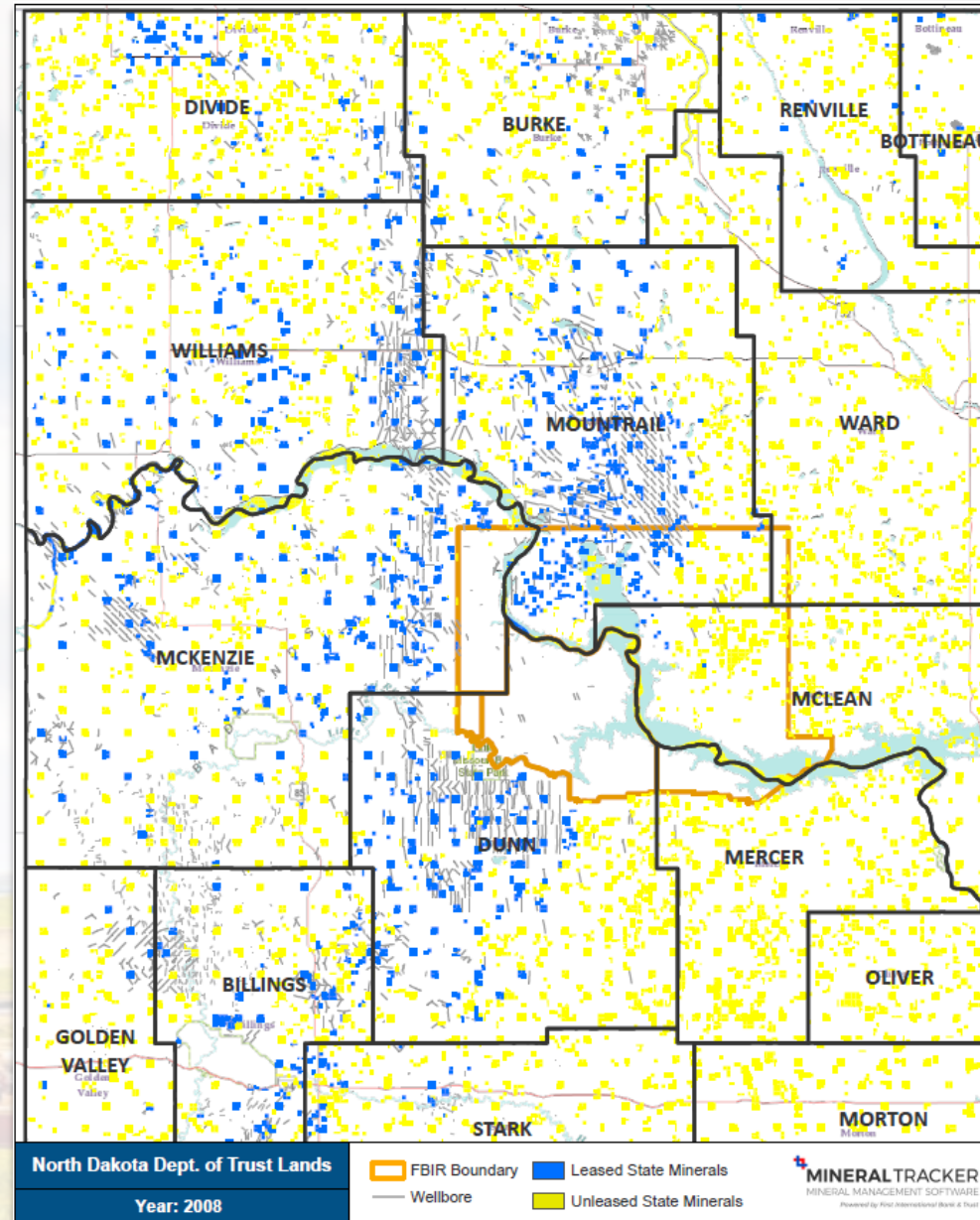
-  Tracts Leased: 29
-  Avg. Bonus: \$2,614

## Mountrail County

-  Tracts Leased: 8
-  Avg. Bonus: \$2,047

## Williams County



-  Tracts Leased: 19
-  Avg. Bonus: \$224







# 2009



## Dunn County

-  Tracts Leased: 56
-  Avg. Bonus: \$1,146



## McKenzie County

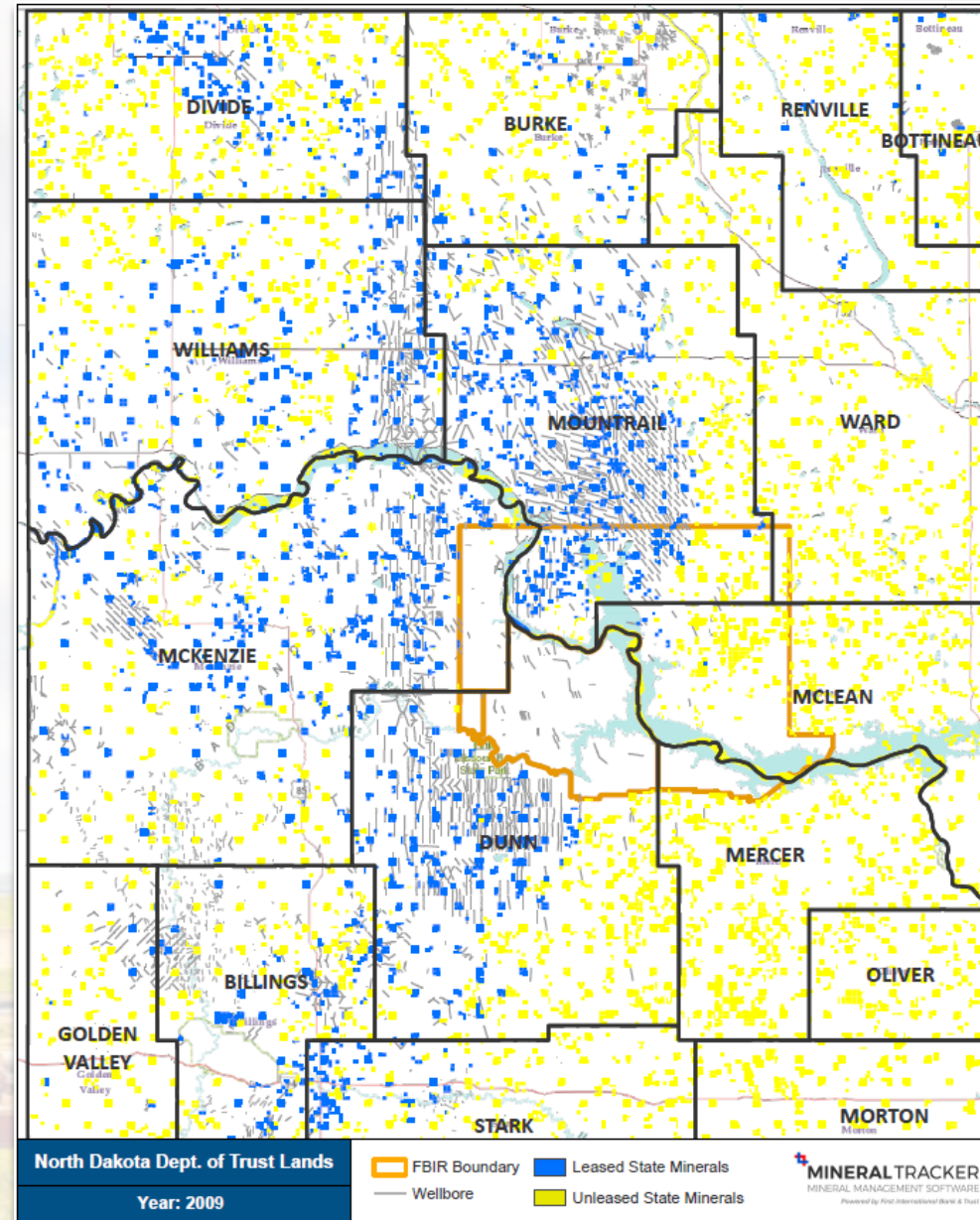
-  Tracts Leased: 300
-  Avg. Bonus: \$1,114

## Mountrail County

-  Tracts Leased: 208
-  Avg. Bonus: \$2,634



## Williams County

-  Tracts Leased: 207
-  Avg. Bonus: \$960





# 2010



## Dunn County

-  Tracts Leased: 18
-  Avg. Bonus: \$1,437



## McKenzie County

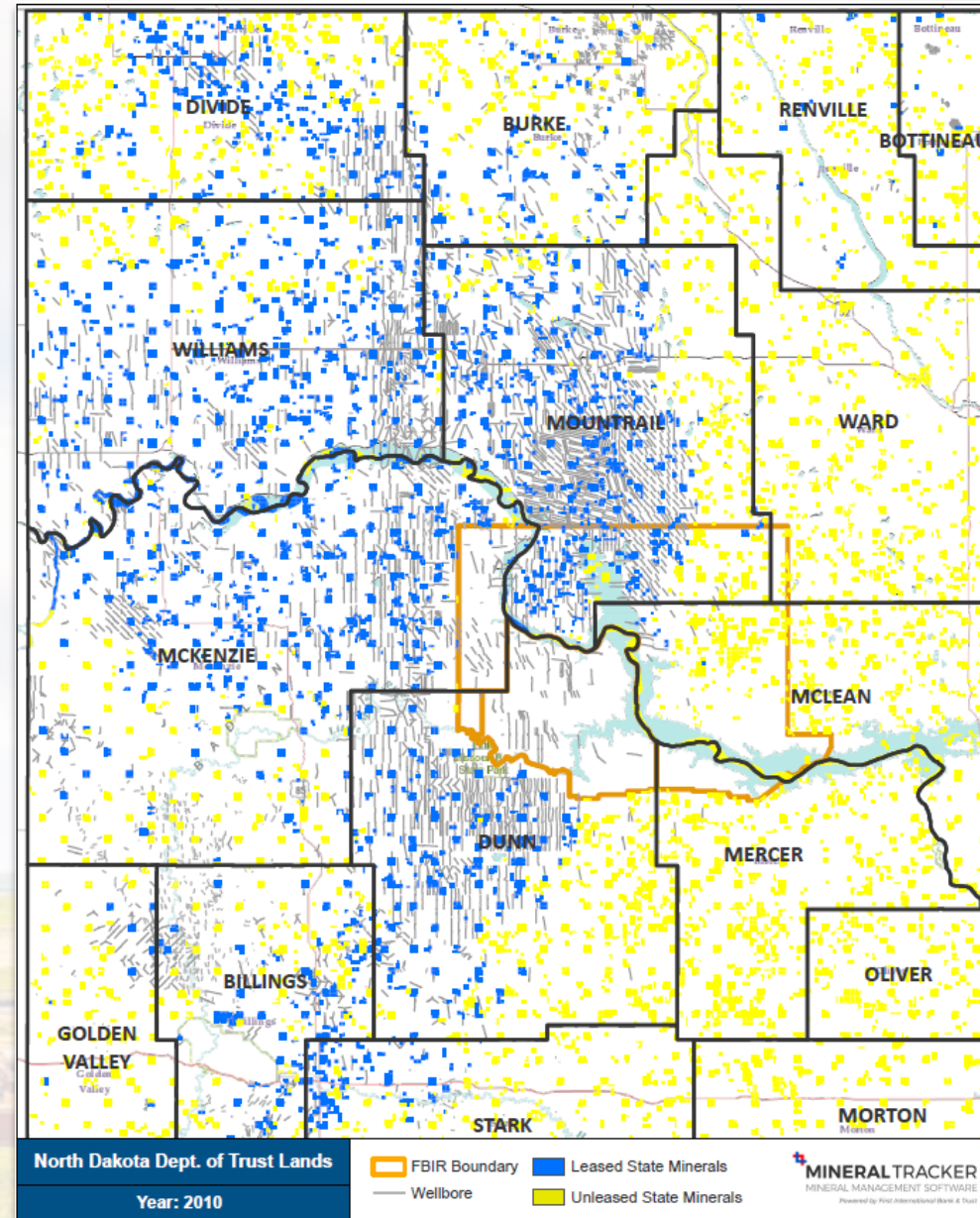
-  Tracts Leased: 385
-  Avg. Bonus: \$3,509

## Mountrail County

-  Tracts Leased: 55
-  Avg. Bonus: \$3,483

## Williams County



-  Tracts Leased: 333
-  Avg. Bonus: \$3,508







# 2011



## Dunn County

-  Tracts Leased: 45
-  Avg. Bonus: \$3,792



## McKenzie County

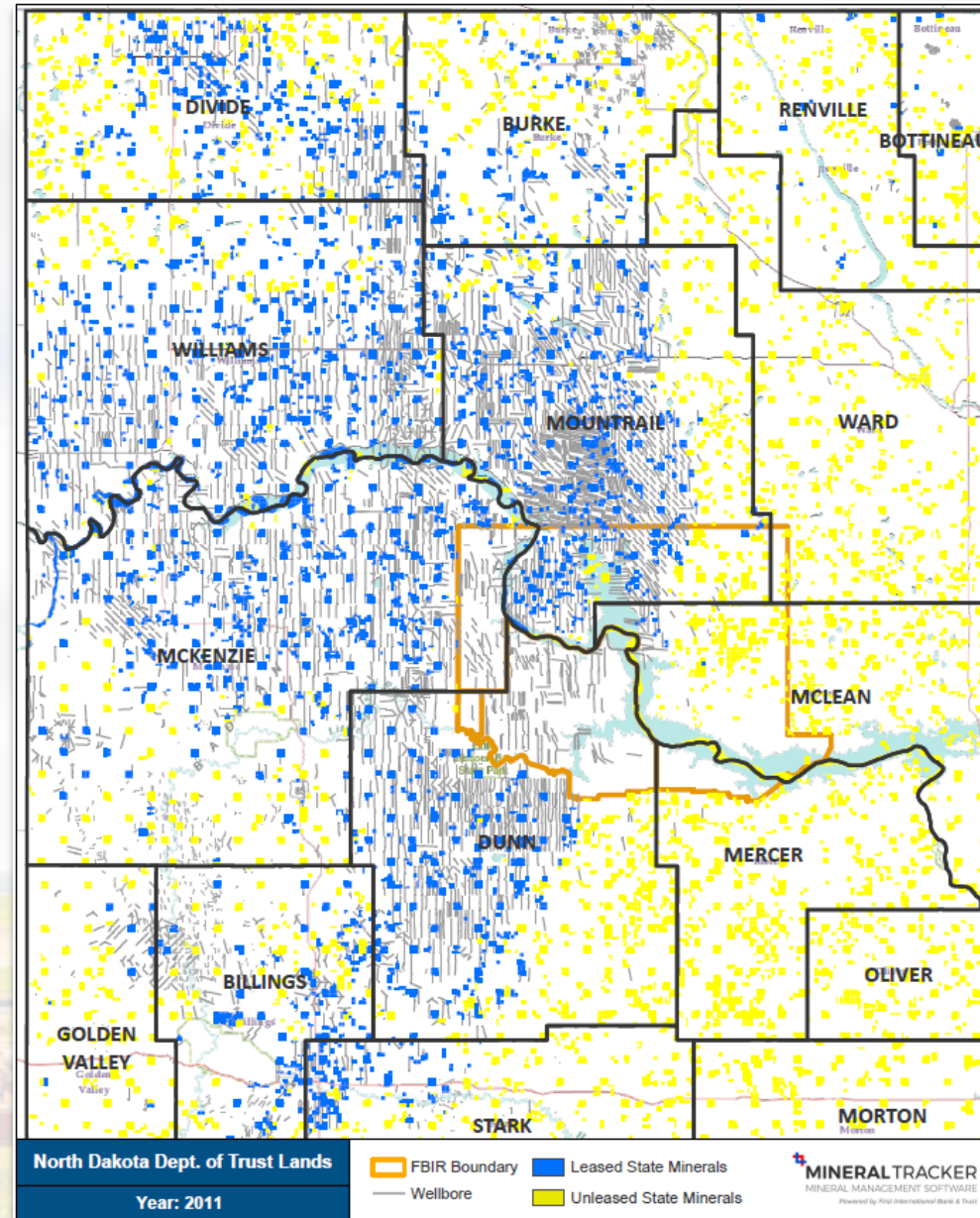
-  Tracts Leased: 79
-  Avg. Bonus: \$5,101

## Mountrail County

-  Tracts Leased: 23
-  Avg. Bonus: \$6,280

## Williams County



-  Tracts Leased: 18
-  Avg. Bonus: \$5,817







# 2012



## Dunn County

-  Tracts Leased: 8
-  Avg. Bonus: \$1,703



## McKenzie County

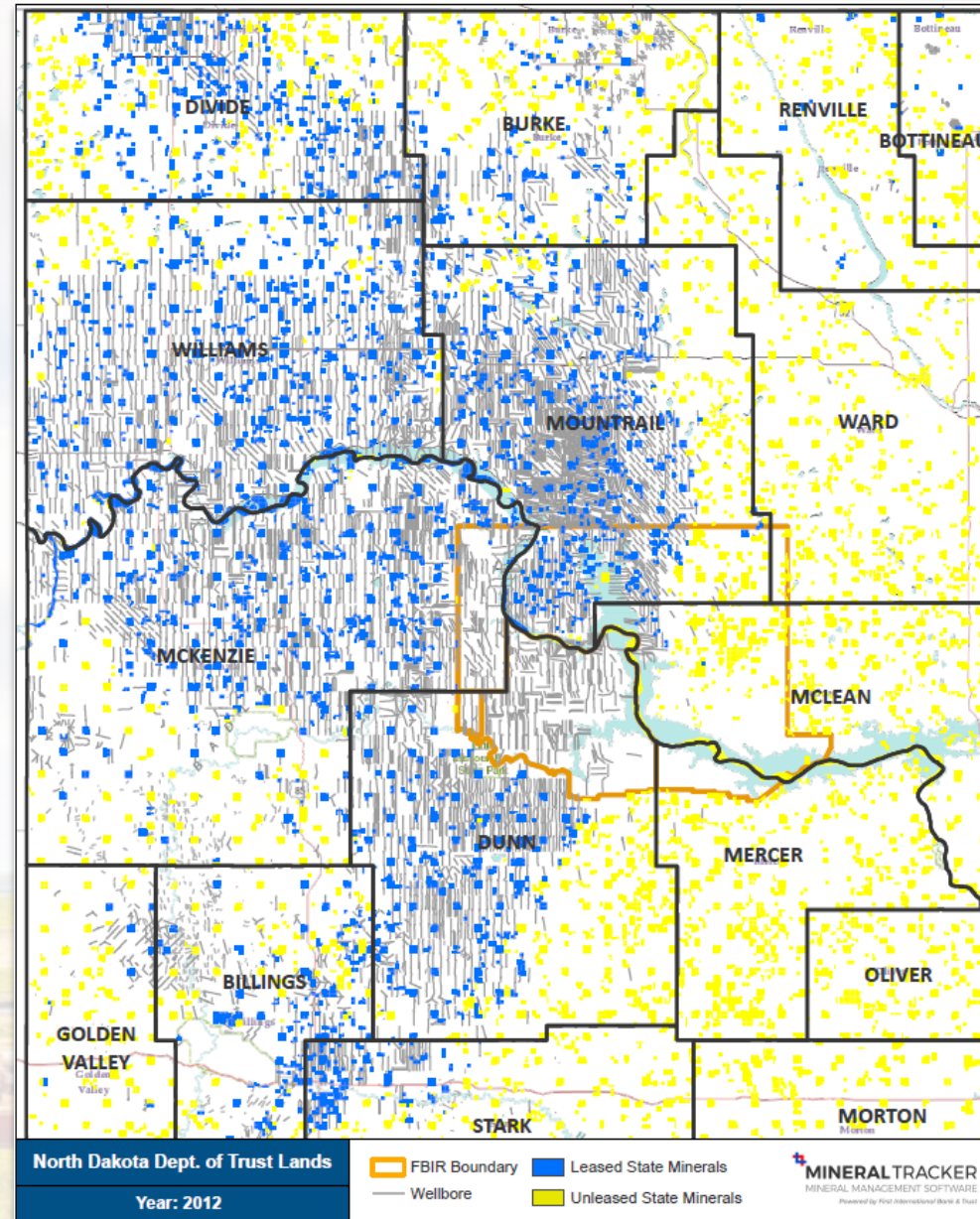
-  Tracts Leased: 109
-  Avg. Bonus: \$7,237

## Mountrail County

-  Tracts Leased: 27
-  Avg. Bonus: \$4,487

## Williams County



-  Tracts Leased: 63
-  Avg. Bonus: \$5,223







# 2013



## Dunn County

-  Tracts Leased: 57
-  Avg. Bonus: \$4,386



## McKenzie County

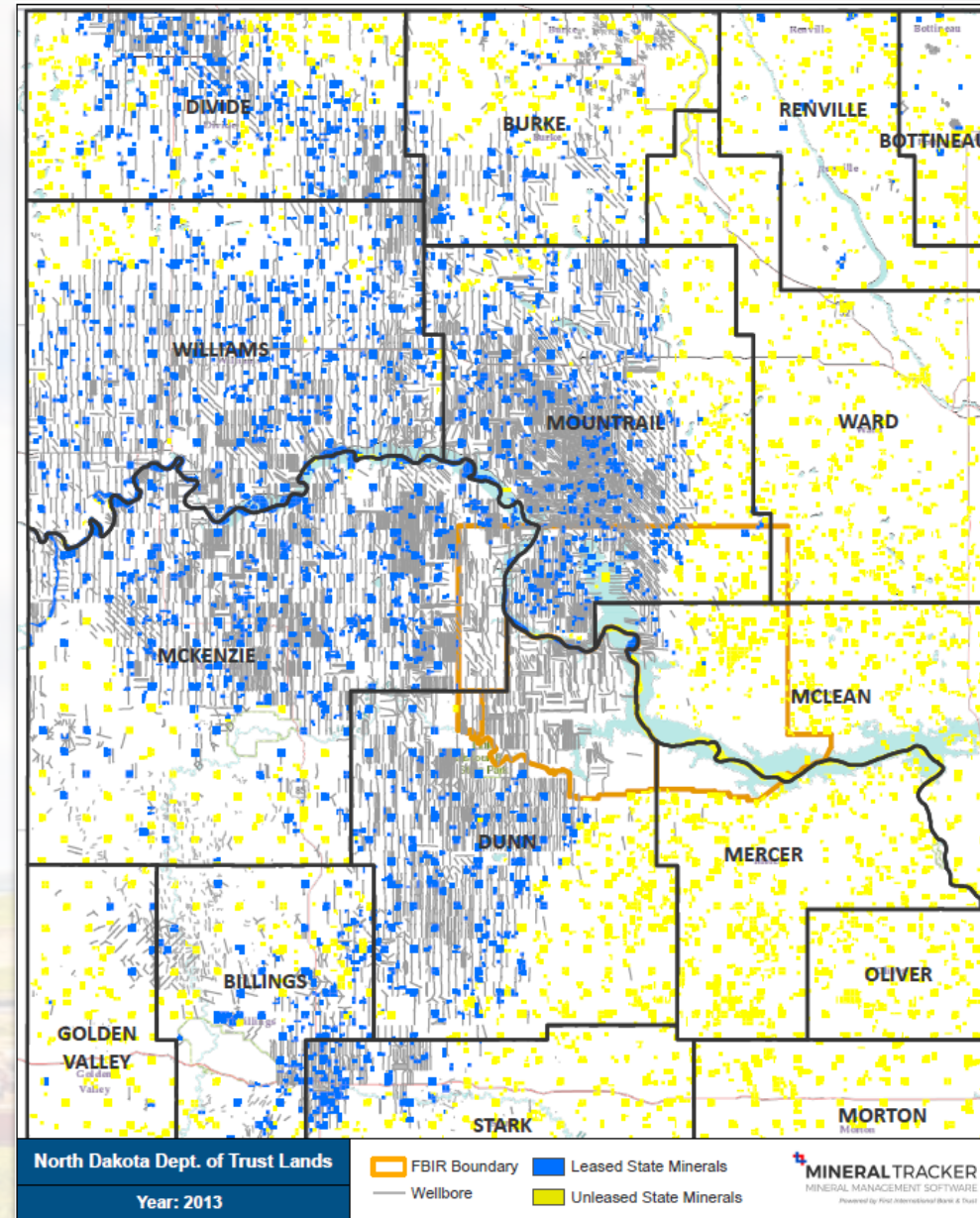
-  Tracts Leased: 13
-  Avg. Bonus: \$5,790

## Mountrail County

-  Tracts Leased: 5
-  Avg. Bonus: \$2,497

## Williams County



-  Tracts Leased: 5
-  Avg. Bonus: \$3,509







# 2014



## Dunn County

-  Tracts Leased: 1
-  Avg. Bonus: \$13,100



## McKenzie County

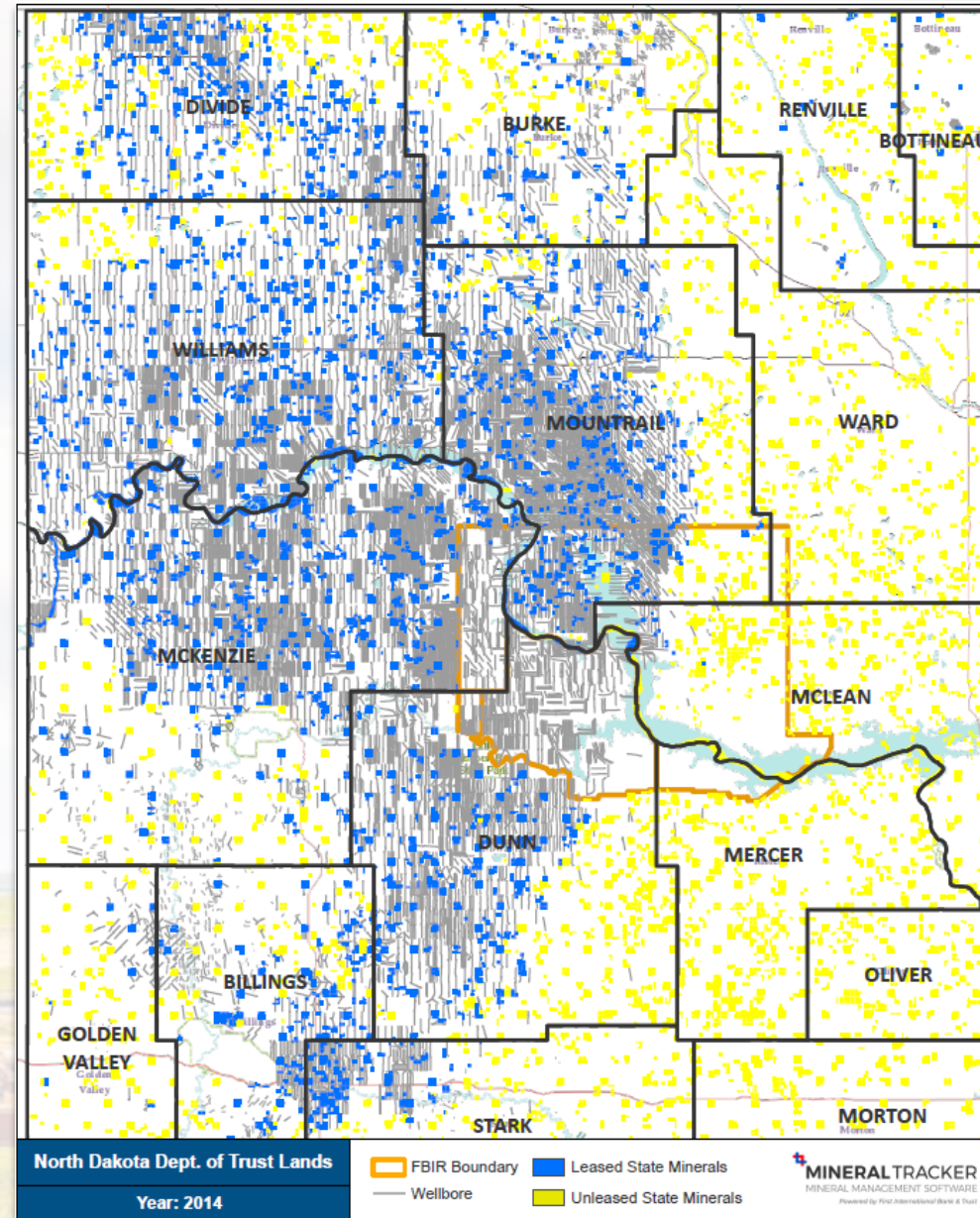
-  Tracts Leased: 15
-  Avg. Bonus: \$3,460

## Mountrail County

-  Tracts Leased: 0
-  Avg. Bonus: N/A

## Williams County



-  Tracts Leased: 14
-  Avg. Bonus: \$4,620







# 2015



## Dunn County

-  Tracts Leased: 3
-  Avg. Bonus: \$9,400



## McKenzie County

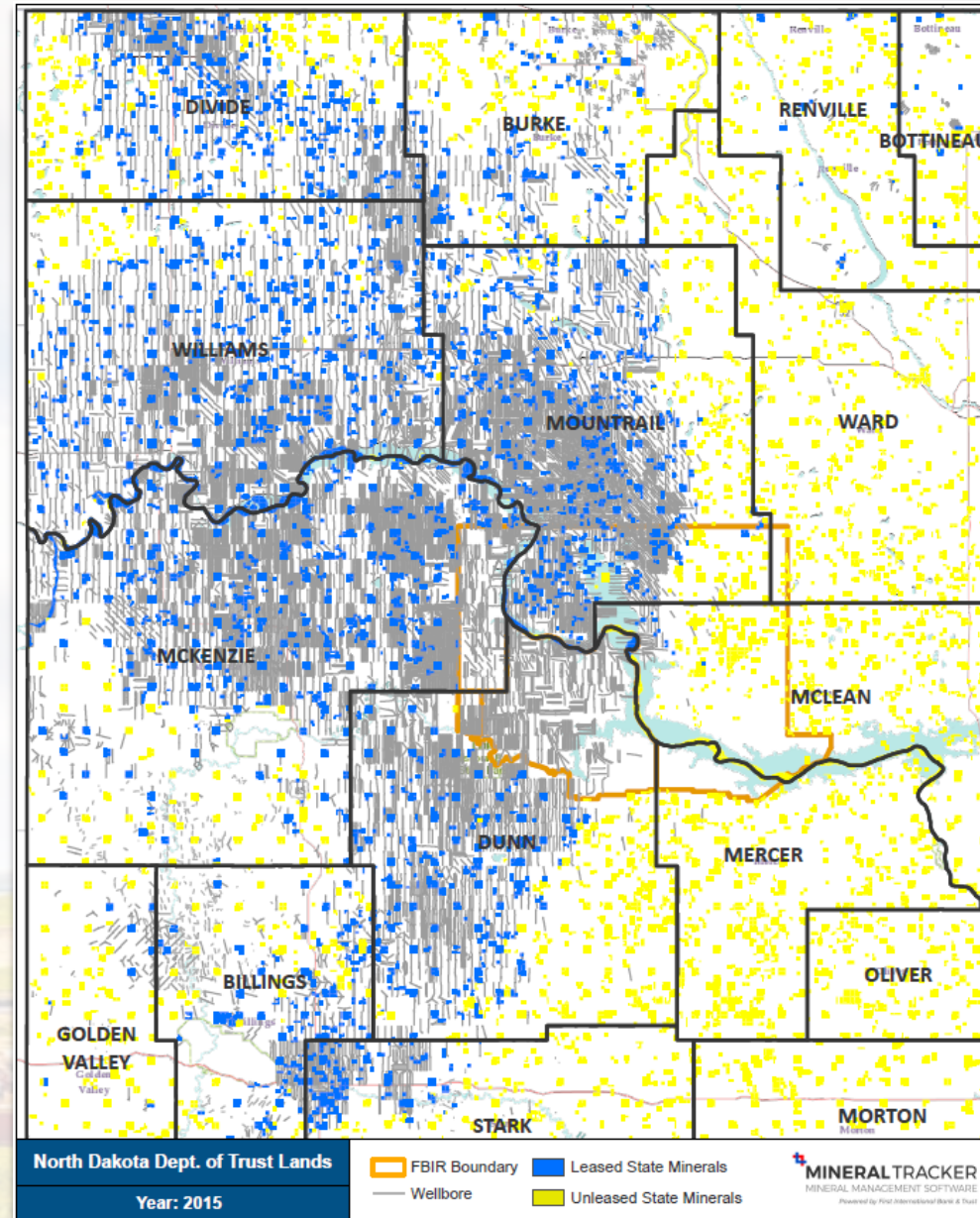
-  Tracts Leased: 12
-  Avg. Bonus: \$1,564

## Mountrail County

-  Tracts Leased: 19
-  Avg. Bonus: \$4,970

## Williams County

-  Tracts Leased: 6
-  Avg. Bonus: \$912





# 2016


## Dunn County

 Tracts Leased: 0

 Avg. Bonus: N/A


## McKenzie County

 Tracts Leased: 10

 Avg. Bonus: \$1,947


## Mountrail County

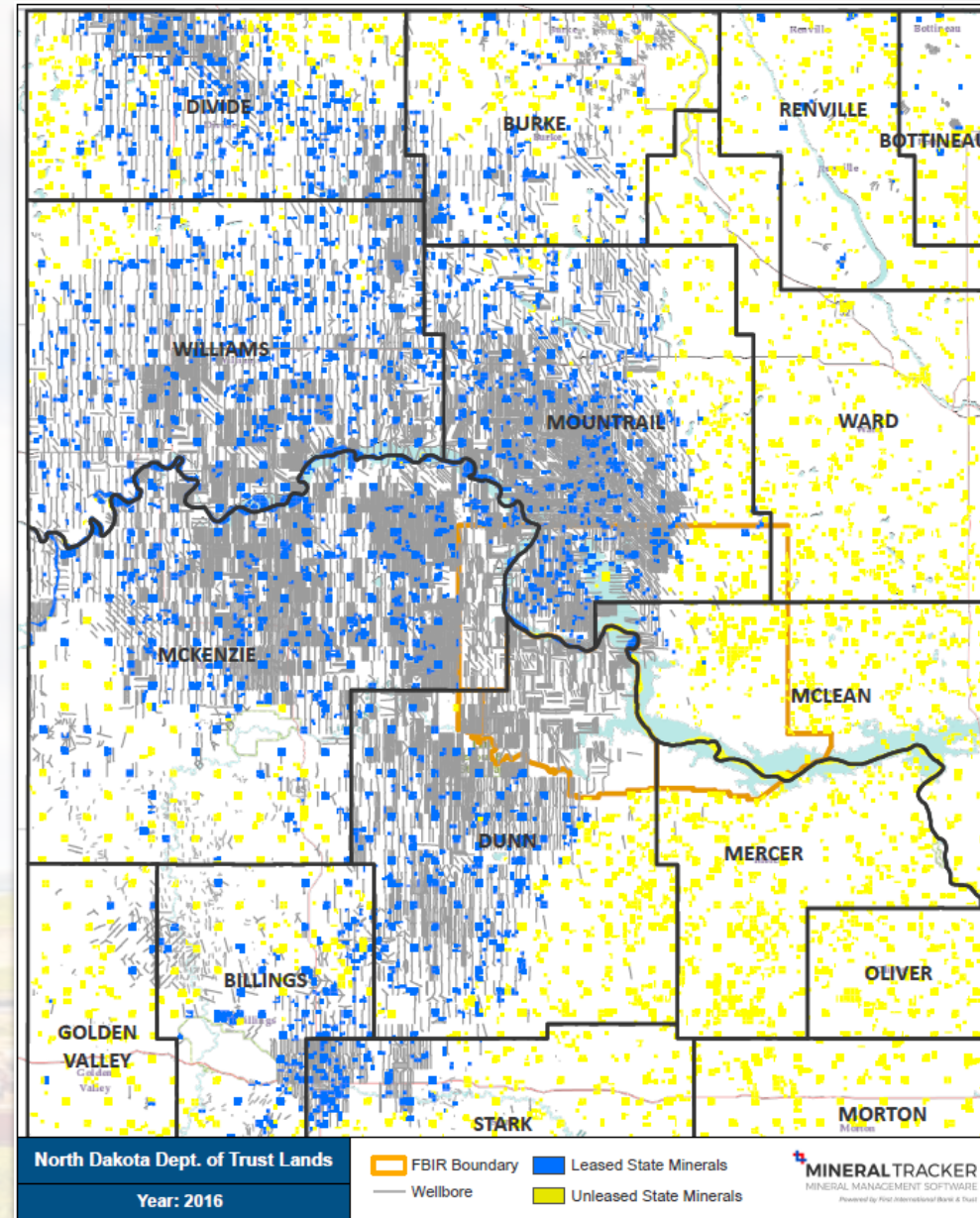
 Tracts Leased: 15

 Avg. Bonus: \$4,503

## Williams County

 Tracts Leased: 7



 Avg. Bonus: \$1,071







# 2017



## Dunn County

-  Tracts Leased: 2
-  Avg. Bonus: \$230



## McKenzie County

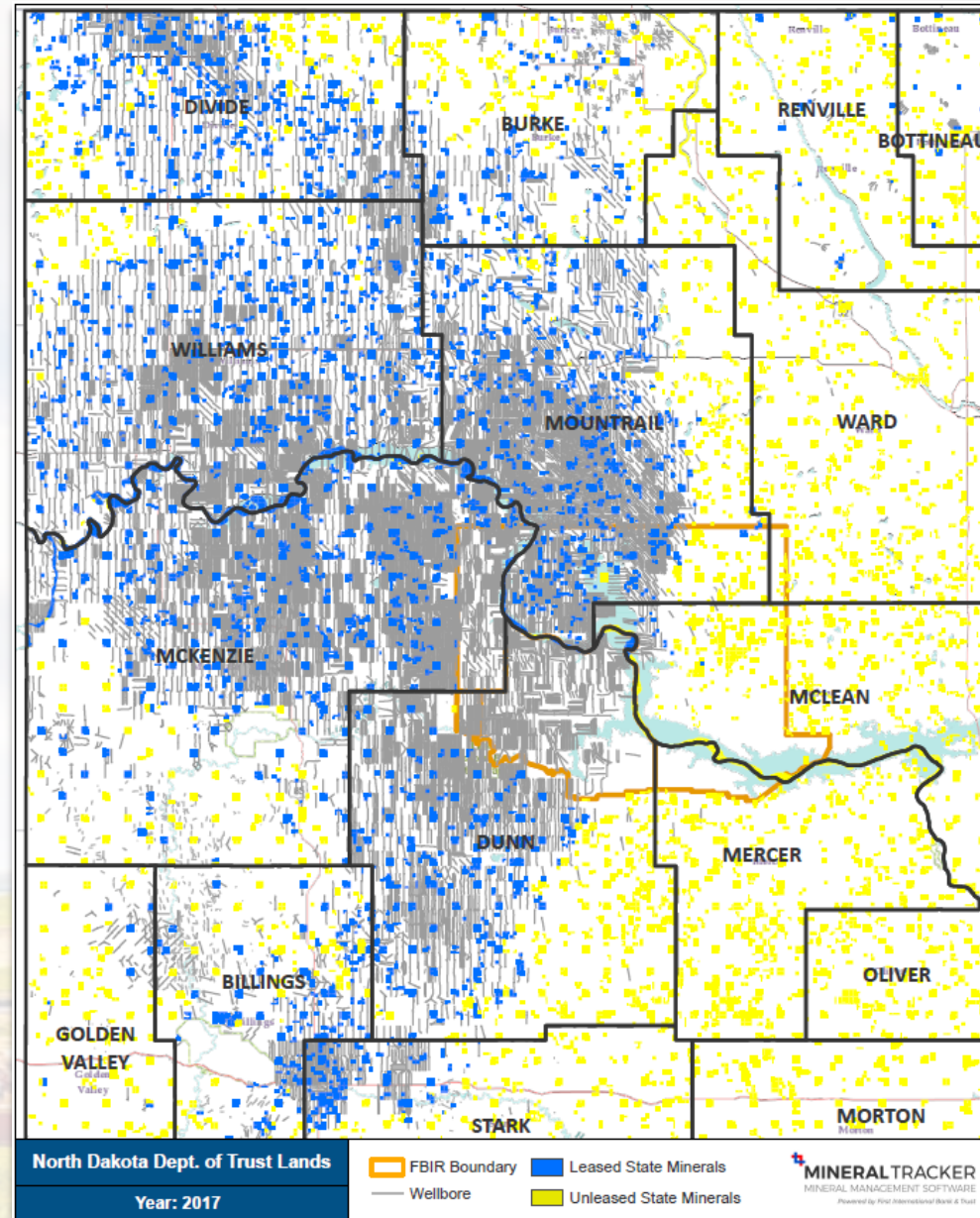
-  Tracts Leased: 1
-  Avg. Bonus: \$151

## Mountrail County

-  Tracts Leased: 1
-  Avg. Bonus: \$151

## Williams County



-  Tracts Leased: 8
-  Avg. Bonus: \$360







# 2018



## Dunn County

-  Tracts Leased: 61
-  Avg. Bonus: \$378



## McKenzie County

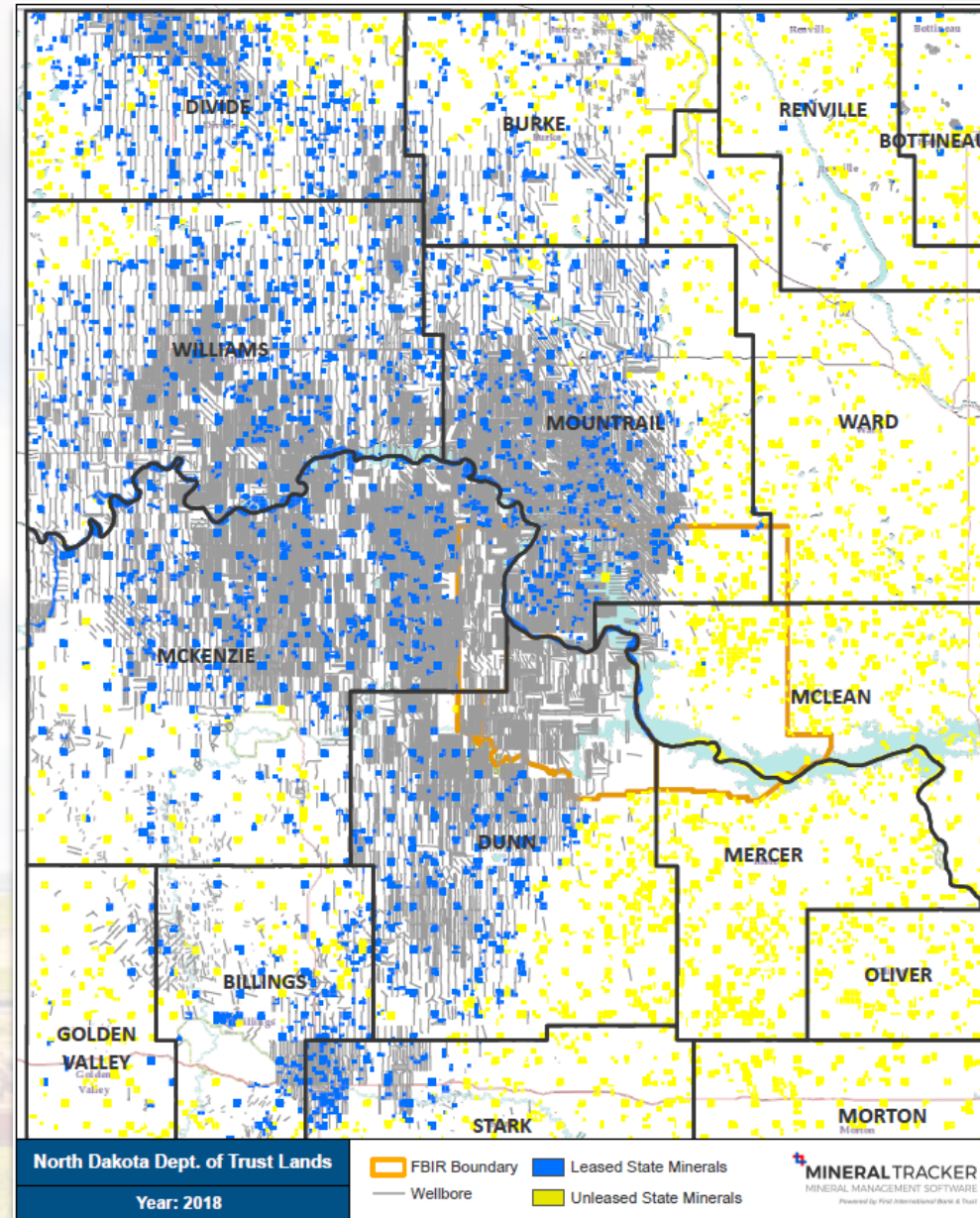
-  Tracts Leased: 40
-  Avg. Bonus: \$117

## Mountrail County

-  Tracts Leased: 14
-  Avg. Bonus: \$894

## Williams County



-  Tracts Leased: 2
-  Avg. Bonus: \$249







# 2019



## Dunn County

-  Tracts Leased: 12
-  Avg. Bonus: \$6,813



## McKenzie County

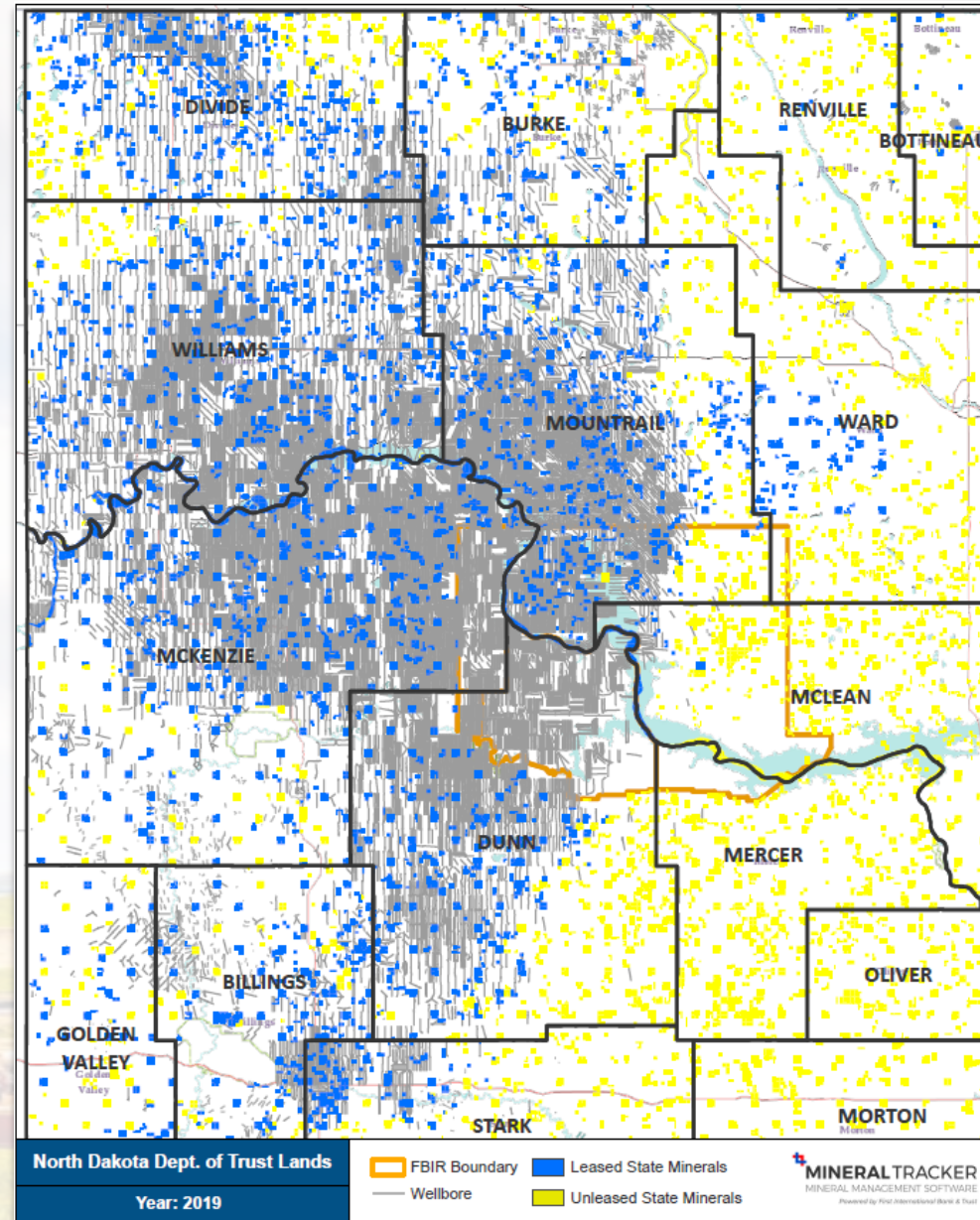
-  Tracts Leased: 39
-  Avg. Bonus: \$255

## Mountrail County

-  Tracts Leased: 87
-  Avg. Bonus: \$109

## Williams County



-  Tracts Leased: 12
-  Avg. Bonus: \$265







# 2020



## Dunn County

-  Tracts Leased: 30
-  Avg. Bonus: \$27



## McKenzie County

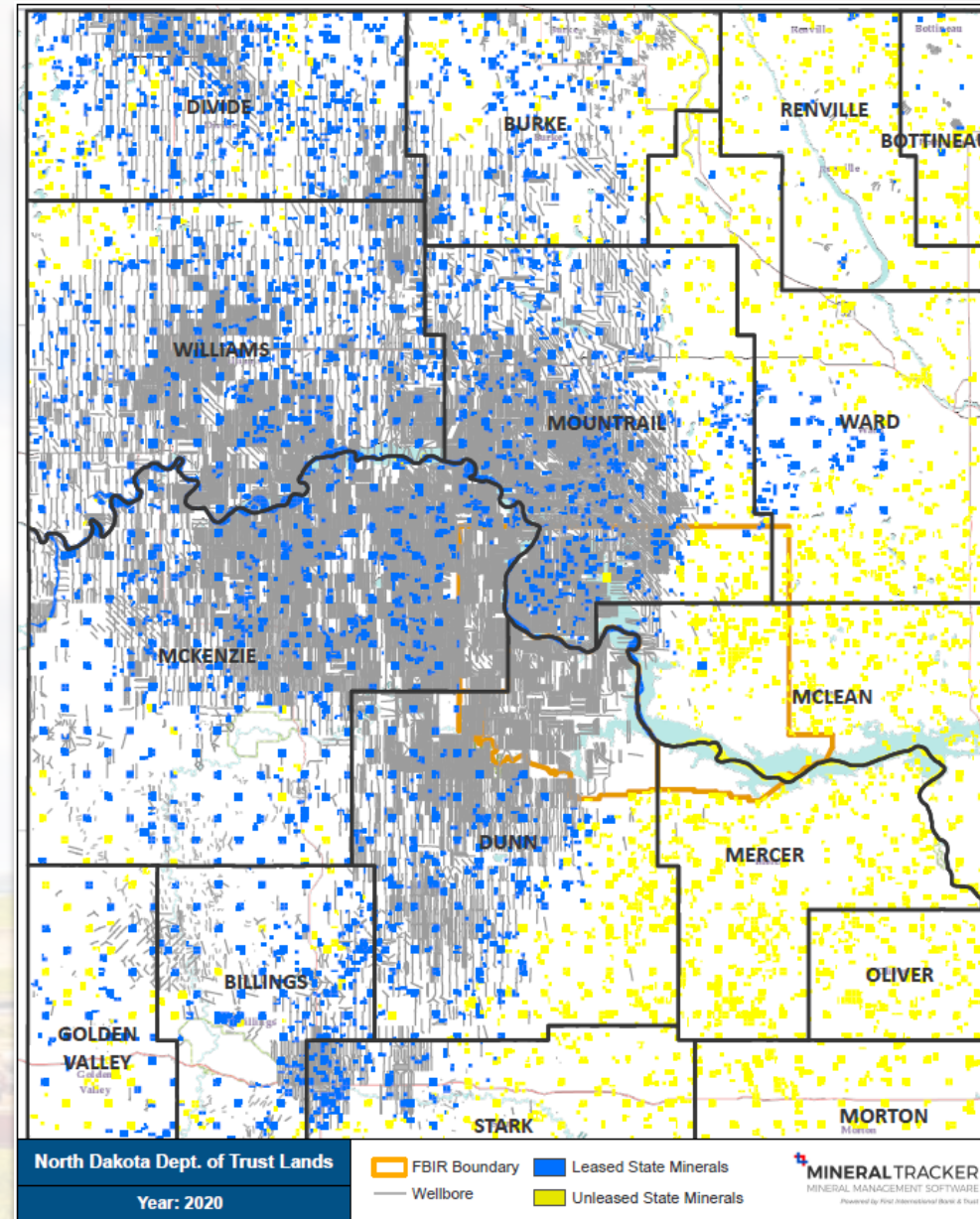
-  Tracts Leased: 76
-  Avg. Bonus: \$65

## Mountrail County

-  Tracts Leased: 33
-  Avg. Bonus: \$131

## Williams County



-  Tracts Leased: 10
-  Avg. Bonus: \$86







# 2021



## Dunn County

-  Tracts Leased: 2
-  Avg. Bonus: \$505



## McKenzie County

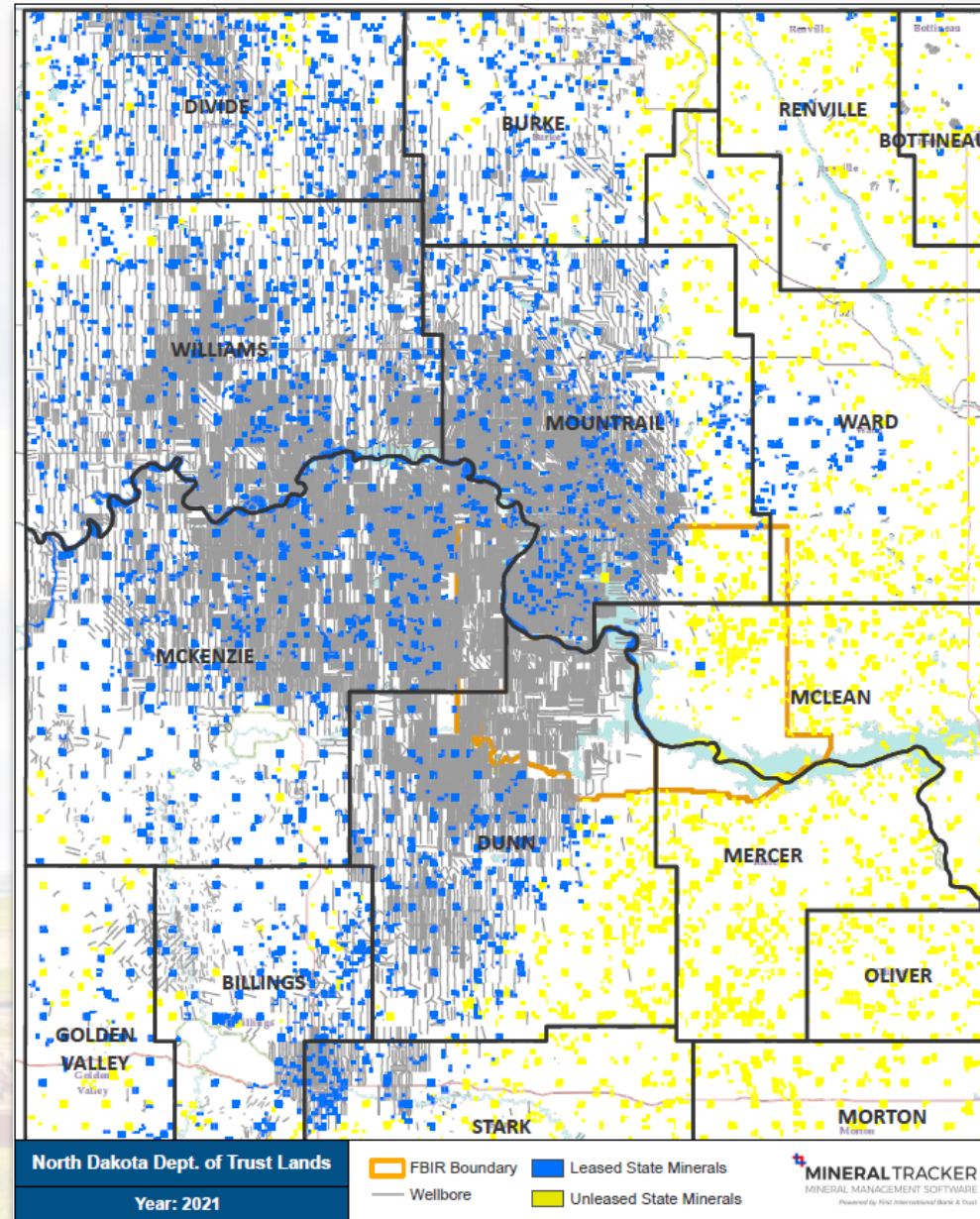
-  Tracts Leased: 15
-  Avg. Bonus: \$309

## Mountrail County

-  Tracts Leased: 0
-  Avg. Bonus: N/A

## Williams County



-  Tracts Leased: 31
-  Avg. Bonus: \$329







# 2022



## Dunn County

-  Tracts Leased: 8
-  Avg. Bonus: \$386



## McKenzie County

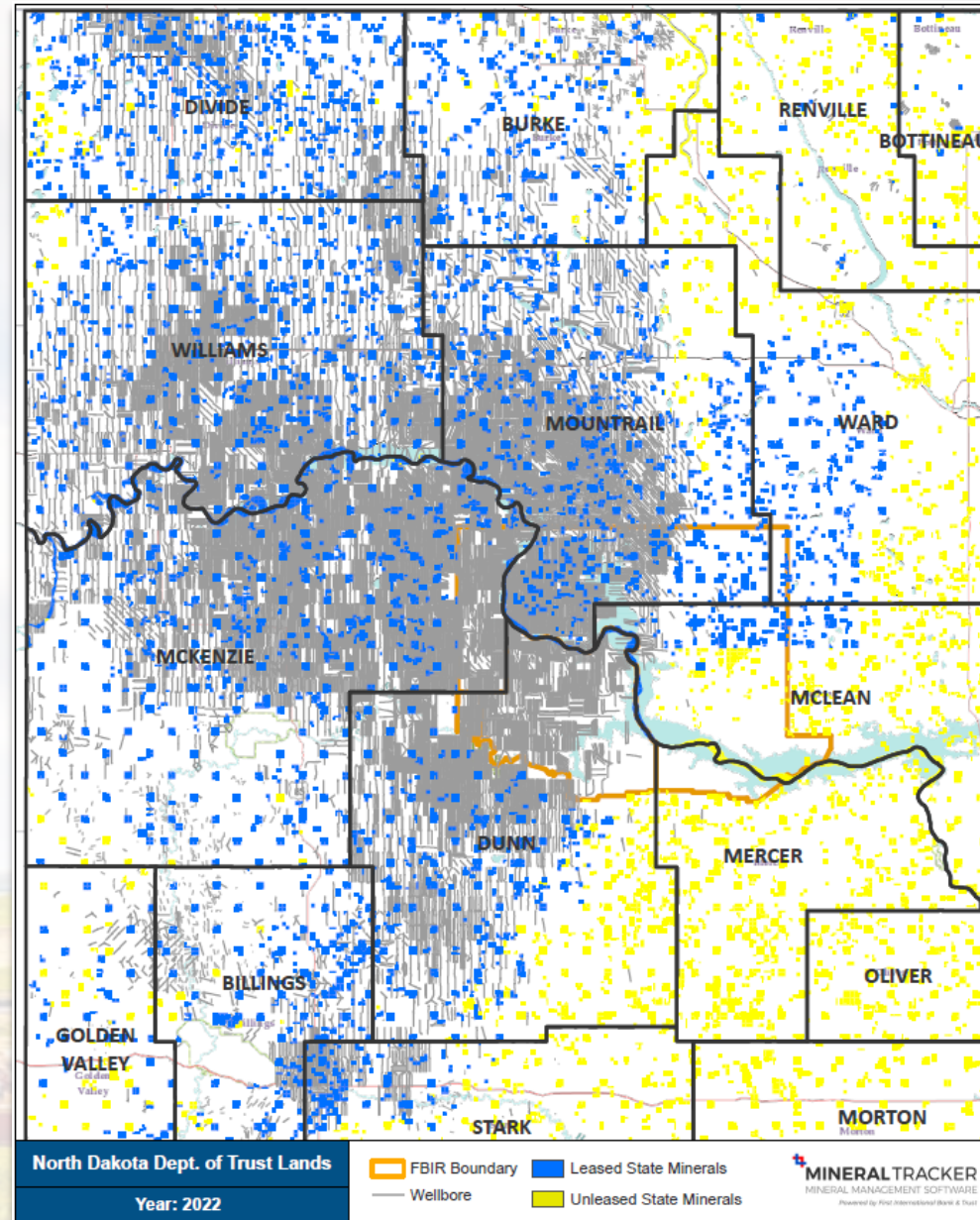
-  Tracts Leased: 18
-  Avg. Bonus: \$238

## Mountrail County

-  Tracts Leased: 136
-  Avg. Bonus: \$24

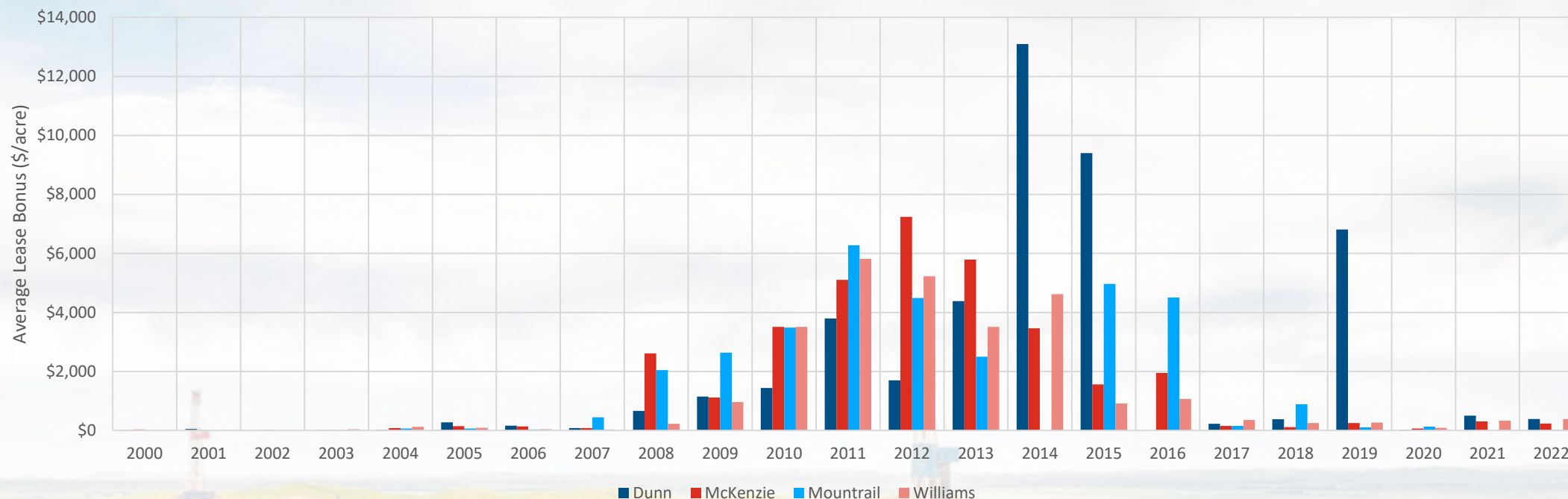
## Williams County

-  Tracts Leased: 18
-  Avg. Bonus: \$391





# LEASE BONUS TRENDS



- State lease bonuses peaked between 2011-2014, in conjunction with higher oil prices and early exploratory drilling.
- As the productive boundaries of the Bakken have been better delineated, leasing activity in core counties has decreased.

# Contact Us

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First International Bank & Trust

Joel Brown  
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Email: [jbrown@fibt.com](mailto:jbrown@fibt.com)  
Website: [www.mineraltracker.com](http://www.mineraltracker.com)

 **MINERALTRACKER®**  
*Powered by First International Bank & Trust*







October 21, 2022

To the State Land Board and  
the Legislative Assembly  
State of North Dakota  
Bismarck, North Dakota

We have audited the financial statements of North Dakota Department of Trust Lands (the Department) as of and for the year ended June 30, 2022, and have issued our report thereon dated October 21, 2022. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under *Government Auditing Standards***

As communicated in our letter dated August 31, 2022, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Department solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding any significant control deficiencies over financial reporting and material weakness and material noncompliance, and other matters noted during our audit in a separate letter to you dated October 21, 2022.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- **Management Override of Controls** – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Department may have the ability to override controls that the Department has implemented. Management may override the Department's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the Department's financial performance or with the intent of concealing fraudulent transactions.
- **Investment Valuation** – We identified investment valuation of Level 2 and Level 3 securities as a significant risk due to the fair value of these securities being a significant estimate.
- **Revenue Recognition** – We identified revenue recognition as a significant risk due to the number of transactions incurred at or near year-end and a risk of recording those in the incorrect fiscal year.
- **Claimant Liability Valuation** – We identified the valuation of the claimant liability as a significant risk due to the value being a significant estimate.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Department is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus



### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows.

Management's estimate of the fair value of investments is based on quoted market prices, estimates of fair value from investment managers, cash flow analysis, and yield currently available on comparable securities. We evaluated the key factors and assumptions used to develop the fair value estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the unclaimed property liability is based on the historical average payout percentage per subsequent year to determine the current year liability. The historical average is based on a 10-year rolling average percentage of the total unclaimed property amounts collected during a specific fiscal year paid out in subsequent fiscal years. We evaluated the key factors and assumptions and checked the clerical accuracy of the calculation used to determine the liability and determined that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. See attached report for summary of corrected misstatements. There were no uncorrected misstatements identified as a result of our audit procedures.

The following misstatement that we identified as a result of our audit procedures was brought to the attention of, and corrected by, management:

| <b><u>Strategic Investments and Improvements Fund</u></b>  | <b><u>Debit</u></b> | <b><u>Credit</u></b> |
|--|---------------------|----------------------|
| Rental Income - Mineral  | \$ 16,949           |                      |
| Bonuses - Mineral  | 14,302,965          |                      |
| Accrued Liabilities  |                     | \$ 14,319,914        |
| To properly accrue a liability in the Strategic Investments<br>refunds and Improvements Fund for calculated bonus. |                     |                      |

## Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Department's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

We have made the following modification to our auditor's report to add an Emphasis of Matter paragraph.

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the State of North Dakota that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2022 and 2021 and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.



### **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated October 21, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Department, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Department's auditors.

This report is intended solely for the information and use of the State Land Board, the Legislative Assembly, and management of the Department and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Bismarck, North Dakota

**RE: Commissioner's Report**  
(No Action Requested)

- Secured two more significant gas royalties settlements; continuing negotiations with seven remaining
- Nearing end of new minerals system design testing; phased go-live planned near year-end
- Planning for legislative session and meeting with legislators as requested
- Touch base meeting with North Dakota Petroleum Council (November 3<sup>rd</sup>)
- Attended October 28<sup>th</sup> State Investment Board meeting as voting member
- Attended November 10<sup>th</sup> State Investment Board Investment Committee meeting as voting member

**HR Update**

- Chief Investment Officer – in process of conducting three finalists interviews



# COMMON SCHOOLS TRUST FUND

## 2023-2025 DISTRIBUTIONS

Distributions from the Common Schools Trust Fund (CSTF) are based on the growth in value of the trust’s assets over time, rather than on the amount of interest and income earned. Per Article IX, Section 2, of the North Dakota Constitution, distributions each biennium must equal 10% of the five-year average value of trust assets, excluding land and minerals. Equal amounts are distributed during each year of the biennium. With the substantial growth in trust assets over the past 10 years, distributions have significantly increased.

With the inclusion of the 2023-25 contribution, the CSTF will have supplied nearly \$1.8 Billion in funding to public schools in the last 10 years. Based upon the most recent K-12 enrollment data available the 2023-2025 distribution would amount to approximately \$2,142 in funding per student per year.

The following CSTF distribution data will be proposed to the 68<sup>th</sup> legislative assembly for review.

|                                  | 2021-23 Biennium | 2023-25 Biennium | Increase |
|----------------------------------|------------------|------------------|----------|
| Common Schools Trust Fund (CSTF) | \$ 421,020,000   | \$499,860,000    | 18.7%    |

# SURFACE DIVISION

Encumbrances issued by Commissioner  
during October 2022:

19 Right of Way Agreements generating  
\$60,458.50 in income for the Trusts.



Photo Credit: Kayla Spangelo  
Billings County 140-100-16



**NORTH  
Dakota** | Trust Lands  
Be Legendary.™

This reduced the past 4 to 5 week auction time frame to just 3 weeks. LMS also allows team members in the office to view real time auction data providing heightened customer service when stakeholders call with auction inquiries.



# FALL SURFACE AUCTIONS SUMMARY

## 2022 Fall Surface Lease Auction Summary by Trust

| Trust/Fund | Trust/Fund Name                  | # Tracts         | Total Rent  |
|------------|----------------------------------|------------------|-------------|
| <b>A</b>   | Common Schools                   | 808              | \$1,621,127 |
| <b>B</b>   | School for the Blind             | 3                | \$3,572     |
| <b>C</b>   | ND Industrial School             | 13               | \$17,495    |
| <b>D</b>   | School for the Deaf              | 11               | \$13,725    |
| <b>E</b>   | Ellendale                        | 9                | \$29,255    |
| <b>F</b>   | Farm Loan Pool                   | 5                | \$40,510    |
| <b>H</b>   | State Hospital                   | 8                | \$14,211    |
| <b>I</b>   | ND Industrial School             | 7                | \$23,980    |
| <b>M</b>   | School of Mines                  | 9                | \$28,627    |
| <b>N</b>   | North Dakota State Univ.         | 25               | \$75,251    |
| <b>S</b>   | Veteran's Home                   | 4                | \$8,331     |
| <b>U</b>   | Univ. of North Dakota            | 15               | \$43,244    |
| <b>W</b>   | ND School of Science             | 8                | \$24,256    |
| <b>Y</b>   | Mayville State Univ.             | 1                | \$3,584     |
| <b>Z</b>   | Valley City State/Mayville Univ. | 13               | \$34,832    |
|            | <b>TOTAL</b>                     | 939 <sup>1</sup> | \$1,982,000 |

<sup>1</sup> Trusts are associated with individual tracts, and tracts are combined into land units for leasing. Total number of tracts do not match total number of land units auctioned.



# FALL SURFACE AUCTIONS SUMMARY

The auction season ended at a 98% successful lease rate. 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 two years.

|  | 2020        | 2021        | 2022        |
|--|-------------|-------------|-------------|
| <b>Number of counties</b>                      | 36          | 34          | 37          |
| <b>Total Land Units offered</b>                | 1039        | 1503        | 849         |
| <b>Number of Land Units left unleased</b>      | 43          | 34          | 19          |
| <b>Number of Land Units bid-up</b>             | 208         | 174         | 79          |
| <b>Total amount of minimum advertised bids</b> | \$2,001,193 | \$2,729,707 | \$1,782,308 |
| <b>Total amount received</b>                   | \$2,330,000 | \$3,062,820 | \$1,982,000 |
| <b>Total amount collected over minimum bid</b> | \$328,807   | \$333,113   | \$199,692   |

# FALL SURFACE AUCTIONS SUMMARY

With the Board's approval of leases today the Department will process the lease documents and distribute them to our lessees.

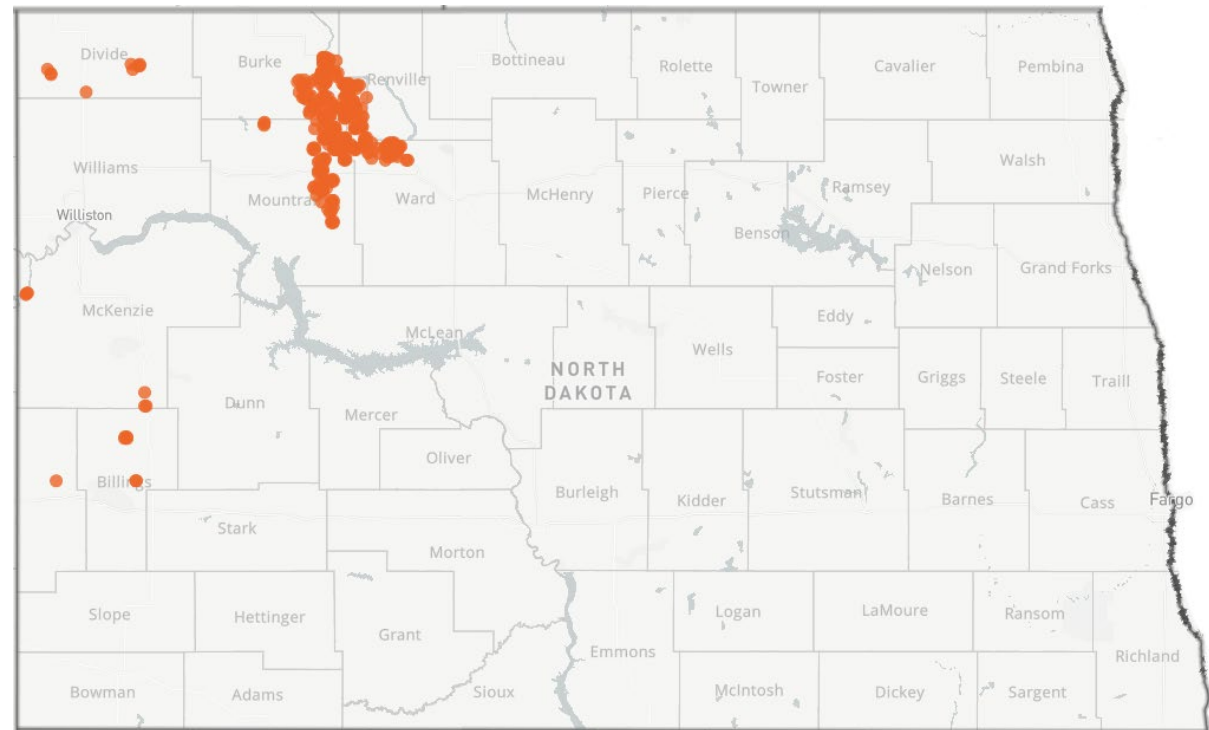
Recommendation: **The Board approves the surface leases resulting from the Fall 2022 surface lease auctions.**

| Action Record            | Motion | Second | Aye | Nay | Absent |
|--------------------------|--------|--------|-----|-----|--------|
| Secretary Jaeger         |        |        |     |     |        |
| Superintendent Baesler   |        |        |     |     |        |
| Treasurer Beadle         |        |        |     |     |        |
| Attorney General Wrigley |        |        |     |     |        |
| Governor Burgum          |        |        |     |     |        |



## Q4 Online Oil & Gas Lease Auction Summary

| Bidding Snapshots                        |                     |
|--|---------------------|
| Total tracts                             | <b>315</b>          |
| Total acres                              | <b>22,883.72</b>    |
| Total tracts receiving bids              | <b>85</b>           |
| Total registered bidders                 | <b>28</b>           |
| Total bidders who placed bid             | <b>19</b>           |
| Average unique bidders on tract with bid | <b>2.16</b>         |
| Total bids                               | <b>393</b>          |
| High bid per tract                       | <b>\$40,320.00</b>  |
| High bid per acre                        | <b>\$651.00</b>     |
| Total bonus received                     | <b>\$451,932.87</b> |



Auction data and map provided by EnergyNet.

## Q4 Summary, continued

| County        | # Tracts   | Net Min Acres    | Total Bonus         | Average Bonus/Acre |
|---------------|------------|------------------|---------------------|--------------------|
| Billings      | 6          | 320.00           | \$18,280.00         | \$57.13            |
| Burke         | 10         | 800.00           | \$10,560.00         | \$13.20            |
| Divide        | 9          | 678.42           | \$95,892.72         | \$141.35           |
| Golden Valley | 1          | 80.00            | \$4,160.00          | \$52.00            |
| McKenzie      | 6          | 415.98           | \$37,430.38         | \$89.98            |
| Mountrail     | 89         | 7813.67          | \$272,354.12        | \$34.86            |
| Ward          | 194        | 12,775.65        | \$13,255.65         | \$1.04             |
| <b>TOTAL</b>  | <b>315</b> | <b>22,883.72</b> | <b>\$451,932.87</b> | <b>\$19.75*</b>    |

\* Excluding tracts in the fringe county of Ward, the Average Bonus/Acre = **\$43.40**.

| Trust/<br>Fund | Trust/Fund Name      | # Tracts   | Total Bonus         |
|----------------|----------------------|------------|---------------------|
| A              | Common Schools       | 145.5      | \$303,581.60        |
| B              | School for the Blind | 2          | \$1416.22           |
| C              | Capital Building     | 2          | \$11,080.00         |
| D              | School for the Deaf  | 1          | \$80.00             |
| E              | Ellendale            | 2          | \$9,880.00          |
| H              | State Hospital       | 4.75       | \$229.10            |
| I              | ND Industrial School | 2          | \$160.00            |
|                | SIIF                 | 153.75     | \$125,345.95        |
| U              | UND                  | 1          | \$80.00             |
| V              | Valley City          | 1          | \$80.00             |
|                | <b>TOTAL</b>         | <b>315</b> | <b>\$451,932.87</b> |

### Average Bonus/Acre (Total Bonus/Total Acres)

| Aug 2020 | Nov 2020 | Feb 2021 | May 2021 | Aug 2021 | Nov 2021 | Feb 2022 | May 2022 | Aug 2022 | Nov 2022 |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| \$44.64  | \$66.12  | \$56.68  | \$50.33  | \$335.12 | \$215.87 | \$199.32 | \$67.01  | \$48.92  | \$19.75  |

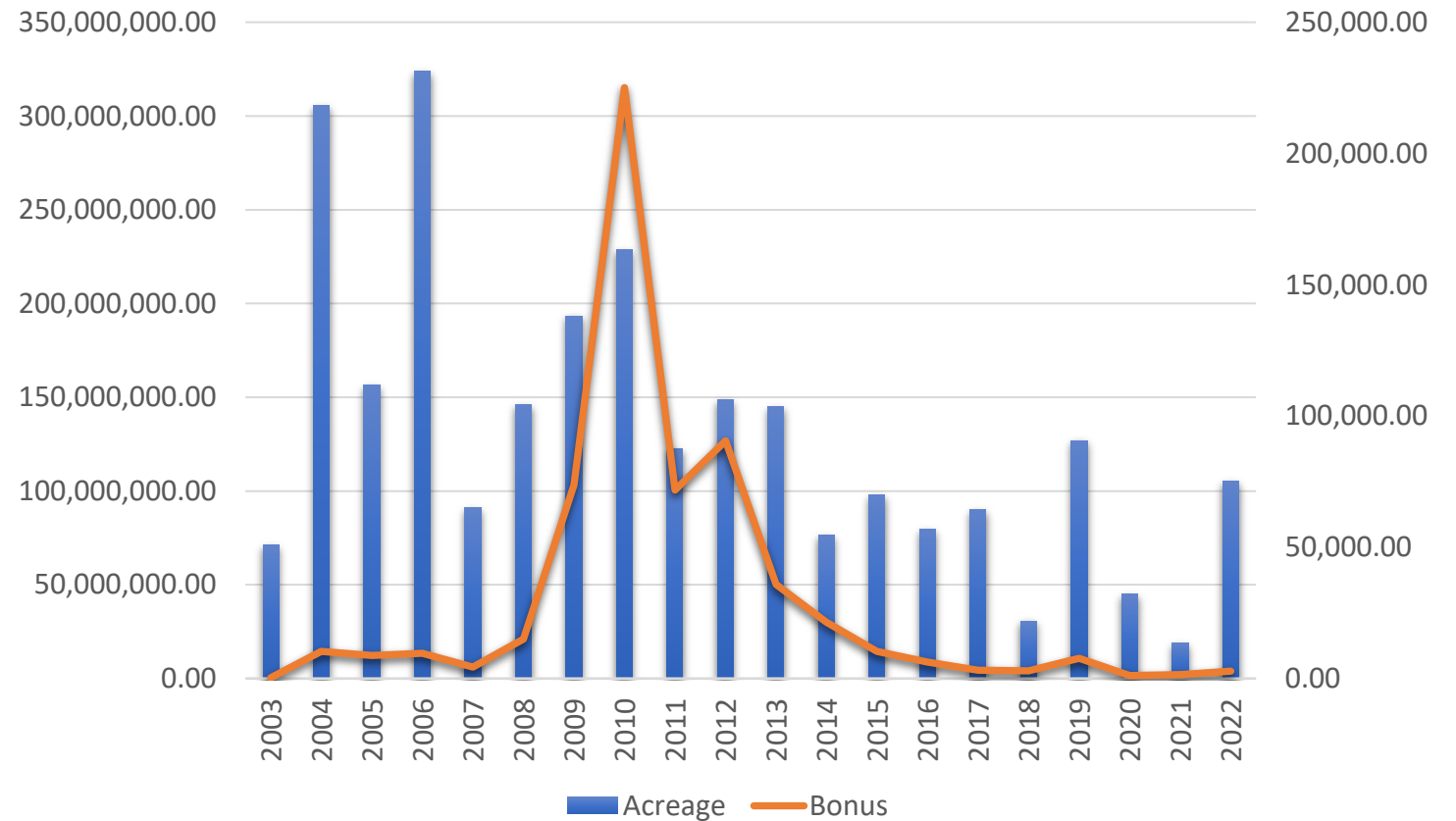


# MINERALS DIVISION

| Year          | Tracts        | Acreage             | Bonus                 |
|---------------|---------------|---------------------|-----------------------|
| 2003          | 624           | 50,851.17           | 387,260.90            |
| 2004          | 2,678         | 218,163.09          | 14,503,007.46         |
| 2005          | 1,350         | 111,808.20          | 12,309,350.04         |
| 2006          | 2,886         | 231,264.52          | 13,576,947.98         |
| 2007          | 829           | 65,134.94           | 6,211,340.61          |
| 2008          | 1,213         | 104,235.20          | 20,991,008.51         |
| 2009          | 1,735         | 138,109.87          | 103,212,375.99        |
| 2010          | 2,083         | 163,367.37          | 315,126,365.92        |
| 2011          | 1,132         | 87,432.04           | 100,553,811.94        |
| 2012          | 1,236         | 106,013.08          | 126,785,716.43        |
| 2013          | 1,267         | 103,586.18          | 50,109,863.59         |
| 2014          | 635           | 54,693.19           | 30,057,523.87         |
| 2015          | 779           | 69,987.56           | 14,522,817.52         |
| 2016          | 684           | 56,889.36           | 8,862,765.28          |
| 2017          | 720           | 64,291.10           | 4,496,748.14          |
| 2018          | 241           | 21,865.22           | 4,130,245.91          |
| 2019          | 1,065         | 90,698.40           | 10,876,517.31         |
| 2020          | 329           | 32,219.90           | 1,576,562.37          |
| 2021          | 151           | 13,525.98           | 2,175,579.72          |
| 2022          | 1,008         | 75,119.39           | 3,942,573.02          |
| <b>TOTALS</b> | <b>22,645</b> | <b>1,859,255.76</b> | <b>844,408,382.51</b> |

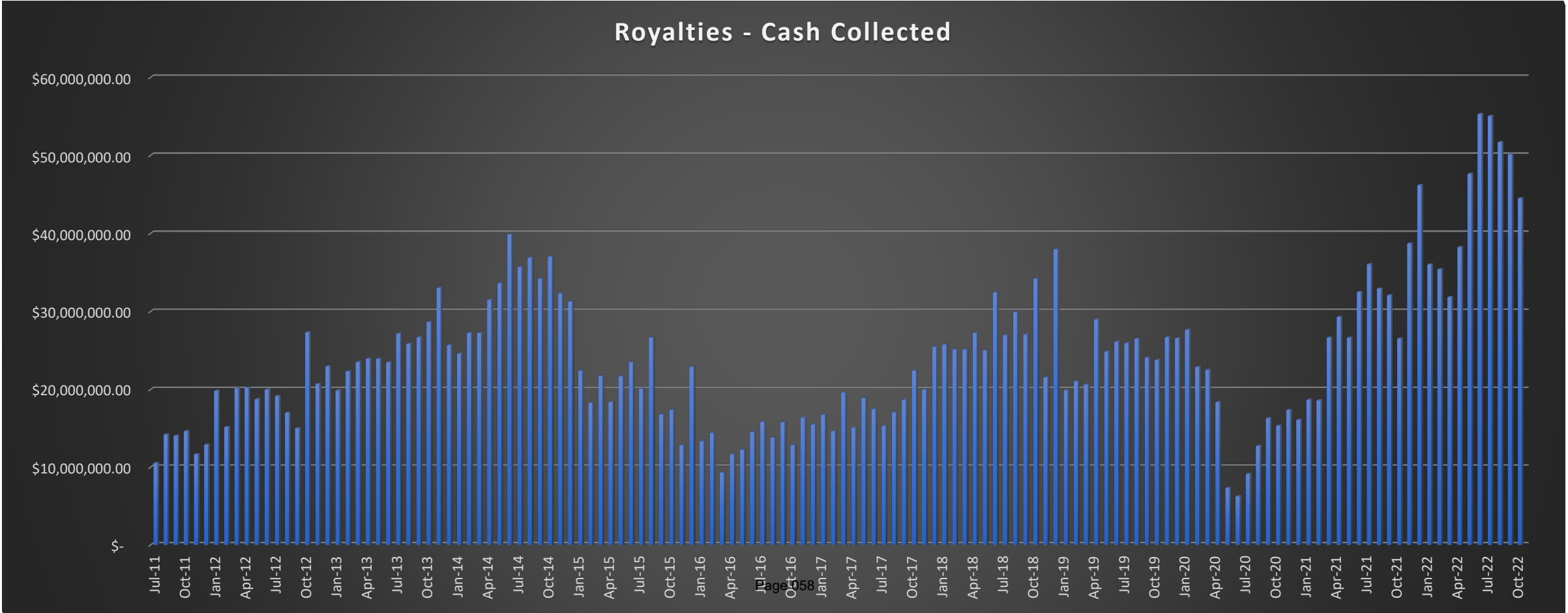
## Acreage Leased & Bonus Received by Year

(Past 20 Years)



# MINERALS DIVISION

As of October 2022, for fiscal year 2022-23 the Department has received **\$201,371,096** in royalties as compared to **\$127,572,646** last fiscal year at this time.

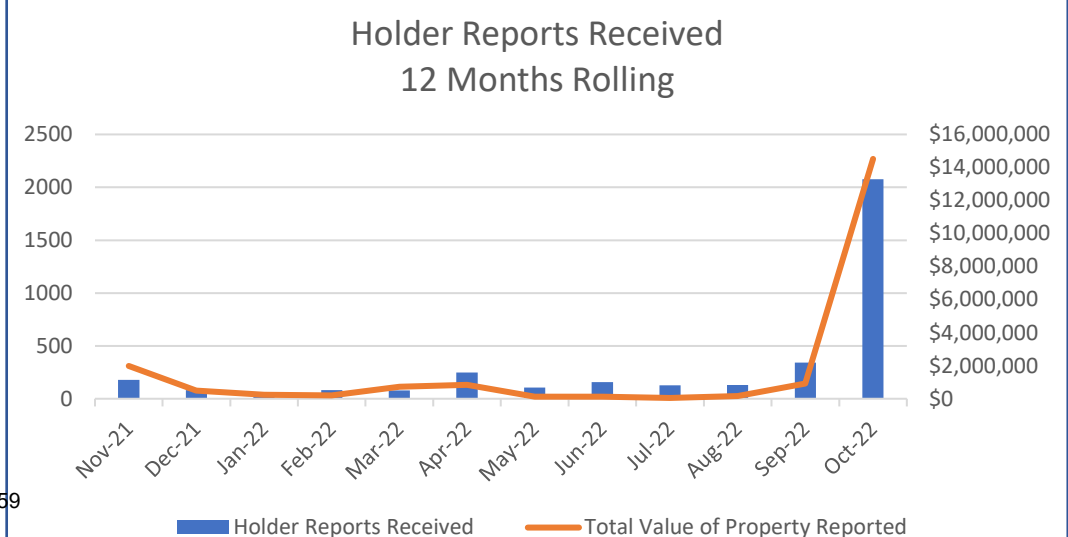
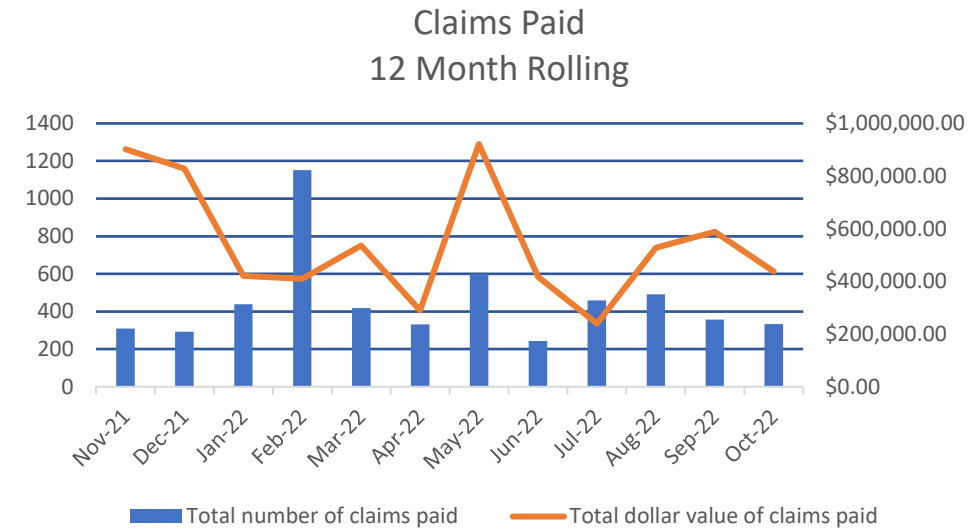




# UNCLAIMED PROPERTY DIVISION

For the month of October 2022, the Division paid 334 claims with \$437,521 returned to rightful owners/heirs. It received 2,075 holder reports with a dollar value of \$14,509,987. The significant increase in collections is due to the annual deadline for Holders to report their unclaimed property to the Department by October 31<sup>st</sup> each year.

Fun Fact: For the 2011-2013 biennium, total collections were \$10.1 million compared to \$31.6 million collected thus far in the 2021-2023 biennium.



**RE: Financial Statements Position Report (Unaudited) for period ended August 31, 2022  
(No Action Requested)**

The following statements represent the unaudited financial position for the various trusts and funds managed by the Department of Trust Lands. The unaudited financial positions are two months delayed as a significant portion of the revenue for Commons Schools Trust, Strategic Investment and Improvements Fund, and Coal Development Trust includes gross production tax, oil extraction tax and coal severance tax distributions which are received two months after production date.



NORTH DAKOTA  
BOARD OF UNIVERSITY AND SCHOOL LANDS

Financial Position Report  
(Unaudited)

For period ended August 31, 2022



| <b>Board of University and School Lands</b>       |                        |                        |
|---|------------------------|------------------------|
| <b>Comparative Financial Position (Unaudited)</b> |                        |                        |
| <b>Schedule of Net Assets</b>                     |                        |                        |
| <b>Assets by Trust:</b>                           | <b>August 31, 2022</b> | <b>August 31, 2021</b> |
| Common Schools                                    | \$5,746,117,795        | \$5,802,789,183        |
| North Dakota State University                     | 87,102,765             | 86,813,938             |
| School for the Blind                              | 15,092,550             | 15,529,130             |
| School for the Deaf                               | 23,236,885             | 24,740,908             |
| State Hospital                                    | 15,480,788             | 16,551,031             |
| Ellendale *                                       | 27,850,543             | 28,135,581             |
| Valley City State University                      | 15,225,652             | 15,178,778             |
| Mayville State University                         | 11,070,889             | 10,372,335             |
| Youth Correctional Center                         | 30,814,507             | 30,670,479             |
| State College of Science                          | 21,377,874             | 22,277,839             |
| School of Mines **                                | 26,596,499             | 26,929,164             |
| Veterans Home                                     | 5,704,160              | 6,115,359              |
| University of North Dakota                        | 41,954,811             | 41,785,445             |
| Capitol Building                                  | 6,018,443              | 3,541,943              |
| Strategic Investment and Improvements             | 948,921,414            | 638,051,698            |
| Coal Development                                  | 70,638,480             | 71,254,143             |
| Indian Cultural Education Trust                   | 1,346,710              | 1,457,339              |
| Theodore Roosevelt Presidential Library           | 53,009,554             | 39,081,749             |
| <b>Total</b>                                      | <b>\$7,147,560,320</b> | <b>\$6,881,276,043</b> |
| <b>Assets by Type:</b>                            |                        |                        |
| Cash  | \$403,227,509          | \$372,549,395          |
| Receivables                                       | 6,089,238              | 7,161,181              |
| Investments ***                                   | 6,586,157,072          | 6,459,497,835          |
| Office Building (Net of Depreciation)             | 250,055                | 307,163                |
| Farm Loans  | 4,229,490              | 4,594,848              |
| Energy Development Impact Loans                   | 8,865,408              | 9,652,540              |
| School Construction Loans (Coal)                  | 27,020,818             | 29,697,240             |
| Payables  | (0.08)                 | (17,817,157.61)        |
| Due to/from Other Trusts and Agencies             | 111,720,730            | 15,632,999             |
| <b>Total</b>                                      | <b>\$7,147,560,320</b> | <b>\$6,881,276,043</b> |

**\* Ellendale Trust**

The following entities are equal beneficiaries of the Ellendale Trust:

|                             |                                     |
|-----------------------------|-------------------------------------|
| Dickinson State University  | School for the Blind                |
| Minot State University      | Veterans Home                       |
| Dakota College at Bottineau | 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.

**\*\*\* Investments**

Includes available cash available for loans, investments, abandoned stock and claimant liability.



# Board of University and School Lands

## Comparative Financial Position (Unaudited)

### Combined Permanent Trusts

|                                       | August 31, 2022        | August 31, 2021        |
|---------------------------------------|------------------------|------------------------|
| <b>Balance Sheet</b>                  |                        |                        |
| <b>Assets:</b>                        |                        |                        |
| Cash                                  | \$156,653,433          | \$99,319,109           |
| Interest Receivable                   | 4,446,509              | 5,848,359              |
| Investments                           | 5,895,813,209          | 6,018,351,266          |
| Farm Loans                            | 4,229,490              | 4,594,848              |
| Accounts Receivable                   | 362,435                | 393,686                |
| Due from Other Agencies               | 28,243,272             | 15,553,288             |
| Office Building (Net of Depreciation) | 250,055                | 307,163                |
| <b>Total Assets</b>                   | <b>\$6,089,998,403</b> | <b>\$6,144,367,719</b> |
| <b>Liabilities:</b>                   |                        |                        |
| Unclaimed Property Claimant Liability | \$22,357,233           | \$16,461,434           |
| Due to Other Funds                    | 15,450                 | 17,112                 |
| Accounts Payable                      | -                      | -                      |
| <b>Total Liabilities</b>              | <b>22,372,683</b>      | <b>16,478,546</b>      |
| <b>Equity:</b>                        |                        |                        |
| Fund Balance                          | 5,971,957,865          | 6,057,564,355          |
| Net Income/(Loss)                     | 95,667,855             | 70,324,818             |
| <b>Total Liabilities and Equity</b>   | <b>\$6,089,998,403</b> | <b>\$6,144,367,719</b> |
| <b>Income Statement</b>               |                        |                        |
| <b>Income:</b>                        |                        |                        |
| Investment Income                     | \$16,922,112           | \$11,504,730           |
| Realized Gain/(Loss)                  | 30,751,118             | 123,387,858            |
| Unrealized Gain/(Loss)                | 25,459,304             | (67,500,894)           |
| Royalties - Oil and Gas               | 15,827,795             | 10,887,580             |
| Royalties - Coal                      | 70,424                 | 47,514                 |
| Royalties - Aggregate                 | -                      | 1,981                  |
| Bonuses - Oil and Gas                 | 911,792                | 576,790                |
| Bonuses - Coal                        | -                      | -                      |
| Rents - Surface                       | 1,178,868              | 836,158                |
| Rents - Mineral                       | 131,826                | 41,627                 |
| Rents - Coal                          | 1,600                  | 1,600                  |
| Rents - Office Building               | -                      | -                      |
| Encumbrances - Surface                | 70,159                 | -                      |
| Sale of Capital Asset                 | -                      | -                      |
| Miscellaneous Income                  | -                      | -                      |
| Oil Extraction Tax Income             | 28,243,272             | 15,553,288             |
| Unclaimed Property Income             | 428,564                | (782,198)              |
| <b>Total Income</b>                   | <b>119,996,834</b>     | <b>94,556,034</b>      |
| <b>Expenses and Transfers:</b>        |                        |                        |
| Investment Expense                    | 527,901                | 422,906                |
| In-Lieu and 5% County Payments        | -                      | -                      |
| Administrative Expense                | 398,720                | 400,560                |
| Operating Expense - Building          | 12,358                 | 17,750                 |
| Transfers to Beneficiaries            | 23,390,000             | 23,390,000             |
| <b>Total Expense and Transfers</b>    | <b>24,328,979</b>      | <b>24,231,216</b>      |
| <b>Net Income/(Loss)</b>              | <b>\$95,667,855</b>    | <b>\$70,324,818</b>    |

| Board of University and School Lands       |                    |                    |
|--|--------------------|--------------------|
| Comparative Financial Position (Unaudited) |                    |                    |
| <b>Capitol Building Trust</b>              |                    |                    |
|  | August 31, 2022    | August 31, 2021    |
| <b>Balance Sheet</b>                       |                    |                    |
| <b>Assets:</b>                             |                    |                    |
| Cash                                       | \$1,324,954        | \$533,200          |
| Interest Receivable                        | 24,785             | 21,159             |
| Investments                                | 4,668,703          | 2,987,584          |
| Total Assets                               | <u>\$6,018,442</u> | <u>\$3,541,943</u> |
| <b>Liabilities:</b>                        |                    |                    |
| Due to Other Trusts and Agencies           | \$0                | \$0                |
| Accounts Payable                           | -                  | -                  |
| Total Liabilities                          | <u>\$0</u>         | <u>\$0</u>         |
| <b>Equity:</b>                             |                    |                    |
| Fund Balance                               | 6,772,499          | 3,462,488          |
| Net Income                                 | (754,057)          | 79,455             |
| Total Liabilities and Equity               | <u>\$6,018,442</u> | <u>\$3,541,943</u> |
| <b>Income Statement</b>                    |                    |                    |
| <b>Income:</b>                             |                    |                    |
| Investment Income                          | \$12,565           | \$6,324            |
| Realized Gain(Loss)                        | (888)              | 580                |
| Unrealized Gain/(Loss)                     | (2,100)            | (3,011)            |
| Royalties - Oil and Gas                    | 240,813            | 72,602             |
| Bonuses - Oil and Gas                      | -                  | -                  |
| Bonus - Coal                               | -                  | -                  |
| Rents - Surface                            | -                  | 860                |
| Rents - Mineral                            | 802                | 802                |
| Encumbrances - Surface                     | -                  | -                  |
| Royalties - Aggregate                      | -                  | -                  |
| Total Income                               | <u>251,192</u>     | <u>78,157</u>      |
| <b>Expenses and Transfers:</b>             |                    |                    |
| Investment Expense                         | (3)                | (3,674)            |
| In-Lieu and 5% County Payments             | -                  | -                  |
| Administrative Expense                     | 5,252              | 2,376              |
| Transfers to Facility Management           | 1,000,000          | -                  |
| Transfers to Legislative Council           | -                  | -                  |
| Transfer to Supreme Court                  | -                  | -                  |
| Total Expense and Transfers                | <u>1,005,249</u>   | <u>(1,298)</u>     |
| Net Income/(Loss)                          | <u>(\$754,057)</u> | <u>\$79,455</u>    |



| Board of University and School Lands       |                     |                     |
|--|---------------------|---------------------|
| Comparative Financial Position (Unaudited) |                     |                     |
| <b>Coal Development Trust</b>              |                     |                     |
|  | August 31, 2022     | August 31, 2021     |
| <b><u>Balance Sheet</u></b>                |                     |                     |
| <b>Assets:</b>                             |                     |                     |
| Cash                                       | \$690,896           | \$600,137           |
| Interest Receivable                        | 63,880              | 62,674              |
| Investments                                | 33,910,925          | 31,161,842          |
| Coal Impact Loans                          | 8,865,408           | 9,652,540           |
| School Construction Loans                  | 27,020,818          | 29,697,240          |
| Due from other Trusts and Agencies         | 288,513             | 265,702             |
| Total Assets                               | <u>\$70,840,440</u> | <u>\$71,440,135</u> |
| <b>Liabilities:</b>                        |                     |                     |
| Due to Other Trusts and Agencies           | \$201,959           | \$185,991           |
| <b>Equity:</b>                             |                     |                     |
| Fund Balance                               | 70,463,180          | 71,117,671          |
| Net Income                                 | 175,301             | 136,473             |
| Total Liabilities and Equity               | <u>\$70,840,440</u> | <u>\$71,440,135</u> |
| <b><u>Income Statement</u></b>             |                     |                     |
| <b>Income:</b>                             |                     |                     |
| Investment Income                          | \$74,647            | \$65,034            |
| Interest on School Construction Loans      | 19,838              | 21,680              |
| Realized Gain/(Loss)                       | (6,420)             | 6,007               |
| Unrealized Gain/(Loss)                     | 67                  | (31,196)            |
| Coal Severance Tax Income                  | 86,554              | 79,710              |
| Total Income                               | <u>174,686</u>      | <u>141,235</u>      |
| <b>Expenses and Transfers:</b>             |                     |                     |
| Investment                                 | (615)               | 4,664               |
| Administrative                             | -                   | 98                  |
| Transfers to General Fund                  | -                   | -                   |
| Total Expense and Transfers                | <u>(615)</u>        | <u>4,762</u>        |
| Net Income/(Loss)                          | <u>\$175,301</u>    | <u>\$136,473</u>    |

| Board of University and School Lands                  |                      |                        |
|---|----------------------|------------------------|
| Comparative Financial Position (Unaudited)            |                      |                        |
| Strategic Investment and Improvements Fund            |                      |                        |
|   | August 31, 2022      | August 31, 2021        |
| <b>Balance Sheet</b>                                  |                      |                        |
| <b>Assets:</b>  |                      |                        |
| Cash  | \$244,537,546        | \$271,961,901          |
| Interest Receivable                                   | 1,271,239            | 905,971                |
| Investments   | 619,721,724          | 365,183,824            |
| Due from other Trusts or Agencies                     | 83,390,903           | -                      |
| Total Assets  | <u>\$948,921,412</u> | <u>\$638,051,696</u>   |
| <b>Liabilities:</b>                                   |                      |                        |
| Accounts Payable                                      | \$0                  | \$0                    |
| <b>Equity:</b>  |                      |                        |
| Fund Balance  | 1,045,209,177        | 860,465,447            |
| Net Income  | (96,287,765)         | (222,413,751)          |
| Total Liabilities and Equity                          | <u>\$948,921,412</u> | <u>\$638,051,696</u>   |
| <b>Income Statement</b>                               |                      |                        |
| <b>Income:</b>  |                      |                        |
| Investment Income                                     | \$1,025,256          | \$701,732              |
| Realized Gain/(Loss)                                  | (109,190)            | 64,820                 |
| Unrealized Gain/(Loss)                                | (468,518)            | (336,653)              |
| Interest on Fuel Prod Facility                        | 49,373               | 3,530                  |
| Interest - Miscellaneous                              | 515,229              | 35,553                 |
| Interest and Penalty                                  | 3,003                | 9891                   |
| Royalties - Oil and Gas                               | 15,697,621           | 8,465,600              |
| Bonuses - Oil and Gas                                 | 8,694,796            | (1,574,820)            |
| Royalties - Coal                                      | 13,939               | 31,827                 |
| Rents - Mineral                                       | 96,900               | 16,407                 |
| Tax Income - Oil Extraction & Production Distribution | 83,390,903           | -                      |
| Total Income  | <u>108,909,312</u>   | <u>7,417,887</u>       |
| <b>Expenses and Transfers:</b>                        |                      |                        |
| Administrative  | 118,238              | 140,216                |
| Investment Expense                                    | 7,784                | 5,885                  |
| Transfers to General Fund                             |                      |                        |
| Transfer to Attorney General (HB 1003)                |                      |                        |
| Transfer to Agriculture Department (HB 1009)          |                      |                        |
| Transfer to ND Insurance Commissioner (SB 2287)       |                      |                        |
| Transfer to Office of Management & Budget (HB 1015)   | 205,000,000          | 229,628,945            |
| Transfer to Council on the Arts (HB 1015)             |                      |                        |
| Transfer to Office of Management & Budget (HB 1015)   | 71,055               | 71,055                 |
| Transfer from General Fund                            |                      | (14,463)               |
| Total Expense and Transfers                           | <u>205,197,077</u>   | <u>229,831,638</u>     |
| Net Income/(Loss)                                     | <u>(96,287,765)</u>  | <u>(\$222,413,751)</u> |

As of August 31, 2022 the SIIF had a fund balance of \$948,921,412. The fund balance is made up of two parts. The committed fund balance is that portion of the fund that has either been set aside until potential title disputes related to certain riverbed leases have been resolved or appropriated by the legislature. The uncommitted fund balance is the portion of the fund that is unencumbered, and is thus available to be spent or dedicate to other programs as the legislature deems appropriate. The uncommitted fund balance was \$615,635,478 as of August 31, 2022.

# Board of University and School Lands

## Comparative Fiduciary Statements (Unaudited)

### Indian Cultural Trust

|   | August 31, 2022    | August 31, 2021    |
|---|--------------------|--------------------|
| <b><u>Fiduciary Net Position</u></b>            |                    |                    |
| <b>Assets:</b>                                  |                    |                    |
| Cash  | \$423              | \$2,102            |
| Interest receivable                             | 469                | 726                |
| Investments                                     | 1,345,818          | 1,454,510          |
| Total Assets                                    | <u>\$1,346,710</u> | <u>\$1,457,338</u> |
| <b>Liabilities:</b>                             |                    |                    |
| Accounts payable                                | -                  | -                  |
| Total Liabilities                               | <u>-</u>           | <u>-</u>           |
| <b>Net Position:</b>                            |                    |                    |
| Net position restricted                         | 1,346,710          | 1,457,338          |
| Total Net Position                              | <u>\$1,346,710</u> | <u>\$1,457,338</u> |
| <b><u>Changes in Fiduciary Net Position</u></b> |                    |                    |
| <b>Additions:</b>                               |                    |                    |
| Contributions:                                  |                    |                    |
| Donations                                       | \$0                | \$0                |
| Total Contributions                             | <u>0</u>           | <u>0</u>           |
| Investment Income:                              |                    |                    |
| Net change in fair value of investments         | (13,240)           | (13,599)           |
| Interest  | 3,790              | 2,779              |
| Less investment expense                         | 119                | 98                 |
| Net Investment Income                           | <u>(9,331)</u>     | <u>(10,722)</u>    |
| Miscellaneous Income                            | -                  | -                  |
| Total Additions                                 | <u>(\$9,331)</u>   | <u>(\$10,722)</u>  |
| <b>Deductions:</b>                              |                    |                    |
| Payments in accordance with Trust agreement     | -                  | -                  |
| Administrative expenses                         | -                  | -                  |
| Total Deductions                                | <u>\$0</u>         | <u>\$0</u>         |
| Change in net position held in Trust for:       |                    |                    |
| Private-Purpose                                 | (9,331)            | (10,722)           |
| Total Change in Net Position                    | <u>(9,331)</u>     | <u>(10,722)</u>    |
| Net Position - Beginning FY Balance             | 1,441,059          | 1,441,059          |
| Net Position - End of Month                     | <u>\$1,431,728</u> | <u>\$1,430,337</u> |



# Board of University and School Lands

## Comparative Fiduciary Statements (Unaudited)

### Theodore Roosevelt Presidential Library

|   | August 31, 2022            | August 31, 2021            |
|---|----------------------------|----------------------------|
| <b><u>Fiduciary Net Position</u></b>            |                            |                            |
| <b>Assets:</b>                                  |                            |                            |
| Cash  | \$20,257                   | \$132,945                  |
| Interest receivable                             | (80,080)                   | (71,393)                   |
| Investments                                     | 53,069,377                 | 56,837,356                 |
| Total Assets                                    | <u>\$53,009,554</u>        | <u>\$56,898,908</u>        |
| <b>Liabilities:</b>                             |                            |                            |
| Accounts payable                                | -                          | -                          |
| Total Liabilities                               | <u>-</u>                   | <u>-</u>                   |
| <b>Net Position:</b>                            |                            |                            |
| Net position restricted                         | 53,009,554                 | 56,898,908                 |
| Total Net Position                              | <u>\$53,009,554</u>        | <u>\$56,898,908</u>        |
| <b><u>Changes in Fiduciary Net Position</u></b> |                            |                            |
| <b>Additions:</b>                               |                            |                            |
| Contributions:                                  |                            |                            |
| Donations                                       | -                          | -                          |
| Total Contributions                             | <u>-</u>                   | <u>-</u>                   |
| Investment Income:                              |                            |                            |
| Net change in fair value of investments         | (521,129)                  | (530,473)                  |
| Interest  | 149,130                    | 108,419                    |
| Less investment expense                         | 4,702                      | 3,853                      |
| Net Investment Income                           | <u>(376,701)</u>           | <u>(425,907)</u>           |
| Miscellaneous Income                            | 50                         | 16                         |
| Total Additions                                 | <u>(376,651)</u>           | <u>(425,891)</u>           |
| <b>Deductions:</b>                              |                            |                            |
| Payments in accordance with Trust agreement     | 0                          | -                          |
| Administrative expenses                         | 4,702                      | 3,853                      |
| Total Deductions                                | <u>\$4,702</u>             | <u>\$3,853</u>             |
| Change in net position held in Trust for:       |                            |                            |
| Private-Purpose                                 | (371,949)                  | (422,038)                  |
| Total Change in Net Position                    | <u>(371,949)</u>           | <u>(422,038)</u>           |
| Net Position - Beginning FY Balance             | 38,446,695                 | 38,446,695                 |
| Net Position - End of Month                     | <u><u>\$38,074,746</u></u> | <u><u>\$38,024,657</u></u> |

**RE: Executive Estimate of Board Assets  
(No Action Requested)**

EXECUTIVE ESTIMATE OF ASSETS  
NORTH DAKOTA DEPARTMENT OF TRUST LANDS  
As of October 31, 2022

|                                | 10/31/2022<br>Value    | MOM\$<br>9/30/2022<br>Value | MOM%<br>Change | YOY\$<br>10/31/2021<br>Value | YOY%<br>Change |
|--------------------------------|------------------------|-----------------------------|----------------|------------------------------|----------------|
| Cash                           | 494,473,849            | 526,082,949                 | -6.01%         | 356,546,433                  | 38.68%         |
| Investments <sup>[1]</sup>     | 6,503,890,327          | 6,303,822,442               | 3.17%          | 6,539,210,676                | -0.54%         |
| Tax Receivables <sup>[2]</sup> | -                      | 13,513,006                  | -100.00%       | 16,673,092                   | -100.00%       |
| Loans <sup>[3]</sup>           | 40,260,056             | 40,789,675                  | -1.30%         | 43,989,890                   | -8.48%         |
| Receivables <sup>[4]</sup>     | 5,949,437              | 8,706,554                   | -31.67%        | 7,926,454                    | -24.94%        |
| <b>Sub-Total Net Assets</b>    | <b>\$7,044,573,669</b> | <b>\$6,892,914,626</b>      | <b>2.20%</b>   | <b>\$6,964,346,545</b>       | <b>1.15%</b>   |
| Mineral Rights <sup>[5]</sup>  | 2,391,439,503          | 2,391,439,503               | 0.00%          | 2,391,439,503                | 0.00%          |
| Surface Rights <sup>[6]</sup>  | 511,088,869            | 511,088,869                 | 0.00%          | 523,938,730                  | -2.45%         |
| Building Value <sup>[7]</sup>  | 1,015,196              | 1,015,196                   | N/A            |                              | N/A            |
| <b>Total Net Assets</b>        | <b>\$9,948,117,237</b> | <b>\$9,796,458,194</b>      | <b>1.55%</b>   | <b>\$9,879,724,778</b>       | <b>0.69%</b>   |

[1] Approximately 60% of the portfolio is publicly traded for which values are current to the as of date.

The remaining 40% is private assets, the values of which are updated as the managers provide them, typically 30-60 days after the end of each quarter.

[2] Estimated value of production, extraction, and severance tax payments not yet received by the Department because they are not distributed until two months after production date.

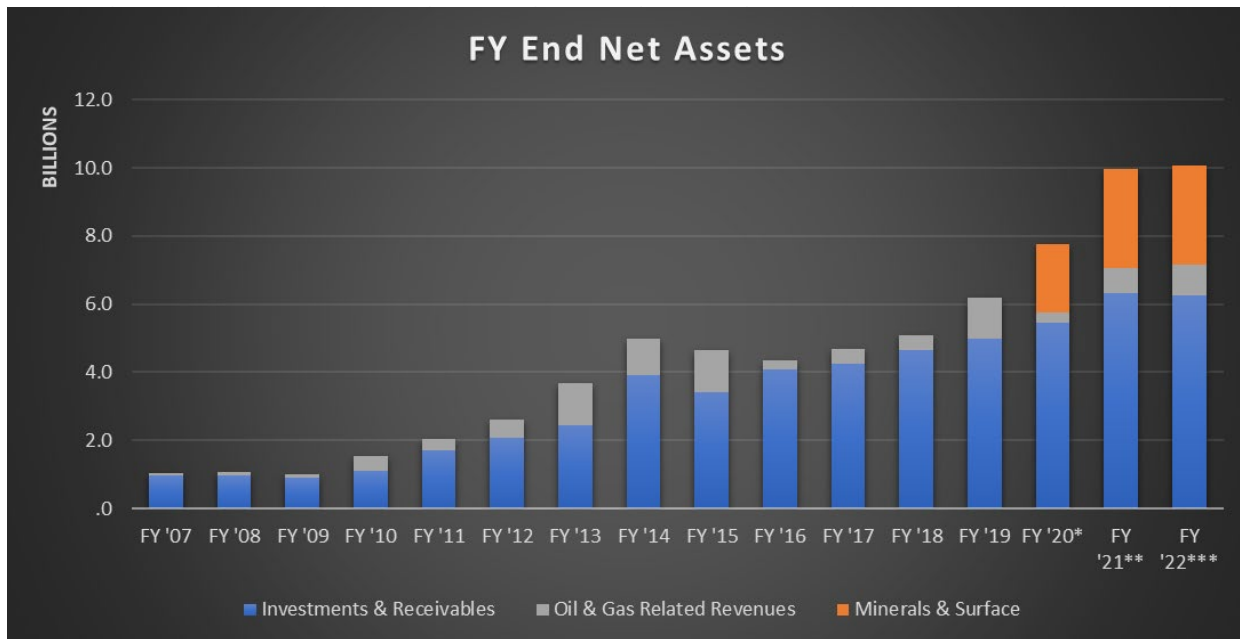
[3] Various loan programs funded with trust assets.

[4] Loans and investments interest accrued, but not yet paid.

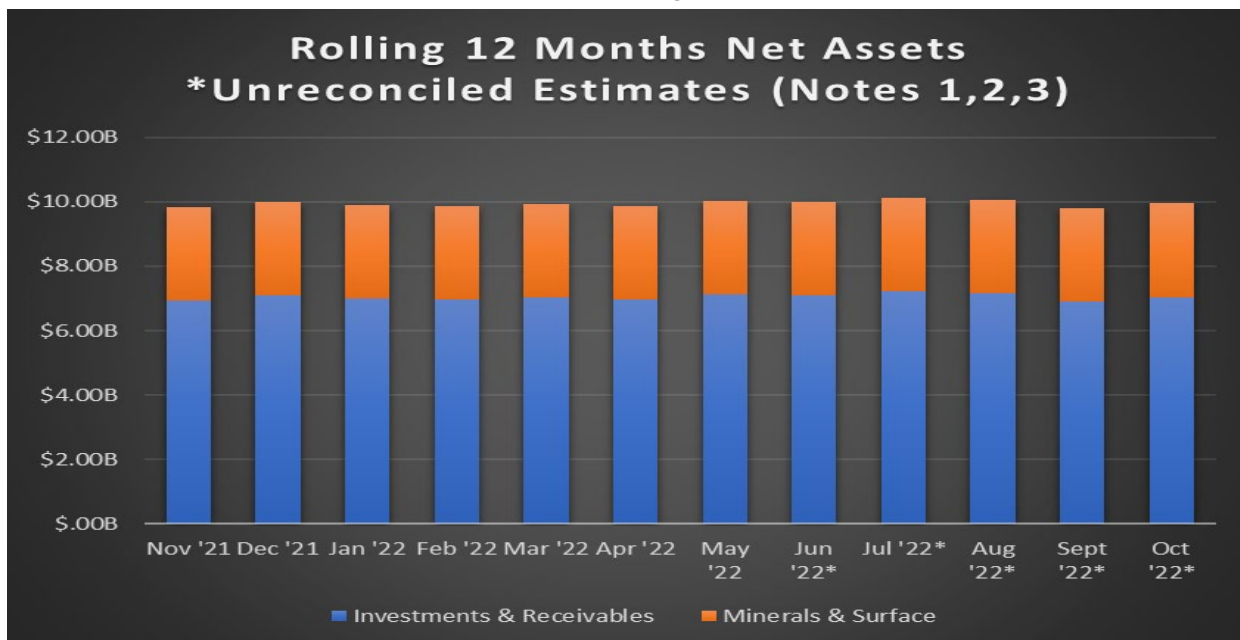
[5] Valued annually via contract with Mineral Tracker. The last valuation is as of December 31, 2020.

[6] Valued annually via the Department's fair market value policy/formulas. The last valuation is as of March 2022.

[7] Updated annually via broker price opinion. The last was completed as of Sept. 15, 2022.



- \* FY End 2020 - included initial Mineral valuations as of 12/31/19 amounting to \$1,449,002,408 and surface fair market value as of 12/31/19 amounting to \$538,179,773.
- \*\* FY End 2021 - included new Mineral valuations as of 12/31/20 amounting to \$2,391,439,503. and surface fair market value as of 12/31/20 amounting to \$523,938,730.
- \*\*\* FY End 2022 - included most recent Mineral valuations as of 12/31/20 amounting to \$2,391,439,503 and surface fair market value as of 12/31/21 amounting to \$511,088,869.



Notes:

1. Oct. 2021 to Nov. 2021 - included most recent Mineral valuations amounting to \$2,391,439,503 and surface fair market value of \$523,938,730.
2. Dec. 2021 to Jul. 2022 - included Mineral valuations amounting to \$2,391,439,503, surface fair market value of \$511,088,869.
3. Sept. 2022 - included \$1,015,149 building value appraised as of 9/15/22.



**RE: Investment Updates  
(No Action Requested)**

**Portfolio Rebalancing Updates**

Since the last Board meeting, there were no new capital calls made. We are still anticipating capital calls will be made by Owl Rock Diversified Lending projected to be in the \$5 – 10M range towards the end of the year. Millennium is still penciled in to call \$90 million by the end of the year. Meanwhile, the capital calls for the rest of the commitments are dependent on transaction closings by underlying investments such as GCM Private Equity which has already committed around \$91M to various investments of which \$22M were called. GCM Secondary Opportunities Fund has \$296M pending deals with \$250M pending capital drawn for deals. As can be seen, capital calls for both GCM Funds are very much reliant on underlying investments calling capital or the closing of deals being worked on.

The \$80M excess cash from revenues were transferred to fund investments. More recently, \$280M in excess cash of SIIF was also transferred to the SIIF Ultra-Short investment portfolio on 11/7/2022. This brings the Ultra-Short portfolio total to around \$900M.

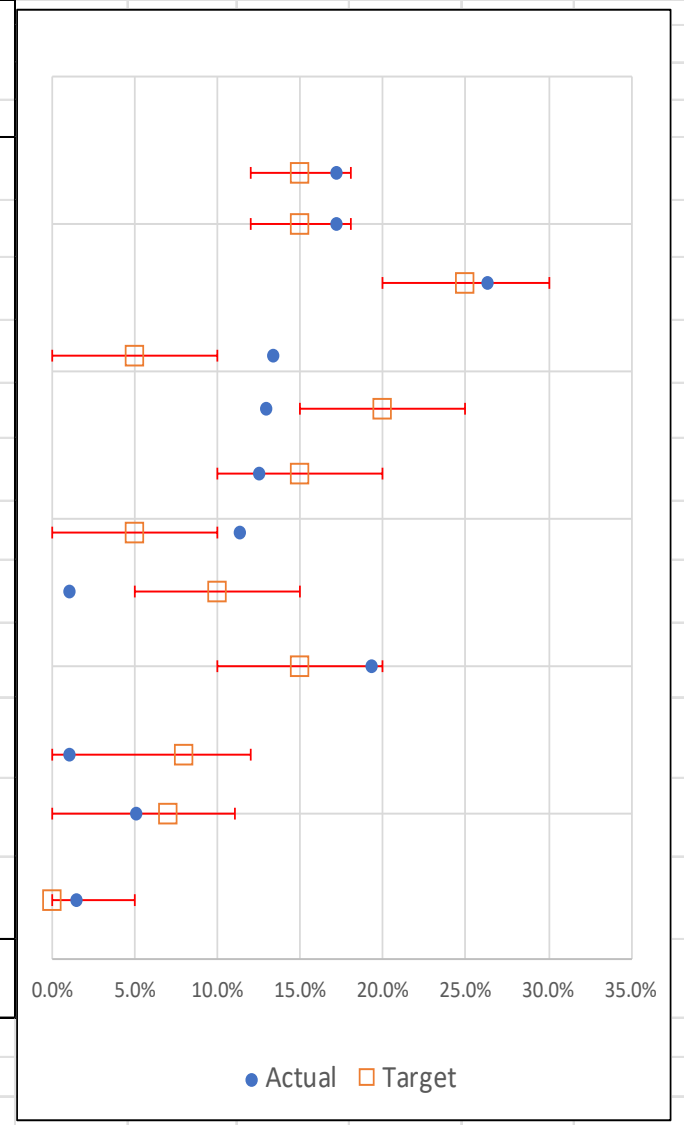
Unfunded commitments after the distributions and calls will be at \$685.25M. These are:

1. Private Credit, \$164M
  - i. *ARES Pathfinder Fund, \$39M*
  - ii. *Owl Rock Diversified Lending, \$60M*
  - iii. *Angelo Gordon Direct Lending (AGDL) IV, \$15M*
  - iv. *AGDL-BUSL Fund, \$50M*
2. Private Equity, \$246.25M
  - i. *Grosvenor Capital Management (GCM) Private Equity, \$105.5M*
  - ii. *GCM Secondary Opportunities Fund, \$128M*
  - iii. *Morgan Stanley Ashbridge TS Fund II, \$12.75M*
3. Private Infrastructure, \$14.5M
  - i. *Hamilton Lane Infrastructure Opportunities Fund, \$14.5M*
4. Opportunistic Investments, 20.5M
  - i. *Varde Dislocation Fund, \$20.5M*
5. Absolute Return, \$240M
  - i. *Millennium USA LP (Hedge Fund), \$240M*

## Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of November 7, 2022. The figures provided are unaudited.

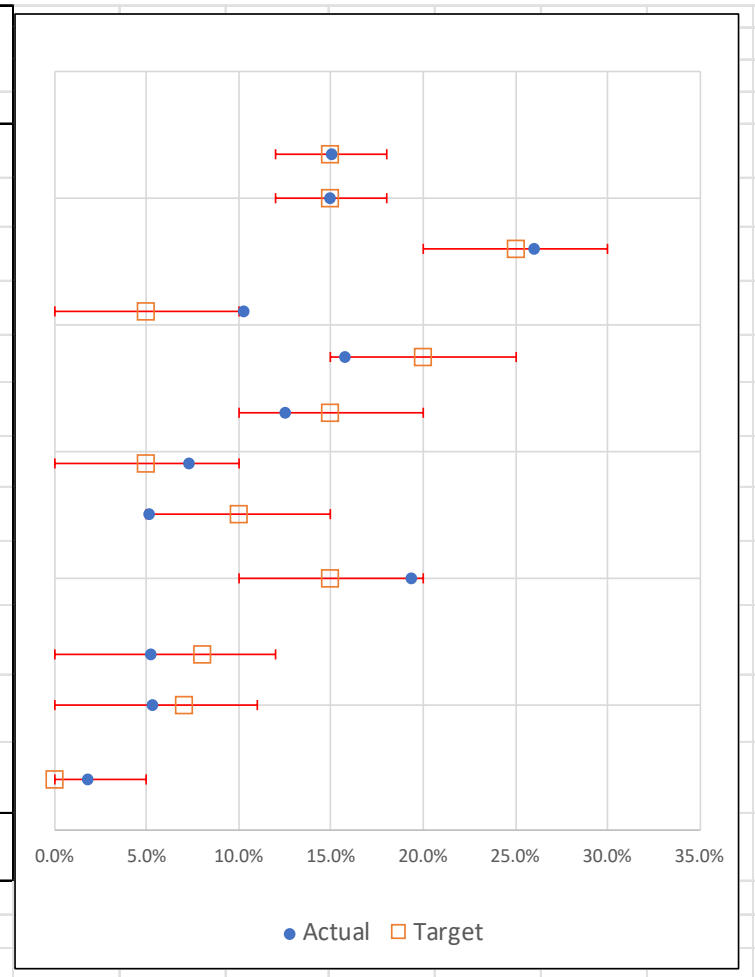
| As of<br>November 7, 2022                                    | Market Value<br>\$ | Actual | Target | Lower<br>Range | Upper<br>Range |
|--|--------------------|--------|--------|----------------|----------------|
|  |                    | ●      | □      | └─             | ─┐             |
| Broad US Equity  | 1,006,034,193      | 17.2%  | 15.0%  | 12.0%          | 18.0%          |
| Broad Int'l Equity   | 1,010,817,974      | 17.2%  | 15.0%  | 12.0%          | 18.0%          |
| Fixed Income   | 1,545,030,611      | 26.3%  | 25.0%  | 20.0%          | 30.0%          |
| <i>Public Credit</i>   | 786,631,921        | 13.4%  | 5.0%   | 0.0%           | 10.0%          |
| <i>Private Credit</i>  | 758,398,690        | 12.9%  | 20.0%  | 15.0%          | 25.0%          |
| Absolute Return  | 732,712,795        | 12.5%  | 15.0%  | 10.0%          | 20.0%          |
| <i>Global Tactical Asset Allocation</i>                      | 668,839,775        | 11.4%  | 5.0%   | 0.0%           | 10.0%          |
| <i>Multi-Strategy Hedge Fund</i>                             | 63,873,020         | 1.1%   | 10.0%  | 5.0%           | 15.0%          |
| Real Estate  | 1,133,513,415      | 19.3%  | 15.0%  | 10.0%          | 20.0%          |
| Private Equity<br>(Grosvenor, GCM Secondaries, MS-Ashbridge) | 59,216,134         | 1.0%   | 8.0%   | 0.0%           | 12.0%          |
| Private Infrastructure<br>(JPM-Infra, FSI-GDIF, HL Infra)    | 295,328,871        | 5.0%   | 7.0%   | 0.0%           | 11.0%          |
| Opportunistic Investments<br>(Varde & Apollo)                | 83,235,611         | 1.4%   | 0.0%   | 0.0%           | 5.0%           |
| Portfolio Total  | 5,865,889,604      | 100.0% |        |                |                |



**Hypothetical Funding of All Unfunded Commitments:**

**Asset Allocation After Funding:**

| As of<br>November 7, 2022                                    | Market Value<br>\$ | Actual<br>● | Target<br>□ | Lower<br>Range<br>└─ | Upper<br>Range<br>─┘ |
|--|--------------------|-------------|-------------|----------------------|----------------------|
| Broad US Equity  | 880,784,193        | 15.0%       | 15.0%       | 12.0%                | 18.0%                |
| Broad Int'l Equity   | 875,317,974        | 14.9%       | 15.0%       | 12.0%                | 18.0%                |
| Fixed Income   | 1,524,530,611      | 26.0%       | 25.0%       | 20.0%                | 30.0%                |
| <i>Public Credit</i>   | 602,131,921        | 10.3%       | 5.0%        | 0.0%                 | 10.0%                |
| <i>Private Credit</i>  | 922,398,690        | 15.7%       | 20.0%       | 15.0%                | 25.0%                |
| Absolute Return  | 732,712,795        | 12.5%       | 15.0%       | 10.0%                | 20.0%                |
| <i>Global Tactical Asset Allocation</i>                      | 428,839,775        | 7.3%        | 5.0%        | 0.0%                 | 10.0%                |
| <i>Multi-Strategy Hedge Fund</i>                             | 303,873,020        | 5.2%        | 10.0%       | 5.0%                 | 15.0%                |
| Real Estate  | 1,133,513,415      | 19.3%       | 15.0%       | 10.0%                | 20.0%                |
| Private Equity<br>(Grosvenor, GCM Secondaries, MS-Ashbridge) | 305,466,134        | 5.2%        | 8.0%        | 0.0%                 | 12.0%                |
| Private Infrastructure<br>(JPM-Infra, FSI-GDIF, HL Infra)    | 309,828,871        | 5.3%        | 7.0%        | 0.0%                 | 11.0%                |
| Opportunistic Investments<br>(Varde & Apollo)                | 103,735,611        | 1.8%        | 0.0%        | 0.0%                 | 5.0%                 |
| Portfolio Total  | 5,865,889,604      | 100.0%      |             |                      |                      |



**Assumptions:**

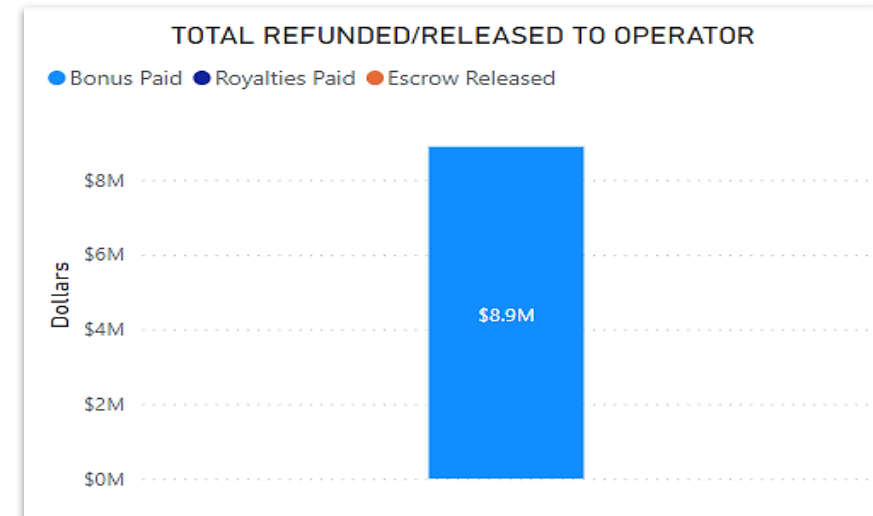
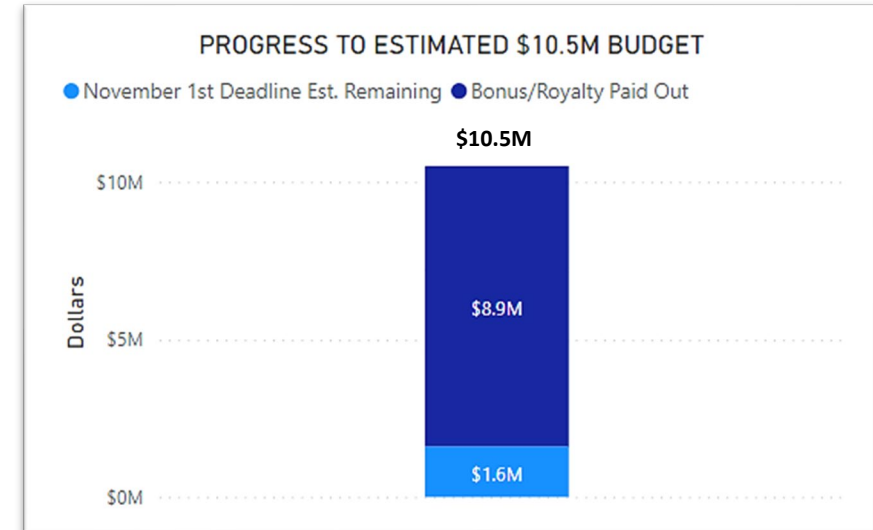
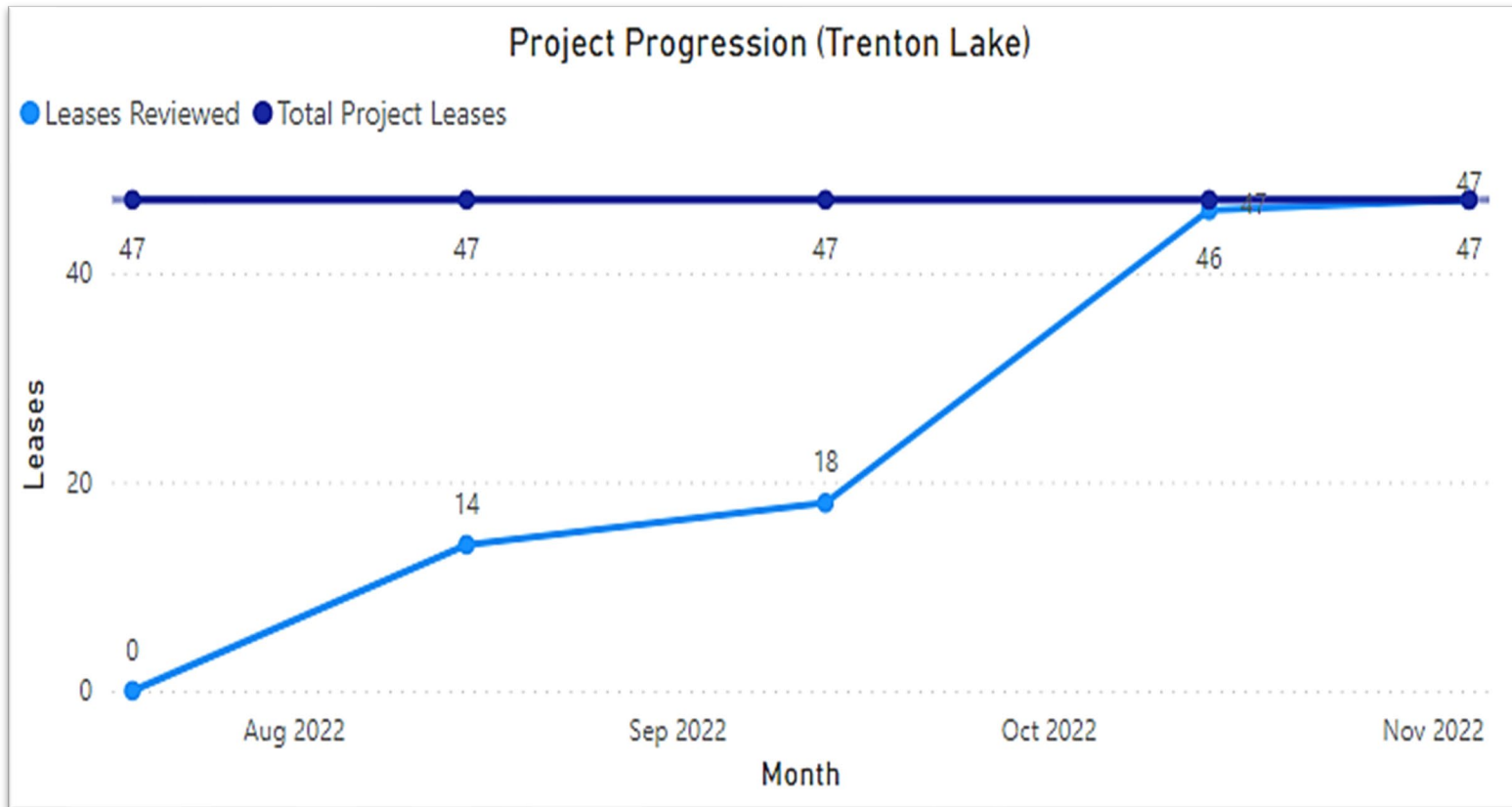
- i. No other new cash is expected to fund calls.
- ii. No redemption proceeds or distributions were received.
- iii. All capital calls came in at the same time.



# ACREAGE ADJUSTMENT PART II

November 1<sup>st</sup>, 2023, DEADLINE

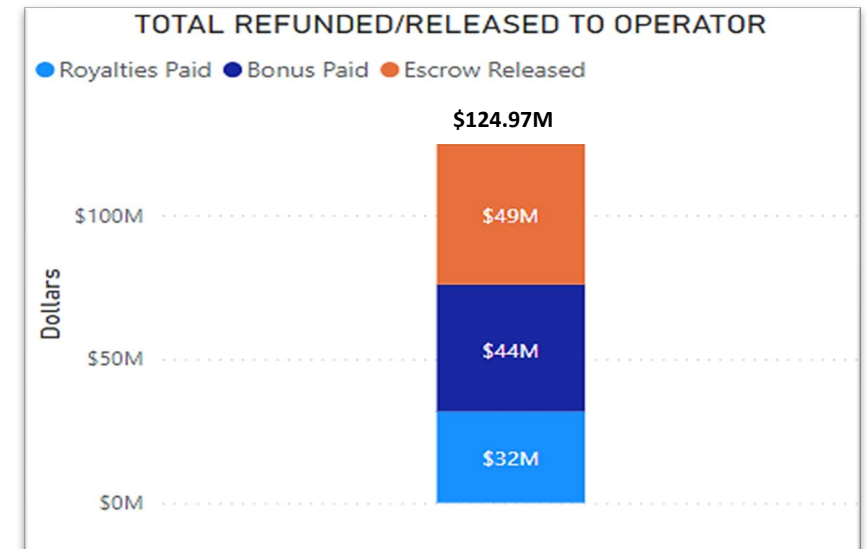
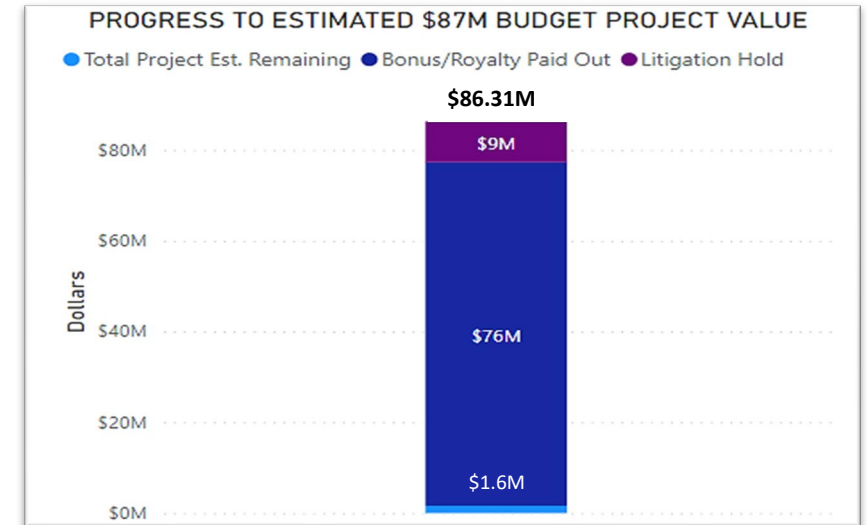
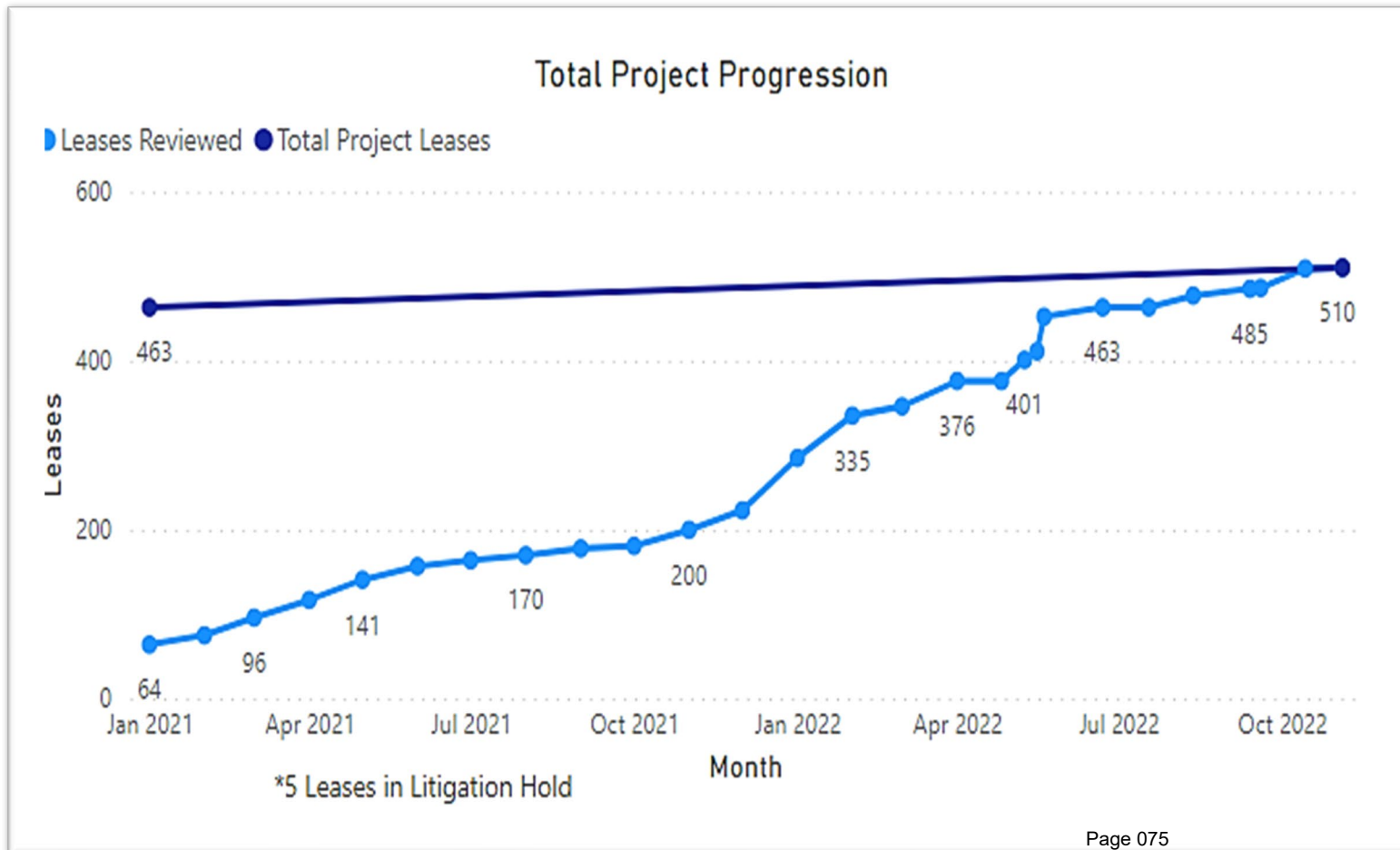
## TRENTON LAKE PROJECT PROGRESSION



# ACREAGE ADJUSTMENT SURVEY REPORT

## PROJECT TOTAL

### TOTAL PROJECT PROGRESSION



**RE: Litigation Update**  
(No Action Requested)

- Wilkinson (OHWM title dispute / takings claim) – ND Supreme Court issued November 10<sup>th</sup> opinion in our favor affirming trial court’s dismissal of all Plaintiff’s claims (conversion, conspiracy, physical taking, regulatory taking, escrow taking, unjust enrichment, costs & attorney fees from violation of constitutional rights)
- Newfield (royalty deductions) – ND Supreme Court reversed and remanded in our favor; at October 28<sup>th</sup> status conference, district court set November 28<sup>th</sup> briefing deadline
- MHA (Missouri riverbed ownership) – Appealed D.C. Federal District Court denial of our motion to intervene; D.C. Circuit Court of Appeals briefing to be completed in January
- EEE (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31<sup>st</sup> granting Board’s motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8<sup>th</sup> Circuit; briefing complete, awaiting scheduling of oral arguments
- Leland/Whiting (OHWM river island ownership) – Watford City trial September 12-16, 2022; awaiting completion of transcripts so briefing can begin
- Continental Interpleader (OHWM fed/state dispute) – briefing complete for “Acquired Federal Lands” issue; awaiting ND Federal District Court decision
- Whitetail Wave (OHWM title dispute / takings claim) – ND Supreme Court issued opinion on September 29<sup>th</sup> dismissing the appeal and sending back to trial court for further quiet title actions on the at issue parcels