

FISCAL NOTE
Requested by Legislative Council
04/10/2015

Amendment to: HB 1358

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$379,980		\$379,980	
Appropriations			\$379,980		\$379,980	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This measure requires controls, inspection oversight, and bonding for underground gathering pipelines; expands reclamation for pre 08/01/1983 damages; changes temporarily abandoned statuses and confidentiality of well data; and provides transfers for pipeline and salt removing technique studies.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 requires the Oil & Gas division to oversee the proper filing of construction drawings, specifications, pressure tests, and leak detection/monitoring plans, and verify independent inspections are properly completed. Section 3 adds the use of AWPSRF funds for reclamation and restoration of pre 08/01/1983 oil and gas development damages. Section 4 requires the Oil & Gas division to administer a new category of bonds for gathering pipelines. Sections 5, 6, and 7 require substantial increases in processing of temporary abandoned well cases, confidential well status and spill reports, and pipeline information requests. Section 8 requires the Industrial Commission to analyze pipeline regulations, provide a report, adopt and enforce rules to improve pipeline safety and integrity.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

No revenue is anticipated at this time.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures per biennium include:

\$240,340 for one petroleum engineer to develop standards of inspections and technological devices as well as

supervise the pipeline program;

\$139,640 for one administration assistant to administer bonds;

Three engineering technicians (one per district) for pipeline inspection programs are included in HB1014 budget request approved by House;

One RBDMS technician to update and maintain the database and gather pipeline records is included in HB1014 budget request approved by House;

One petroleum engineer for reclamation and restoration of pre 08/01/1983 oil and gas development damages is included in HB1014 budget request approved by House; and

One GIS Engineering technician FTE (100% of time) is included in HB1014 budget request approved by House.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Oil & Gas Division expenditures for the increased costs in FTE expenses mentioned in 3B total \$379,980. The FTE costs are general fund expenses, and are not included in the executive budget.

Name: Robyn Loumer

Agency: Industrial Commission

Telephone: 701-328-8011

Date Prepared: 04/10/2015

FISCAL NOTE
Requested by Legislative Council
03/30/2015

Amendment to: HB 1358

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

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Appropriations			\$379,980		\$379,980	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
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Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This measure requires controls, inspection oversight, and bonding for underground gathering pipelines; expands reclamation for pre 08/01/1983 damages; changes temporarily abandoned statuses and confidentiality of well data; and provides transfers for pipeline and salt removing technique studies.

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Section 2 requires the Oil & Gas division to oversee the proper filing of construction drawings, specifications, pressure tests, and leak detection/monitoring plans, and verify independent inspections are properly completed. Section 3 adds the use of AWPSRF funds for reclamation and restoration of pre 08/01/1983 oil and gas development damages. Section 4 requires the Oil & Gas division to administer a new category of bonds for gathering pipelines. Sections 5, 6, and 7 require substantial increases in processing of temporary abandoned well cases, confidential well status and spill reports, and pipeline information requests. Section 8 requires the Industrial Commission to analyze pipeline regulations, provide a report, adopt and enforce rules to improve pipeline safety and integrity.

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Expenditures per biennium include:

\$240,340 for one petroleum engineer to develop standards of inspections and technological devices as well as

supervise the pipeline program;

\$139,640 for one administration assistant to administer bonds;

Three engineering technicians (one per district) for pipeline inspection programs are included in HB1014 budget request approved by House;

One RBDMS technician to update and maintain the database and gather pipeline records is included in HB1014 budget request approved by House;

One petroleum engineer for reclamation and restoration of pre 08/01/1983 oil and gas development damages is included in HB1014 budget request approved by House; and

One GIS Engineering technician FTE (100% of time) is included in HB1014 budget request approved by House.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Oil & Gas Division expenditures for the increased costs in FTE expenses mentioned in 3B total \$379,980. The FTE costs are general fund expenses, and are not included in the executive budget.

Name: Robyn Loumer

Agency: Industrial Commission

Telephone: 701-328-8011

Date Prepared: 03/05/2015

FISCAL NOTE
Requested by Legislative Council
03/03/2015

Amendment to: HB 1358

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,218,200		\$1,218,200	
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- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 requires the Oil & Gas division to oversee the proper filing of engineering designs, create standards of inspections, and designation of necessary monitoring devices to be installed on pipelines. Section 2 adds the use of AWPSRF funds for reclamation and restoration of pre 08/01/1983 oil and gas development damages. Section 3 requires the Oil & Gas division to administer a new category of bonds for gathering pipelines. Sections 4, 5, and 6 require substantial increases in processing of temporary abandoned well cases, confidential well status and spill reports, and pipeline information requests. Section 7 requires the Industrial Commission to analyze pipeline regulations, provide a report, adopt rules to improve pipeline safety, and contract for a pipeline leak detection project.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

No revenue is anticipated at this time.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures per biennium include:

\$230,700 for one petroleum engineer to develop standards of inspections and technological devices as well as supervise the pipeline program;

\$208,000 for one RBDMS technician to update and maintain the database and gather pipeline records;
\$130,000 for one administration assistant to administer bonds;
\$649,500 for three engineering technicians (one per district) for pipeline inspection programs;
One petroleum engineer for reclamation and restoration of pre 08/01/1983 oil and gas development damages is included in HB1014 budget request approved by House; and
One GIS Engineering technician (100% of time) is included in HB1014 budget request approved by House.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Oil & Gas Division expenditures for the increased costs in FTE expenses mentioned in 3B total \$1,218,200. The FTE costs are general fund expenses, and are not included in the executive budget.

Name: Robyn Loumer

Agency: Industrial Commission

Telephone: 701-328-8011

Date Prepared: 03/05/2015

2015 HOUSE ENERGY AND NATURAL RESOURCES

HB 1358

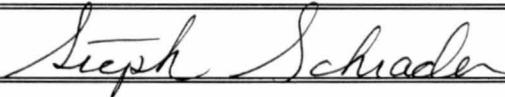
2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Pioneer Room, State Capitol

HB1358
1/29/2015
Job # 22803

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the uses of the abandoned oil and gas well plugging and site reclamation fund; and to provide an appropriation.

Minutes:

Attachments 4

Chairman Porter opens hearing.

Chairman Porter hands out written testimony #3 from Daryl Dukart, Dunn County Energy Development Organization

Rep. Dick Anderson: I'm from District 6, in the north central part of the state. I'm here to introduce HB1358. I've lived here my whole life and I've come to realize three things: our state is in the center of North America, we are very rich in natural resources, and we deal with a lot of commodities. Part of the problem of living in our state is that all the commodities have to be shipped. So, transportation issues are big in the state of North Dakota. In order to get this resolved we are going to have to ship a lot of product in pipelines and whatever we can. Part of the problem with pipelines is making sure that the land owners and the companies get along, and the easement issues go smoothly. I'm hoping this bill will help remedy some of that. The first section of this bill has to do with the reclamation fund, where the revenue for the fund will come from. I believe that right now there is about eight million dollars in that fund. If you look under there, you can see where the revenue stream's going to be for some of this. Go to page 2, line 9, that's where there's new language in the bill. Reclamation and restoration of the land, administration costs, protection of the public health, safety in general, welfare, restoration of eligible land and water, research and demonstration projects, and a few other things. We also have some money set up to help the north central part of the state, or the old Legacy oil fields. Years ago, before there was a department of mineral resources, there was some oil activity up there. Some of the sites were left in pretty rough shape as you can attest to in some of those pictures that I handed out to you. So, we're going to try to take care of some of that, the old Legacy problems with this fund. On sec. 2, we're going to have an appropriation to do some studies up there to try to remedy some of these salt water spill spots and conducting that to NDSU Soils. There are actually two researches up there now testing some brine spills. I also have some proposed amendments to HB1358. On page 1, line 2 after the semi-colon,

insert "to provide for a transfer". Line 13, page 2, replace "3" with "1". On page 2, line 13 after "million" insert "\$500,000". On page 3, line 11 replace "2.5 million" with "1.5 million". On the whole new section, on page 3, "The director of the Office of Management and Budget shall transfer a sum of 1.5 million from Abandoned Oil and Gas Well Pugging Site Reclamation Fund to the Oil and Gas Research Fund for the purpose of funding a special project through the Energy and Environmental Research Center at the University of North Dakota, during the biennium beginning July 1, 2015 and ending June 30, 2017. The special project must focus on conducting analyses of produced water pipelines including the construction depths, standards, pressures, monitoring systems, maintenance, types of materials used in the pipe, including back fill and analysis of the ratios of leaks and spills occurring in the state comparison to other large gas producing states with substantial volumes of produced water. The Industrial Commission shall contract with the Energy and Environmental Research to compile the information and the center will work with the Department of Mineral Resources to analyze existing regulations on construction and monitoring of produced water pipelines and providing a report with recommendations to the Industrial Commission and the Energy Development and Transmission Committee by December 1, 2015. The Industrial Commission shall adopt the necessary administrative rules necessary to improve produced water pipeline safety and integrity, in addition the Industrial Commission shall contract for a pilot project on pipeline flow monitoring to evaluate a working leak detection system.

Rep. Mike Nathe: Rep. Dick Anderson in regards to the amendment, it says here they must send recommendations by December 1 of this year. This bill won't take effect until July 1, is that enough time; do we maybe need to put the emergency clause on it so this would give them more time to develop that report?

Rep. Dick Anderson: That's probably a good idea.

Rep. Bill Devlin: When you're talking about water pipelines, you're talking everything from rural water systems to whatever is used in western North Dakota?

Rep. Dick Anderson: I would think it basically relates to the energy sector, or the transmission.

Chairman Porter: Rep. Bill Devlin, about half way down, after the first set of dates, on the next line it says, "produced water", that is the industry term for water that is coming out of, as a by-product of the process of gathering oil.

Rep. Bill Devlin: On the appropriation, I know you're proposal is to change it to 1.5 million, but the words that come after that trouble me a little bit, "or so much of the sum as may be necessary". I apologize, I was reading it wrong. Thank you.

Galen Peterson, Northwest Landowner Association
Written testimony #1:

Lynn Helms, Director the North Dakota Industrial Commission-Department of Mineral Resources-Oil and Gas Division
Written testimony #2

Alexis Brinkman-Baxley, North Dakota Petroleum Council
Written testimony #4

Julie Elingson: North Dakota Stockman's association
We support this bill.

Opposition:

Chairman Porter calls Mr. Harju, since this does have a specific ear mark going to you, and for the record of the bill, comments, concerns, getting the work done? Specifically, on the pilot project, I know that you are fully capable of engaging companies in the research component; this has a specific component of getting a pilot project going so that we can see something that's out there. Then, as far as the dates concerned with the reporting factor back on December 15th which doesn't give you a whole lot of time.

Mr. Harju, Associate Director of Research Energy and Environmental Research Center (EERC), University of North Dakota and Project Manager and Principle Investigator of Bakken Production Optimization Program

I do believe that with the kinds of financial resources that you're contemplating here, that we would be able to put very substantial human resources to this, from our staff that are capable. We would be able to provide a summative report as outline; I believe it was December 1 of the year. I also appreciated the contemplation of emergency clause that these kinds of things have a tendency to take slightly longer than we sometimes think that they should, especially as you're trying to bring in the concepts of new technology, and to evaluate it in a critical manner. The field component or demonstration project, I assume that that would be a longer term item than the report that was enumerated?

Chairman Porter: That would be correct.

Harju: I think that there is potential, through the optimization program that I alluded to earlier this morning, we have many of the key operators already engaged with us in the state. The Petroleum Counsel's task force also could serve as a point of entry for us to find that appropriate company to work with. I do believe that the goals and objectives that you've outlined on the amendment could be met within the timeline that has been discussed.

Chairman Porter: As you look inside of the appropriation with the things that we're laying out we're hopeful that we're doing a continuation to how you currently work. Where we're putting seed money out there to you and you're drawing in from the entire industry's experts to do collaboration and get us the best of the best in results. Is that how you see this going forward?

Harju: Absolutely. The EERC's business model has always been to utilize whatever investment, whether it's historically been from the federal government or more recently from state government. To find those key stakeholders that share in the goals and objectives of the outlined resources. And maximize the value to each of the investors.

House Energy and Natural Resources Committee

HB1358

1/29/2015

Page 4

Chairman Porter closes hearing.

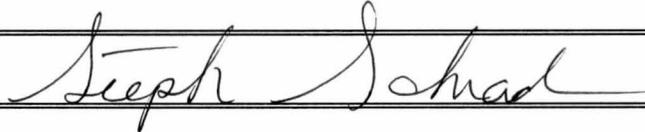
2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Pioneer Room, State Capitol

HB1358
2/3/2015
Job # 23151

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the uses of the abandoned oil and gas well plugging and site reclamation fund; and to provide an appropriation.

Minutes:

Attachments 2

Rep. Mike Nathe opens hearing.

Rep. Mike Nathe: Use 1358 as a vehicle to go through the other four bills and plug the good things from those bills into 1358.

Reviews Rep. Dick Anderson amendment; written testimony #1.

Rep. Mike Nathe: Industry do you have any questions or concerns on that?
Industry members indicate, "No".

Rep. Mike Nathe: No? Okay.

Rep. Mike Nathe: Let's work on the other amendment document, written testimony #2.

Rep. Mike Nathe Calls Ron Ness, ND Petroleum Counsel, to explain the amendment.

Ron Ness, ND Petroleum Counsel

This is the amendment you asked me to work on along with Senator Wardner. What this amendment does is essentially ensures that there is a bond covering underground gathering pipelines carrying crude oil or produced water.

Ness calls Lynn Helms, Industrial Commission, to talk about the amendment.

Helms: The amendment is good with the exception that it appears to require all pipelines be covered by a bond. The small flow lines that go from the well to the production facility are already covered by the bond on the well. We should include some language here either excluding pipelines that are already covered by a bond or better yet, we take the language from the following section and insert, "including without limitation a bond covering the

operation of any underground gathering pipeline intended to transport oil or produced water from a production facility for disposal, storage, or sale purposes."

Rep. Bob Hunskor: Is part of that so you don't have double coverage on the very small ones?

Helms: That's exactly correct.

Rep. Bob Hunskor: The bond will cover all pipelines necessary, there are none left out?

Ness: It does not cover gas lines.

Helms: The ones people are concerned about are the oil and produced water pipelines.

Rep. Bob Hunskor: There was no bond on these before?

Helms: That's correct.

Ness: Continues to explain amendment.

Rep. Mike Nathe: Do we still need the emergency clause?

Ness: You have to draw a line in the sand somewhere, but I think you have to give them some time.

Rep. Bob Hunskor: Mr. Helms, before this date there wasn't any requirement for a certificate of inspection or the design drawing being given to the commission?

Helms: That's correct.

Rep. Mike Nathe: What is "as built"?

Helms: "As built," is building and placing something and then letting the commission know what has been built and where it has been placed. This would require prior filing with the commission of the design and what I intend to construct.

Rep. Mike Nathe closes hearing.

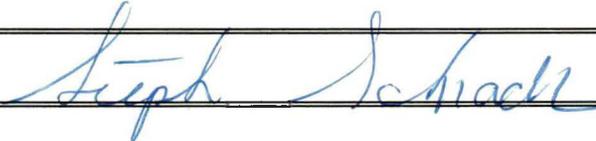
2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Pioneer Room, State Capitol

HB1358
2/5/2015
Job # 23347

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the uses of the abandoned oil and gas well plugging and site reclamation fund; and to provide an appropriation.

Minutes:

Attachments 4

Meeting location: Pioneer room

Time meeting called to order: 4:00 PM.

Members present:

Rep. Mike Nathe
Rep. Bob Hunskor
Rep. Mike Lefor

Others present:

**Ron Ness, Petroleum Council
Representative of Northwest Landowners Association**

Topics discussed:

Discussion of Rep. Mike Nathe amendments to HB1358; written testimony #1.

Discussion of Rep. Bob Hunskor amendments, written testimony #2 and #3.

The Subcommittee agreed to incorporate Rep. Bob Hunskor amendments; written testimony #2, into the Nathe amendment, written testimony #1.

The subcommittee discussed the money involved in HB 1358; written testimony #3.

The committee agreed to change the wording on page 3 line 11 striking 2.5 million, changing to 1.5 million.

The committee agreed on the Rep. Dick Anderson amendment; written testimony #4.

Ron Ness and the representative of the Northwest Landowners Association agreed with the amendments.

The committee agreed to place an emergency clause on the HB1358.

The subcommittee agreed to bring the amendments discussed to the full committee to be voted on.

Rep. Mike Nathe closes hearing.

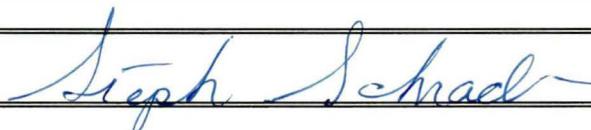
2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Pioneer Room, State Capitol

HB1358
2/6/2015
Job # 23429

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the uses of the abandoned oil and gas well plugging and site reclamation fund; and to provide an appropriation.

Minutes:

Attachments 1

Chairman Porter opens hearing

Rep. Mike Nathe explains the amendments; written testimony #1.

Chairman Porter: What we'll do is go through the amendment first, then go back if there are additional changes needed.

Rep. Mike Nathe: The bill invests about 3.5 million dollars in a pilot project to clean up Legacy oil and gas related activities, going back to 1983.

Ron Ness, North Dakota Petroleum Counsel:

If we look at the study, it is a special project to study evaporation pits in the northcentral part of the state. Is it a study or a project? What we read is that there is 1.5 million dollars to study it and then you only have 500,000 dollars, under the current language, to implement it. We think more money needs to go into the ground than into a study.

Rep. George Keiser: Do they have a recommendation for the ratio?

Chairman Porter: I think the original language was to have 1.5 million in pilot projects for doing actual projects and 500,000 dollars to do more research in the Legacy salt spills and evaporation pits. The total appropriations for this bill should be 3.5 million dollars, including 1.5 million to EERC.

Chairman Porter: On the first page replace 3 million with 1.5 million. On the amendment; page 3, section 7, line 11; replace 2.5 with 500,000 for the study. Then Section 8 is correct and the amendment is correct.

Rep. Mike Nathe: I move to adopt the amendment with the changes.

Rep. George Keiser: Second

Voice vote: Motion carries.

Rep. Mike Nathe: I make a motion for a Do Pass as amended, with rereferral to appropriations.

Rep. Bob Hunsakor: Second.

Vote: Yes 13, No 0, Absent 0

Rep. Mike Nathe: Carrier.

Proposed by sub-committee
February 6, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 1, after "Code" insert, "to create and enact a new section to chapter 38-08 of the North Dakota Century Code, relating to the operation of underground gathering pipelines; to amend and reenact subdivisions d and l of subsection 1 of section 38-08-04 of the North Dakota Century Code, relating to underground gathering pipeline bonds and to temporarily abandoned status; to amend and reenact subsection 5 of section 38-08-04 of the North Dakota Century Code, relating to the commission's responsibilities; to amend and reenact subsection 6 of section 38-08-04 of the North Dakota Century Code, relating to an exception to confidentiality of well data;"

Page 1, line 2, after the semicolon insert "to create and enact a new subsection to section 38-08-26 of the North Dakota Century Code, relating to the sharing of information by a surface owner; to provide a transfer;"

Page 1, line 3, replace the period with "; and to declare an emergency."

Page 2, line 13, replace "three million" with "five hundred thousand"

Page 2, line 15, remove "For administrative expenses and cost in developing an abandoned site"

Page 2, replace line 16 with "Research and demonstration projects for the development of reclamation and water quality control program methods and techniques for oil and gas development, including related pipelines and facilities."

Page 2, line 17, remove "For the protection of public health, safety, and general welfare."

Page 2, line 18, remove "(3)"

Page 2, line 20, remove "The restoration may include measures for the conservation and"

Page 2, remove lines 21 through 29

Page 2, line 30, replace "(6)" with "(3)"

Page 2, after line 31, insert:

"(4) For administrative expenses and cost in developing an abandoned site reclamation plan and the program."

Page 3, after line 8, insert:

"SECTION 2. A new section to chapter 38-08 of the North Dakota Century Code is created and enacted as follows:

The operator of an underground gathering pipeline designed or intended to transfer oil or produced water from a production facility for disposal, storage, or sale purposes and placed into service after August 1, 2015, shall file with the commission engineering design drawings and a certificate of inspection from a qualified third party for the underground gathering pipeline. The commission shall require the operator of the pipeline to install flow meters and over-pressure protection devices designated by the commission or the commission may require alternative leak detection and monitoring technologies be installed by the operator of these pipelines.

SECTION 3. AMENDMENT. Subdivision d of subsection 1 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

- d. The furnishing of a reasonable bond with good and sufficient surety, conditioned upon the full compliance with this chapter, and the rules and orders of the industrial commission, including without limitation a bond covering the operation of any underground gathering pipeline intended to transfer oil or produced water from a production facility for disposal, storage, or sale purposes, except that if the commission requires a bond to be furnished, the person required to furnish the bond may elect to deposit under such terms and conditions as the industrial commission may prescribe a collateral, self-bond, cash, or any alternative form of security approved by the commission, or combination thereof, by which an operator assures faithful performance of all requirements of this chapter and the rules and orders of the industrial commission.

SECTION 4. AMENDMENT. Subdivision I of subsection 1 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

- I. The placing of wells in abandoned-well status which have not produced oil or natural gas in paying quantities for one year. A well in abandoned-well

status must be promptly returned to production in paying quantities, approved by the commission for temporarily abandoned status, or plugged and reclaimed within six months. A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years. The commission shall require notice and hearing to review the temporarily abandoned status. After notice and hearing, the surface owner may request a review of the temporarily abandoned status every two years. If none of the three preceding conditions are met, the industrial commission may require the well to be placed immediately on single-well bond in an amount equal to the cost of plugging the well and reclaiming the well site. In setting the bond amount, the commission shall use information from recent plugging and reclamation operations. After a well has been in abandoned-well status for one year, the well's equipment, all well-related equipment at the well site, and salable oil at the well site are subject to forfeiture by the commission. If the commission exercises this authority, section 38-08-04.0 applies. After a well has been in abandoned-well status for one year, the single-well bond referred to above, or any other bond covering the well if the single-well bond has not been obtained, is subject to forfeiture by the commission.

SECTION 5. AMENDMENT. Subsection 5 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

5. To adopt and to enforce rules and orders to effectuate the purposes and the intent of this chapter and the commission's responsibilities under chapter 57-51.1. When adopting a rule, issuing an order, or creating a policy, the commission shall give due consideration to the effect of including locations within this state that may also be under the jurisdiction of the federal government or a tribal government. When reporting information resulting from adopting a rule, issuing an order, or creating a policy that effects locations within this state that may also be under the jurisdiction of the federal government or a tribal government the commission shall provide sufficient information to indicate the effect of including locations that may also be under the regulatory jurisdiction of the federal government or a tribal government.

SECTION 6. AMENDMENT. Subsection 6 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

6. To provide for the confidentiality of well data reported to the commission if requested in writing by those reporting the data for a period not to exceed six months. However, the commission shall release:

- a. Volumes injected from a saltwater injection well.
- b. Information from the spill report on a well on a site at which more than ten barrels of fluid, not contained on the well site, was released for which an oilfield environmental incident report is required by law.

SECTION 7. A new subsection to section 38-08-26 of the North Dakota Century Code is created and enacted as follows:

The surface owner may share information contained in the geographic information systems database."

Page 3, line 11, replace "\$2,500,000" with "\$1,500,000"

Page 3, after line 16, insert:

"SECTION 8. TRANSFER - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND TO OIL AND GAS RESEARCH FUND - PRODUCED WATER PIPELINE STUDY - REPORT TO LEGISLATIVE MANAGEMENT. The director of the office of management and budget shall transfer the sum of \$1,500,000 from the abandoned oil and gas well plugging and site reclamation fund to the oil and gas research fund for the purposes of funding a special project through the energy and environmental research center at the university of North Dakota during the biennium beginning July 1, 2015, and ending June 30, 2017. The special project must focus on conducting an analysis of produced water pipelines including the construction standards, depths, pressures, monitoring systems, maintenance, types of materials used in the pipeline including backfill, and an analysis of the ratio of spills and leaks occurring in this state in comparison to other large oil and gas-producing states with substantial volumes of produced water. The industrial commission shall contract with the energy and environmental research center to compile the information and the center shall work with the department of mineral resources to analyze the existing regulations on construction and monitoring of produced water pipelines and provide a report with recommendations to the industrial commission and the energy development and transmission committee by

December 1, 2015. The industrial commission shall adopt the necessary administrative rules necessary to improve produced water pipeline safety and integrity. In addition, the industrial commission shall contract for a pilot project on pipeline flow monitoring to evaluate a working leak detection system.

SECTION 9 EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly.

February 6, 2015

SK
2/6/15
113

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 38-08 and a new subsection to section 38-08-26 of the North Dakota Century Code, relating to relating to the operation of underground gathering pipelines and the sharing of information by a surface owner; to"

Page 1, line 1, after "reenact" insert "subdivisions d and l of subsection 1 of section 38-08-04, subsection 6 of section 38-08-04, and"

Page 1, line 2, after "to" insert " an exception to confidentiality of well data, to underground gathering pipeline bonds, to temporarily abandoned status, and"

Page 1, line 2, replace the second "and" with "to provide a report to the legislative management; to provide a transfer;"

Page 1, line 3, after "appropriation" insert "; and to declare an emergency"

Page 1, after line 4, insert:

"**SECTION 1.** A new section to chapter 38-08 of the North Dakota Century Code is created and enacted as follows:

Controls, inspections, and engineering design on crude oil and produced water underground gathering pipelines.

The operator of an underground gathering pipeline designed or intended to transfer oil or produced water from a production facility for disposal, storage, or sale purposes and placed into service after August 1, 2015, shall file with the commission engineering design drawings and a certificate of inspection from a qualified third party for the underground gathering pipeline. The commission shall require the operator of the pipeline to install flow meters and overpressure protection devices designated by the commission or the commission may require alternative leak detection and monitoring technologies be installed by the operator of these pipelines."

Page 2, line 13, replace "three" with "one"

Page 2, line 13, after "million" insert "five hundred thousand"

Page 2, line 15, remove "For administrative expenses and cost in developing an abandoned site"

Page 2, line 16, replace "reclamation plan and the program." with "Research and demonstration projects for the development of reclamation and water quality control program methods and techniques for oil and gas development, including related pipelines and facilities."

Page 2, line 17, remove "For the protection of public health, safety, and general welfare."

Page 2, line 18, remove "(3)"

Page 2, line 20, remove "The restoration may include measures for the conservation and"

Page 2, remove lines 21 through 29

2/3

Page 2, line 30, replace "(6)" with "(3)"

Page 2, after line 31, insert:

"(4) For administrative expenses and cost in developing an abandoned site reclamation plan and the program."

Page 3, after line 8, insert:

"SECTION 3. AMENDMENT. Subdivision d of subsection 1 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

- d. The furnishing of a reasonable bond with good and sufficient surety, conditioned upon the full compliance with this chapter, and the rules and orders of the industrial commission, including without limitation a bond covering the operation of any underground gathering pipeline intended to transfer oil or produced water from a production facility for disposal, storage, or sale purposes, except that if the commission requires a bond to be furnished, the person required to furnish the bond may elect to deposit under such terms and conditions as the industrial commission may prescribe a collateral bond, self-bond, cash, or any alternative form of security approved by the commission, or combination thereof, by which an operator assures faithful performance of all requirements of this chapter and the rules and orders of the industrial commission.

SECTION 4. AMENDMENT. Subdivision l of subsection 1 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

- l. The placing of wells in abandoned-well status which have not produced oil or natural gas in paying quantities for one year. A well in abandoned-well status must be promptly returned to production in paying quantities, approved by the commission for temporarily abandoned status, or plugged and reclaimed within six months. A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years. The commission shall require notice and hearing to review the temporarily abandoned status. After notice and hearing, the surface owner may request a review of the temporarily abandoned status every two years. If none of the three preceding conditions are met, the industrial commission may require the well to be placed immediately on a single-well bond in an amount equal to the cost of plugging the well and reclaiming the well site. In setting the bond amount, the commission shall use information from recent plugging and reclamation operations. After a well has been in abandoned-well status for one year, the well's equipment, all well-related equipment at the well site, and salable oil at the well site are subject to forfeiture by the commission. If the commission exercises this authority, section 38-08-04.9 applies. After a well has been in abandoned-well status for one year, the single-well bond referred to above, or any other bond covering the well if the single-well bond has not been obtained, is subject to forfeiture by the commission.

SECTION 5. AMENDMENT. Subsection 6 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

313

- 6. To provide for the confidentiality of well data reported to the commission if requested in writing by those reporting the data for a period not to exceed six months. However, the commission shall release:
 - a. Volumes injected from a saltwater injection well.
 - b. Information from the spill report on a well on a site at which more than ten barrels of fluid, not contained on the well site, was released for which an oilfield environmental incident report is required by law.

SECTION 6. A new subsection to section 38-08-26 of the North Dakota Century Code is created and enacted as follows:

The surface owner may share information contained in the geographic information system database.

SECTION 7. TRANSFER - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND TO OIL AND GAS RESEARCH FUND - PRODUCED WATER PIPELINE STUDY - REPORT TO LEGISLATIVE MANAGEMENT.

The director of the office of management and budget shall transfer the sum of \$1,500,000 from the abandoned oil and gas well plugging and site reclamation fund to the oil and gas research fund for the purpose of funding a special project through the energy and environmental research center at the university of North Dakota during the biennium beginning July 1, 2015, and ending June 30, 2017. The special project must focus on conducting an analysis of produced water pipelines including the construction standards, depths, pressures, monitoring systems, maintenance, types of materials used in the pipeline including backfill, and an analysis of the ratio of spills and leaks occurring in this state in comparison to other large oil and gas-producing states with substantial volumes of produced water. The industrial commission shall contract with the energy and environmental research center to compile the information and the center shall work with the department of mineral resources to analyze the existing regulations on construction and monitoring of produced water pipelines and provide a report with recommendations to the industrial commission and the energy development and transmission committee by December 1, 2015. The industrial commission shall adopt the necessary administrative rules necessary to improve produced water pipeline safety and integrity. In addition, the industrial commission shall contract for a pilot project on pipeline flow monitoring to evaluate a working leak detection system."

Page 3, line 11, replace "\$2,500,000" with "\$500,000"

Page 3, after line 16, insert:

"SECTION 9. EMERGENCY. This Act is declared to be an emergency measure."

Re-number accordingly

Date: 2/6/15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1358

House Energy and Natural Resources Committee

Subcommittee

Amendment LC# or Description: Proposed by subcommittee

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Rep. Nathe Seconded By Rep. Keiser

Representatives	Yes	No	Representatives	Yes	No
Chairman Porter			Rep Hunskor		
Vice Chairman Damschen			Rep Mock		
Rep D Anderson			Rep Muscha		
Rep Brabandt					
Rep Devlin					
Rep Froseth					
Rep Hofstad					
Rep Keiser					
Rep Lefor					
Rep Nathe					

Voice Vote Carried

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Proposed by sub-committee

Date: 2/6/15
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1358

House Energy and Natural Resources Committee

Subcommittee

Amendment LC# or Description: 15.0460.01005

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Rep Nathe Seconded By Rep Hunskor

Representatives	Yes	No	Representatives	Yes	No
Chairman Porter	✓		Rep Hunskor	✓	
Vice Chairman Damschen	✓		Rep Mock	✓	
Rep D Anderson	✓		Rep Muscha	✓	
Rep Brabandt	✓				
Rep Devlin	✓				
Rep Froseth	✓				
Rep Hofstad	✓				
Rep Keiser	✓				
Rep Lefor	✓				
Rep Nathe	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Rep Nathe

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1358: Energy and Natural Resources Committee (Rep. Porter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1358 was placed on the Sixth order on the calendar.

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 38-08 and a new subsection to section 38-08-26 of the North Dakota Century Code, relating to relating to the operation of underground gathering pipelines and the sharing of information by a surface owner; to"

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"(4) For administrative expenses and cost in developing an abandoned site reclamation plan and the program."

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SECTION 6. A new subsection to section 38-08-26 of the North Dakota Century Code is created and enacted as follows:

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Page 3, line 11, replace "\$2,500,000" with "\$500,000"

Page 3, after line 16, insert:

"**SECTION 9. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

2015 HOUSE APPROPRIATIONS

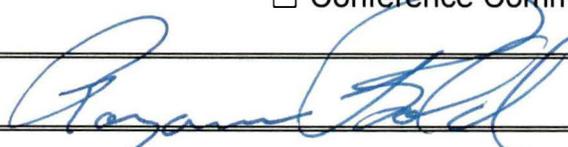
HB 1358

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1358
2/11/2015
23691

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to the operation of underground gathering pipelines and the sharing of information by a surface owner relating to an exception to confidentiality

Minutes:

Chairman Jeff Delzer opened the hearing.

Representative Todd Porter, District 34, Mandan: spoke as chairman of the Energy and Natural Resources Committee (originator of the bill). This bill had substantial amendments to it. Gathering pipelines do not have flow technology available. He referred to Page 2 of the bill.

Chairman Jeff Delzer

What do you mean by the Legacy area?

Porter: prior to 1983.

Chairman Jeff Delzer: So each is responsible for 50%? Who decides?

Porter: they end up fighting about it

Representative Skarphol

What's the level of bonding required?

Porter: that's the same way it is now, under the oil side, the Indus. Commission would decide.

Chairman Jeff Delzer: Inside of the rules of the commission?

Porter: Yes

Testimony continued...

Chairman Jeff Delzer

Has to be an administrative rule, it can't be a policy of the Industrial Commission?

Porter: that component, the information they get out of that pilot project then will go back to the Industrial Commission

Chairman Jeff Delzer: Has to be an administrative rule. Now you're up to \$3M, so far.

Porter: Yes

Testimony continued...

Chairman Jeff Delzer: When I read thru here, \$1.5M on research, \$1.5M ...and half million on the others. Why a continuing appropriation on this? Line 18, page 2; they could spend it all without telling us.

Porter:

When we created that fund, we allowed oil and gas to access those funds on an on-going basis.

Chairman Jeff Delzer

Brady Larson (Legislative Council) can you check that out for us?
What the amount currently unused in that fund?

Porter: approximately \$11M.

Chairman Jeff Delzer:

Discussion between Chairman Jeff Delzer and Porter on the trigger language...

Representative Skarphol

Page 2 and top of page 3 creation of a priority with regard to expenditure of these funds; is it EERC that will make this decision on the experimental work or is the Industrial Commission?

Porter: EERC only has the \$1.5M; for the research project. This is the actual language, of how the Industrial Commission is to treat abandoned oil and gas plugging fund. And this is the priority list.

Chairman Jeff Delzer: is it your intent that they are not supposed be able to spend more than a \$1.5M with the EERC?

Porter: correct.

Chairman Jeff Delzer: on the top of page 3; should it stay in or take it out?

Porter: That priority list needs to be there

Representative Skarphol

Who would I go to if I had a spot on my land to be reclaimed?

Porter: if it was after 1983, it would be this fund. If prior to 1983; the funds are limited to that sub E on page 2.

Chairman Jeff Delzer

Who would they go to; the Industrial Commission?

Porter: yes.

Chairman Jeff Delzer

It does open it for research at \$3M, if they wanted to do it and that is not the intent of Energy and Natural Resources committee?

Porter: that is correct.

Chairman Jeff Delzer: Brady Larson (Legislative Council), can you get a legal opinion on that?

Hearing closed.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1358
2/16/2015
23940

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to the operation of underground gathering pipelines and the sharing of information by a surface owner relating to an exception to confidentiality of well data, to underground gathering pipeline bonds, to temporarily abandoned status, and the uses of the abandoned oil and gas well plugging and site reclamation fund; to provide a report to the legislative management; to provide a transfer; to provide an appropriation; and to declare an emergency.

Minutes:

Amendment - Attached

Chairman Jeff Delzer

Called the hearing to order.

Handed out an amendment for HB1358; gets rid of language.

Representative Skarphol

Where is the definition of legacy fund wells?

Chairman Jeff Delzer

It is for all over the state, but mostly in Bottineau county area.

Motion to approve the amendment; by **Representative Vigesaa**

Seconded by **Representative Skarphol**

Motion carries; voice vote.

Representative Glassheim

Page 5; lines 21 and 22; do we need both?

Chairman Jeff Delzer

One is referencing the administrative rule; the other is referencing what the rule would do.

Vice Chairman Keith Kempenich

I had an operator contact me over the weekend worrying about grandfathering in and I talked to Lynn Helms.

House Appropriations Committee
HB 1358
02/16/15
Page 2

Chairman Jeff Delzer

Before, there was a reference to 1981.

Representative Skarphol motioned for a Do Pass as Amended.

Representative Nelson seconded

Yes 23, No 0, Absent 0

Motion carried.

Carrier is **Representative Nathe**

AD
2/17/15

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1358

Page 2, line 2, remove "Continuing appropriation -"

Page 2, line 18, remove the overstrike over "may be used"

Page 2, line 18, remove "are appropriated on a continuing basis"

Page 3, remove lines 1 through 3

Page 3, line 4, replace "(2)" with "(1)"

Page 3, line 7, replace "(3)" with "(2)"

Page 3, line 9, replace "(4)" with "(3)"

Page 3, after line 10, insert:

"(4) Demonstration projects for the development of reclamation and water quality control program methods and techniques for oil and gas development, including related pipelines and facilities."

Renumber accordingly

Date: 2/6/15

Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 15.0460,02001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By: Skarphol Seconded By: Nelson

Representatives	Yes	No	Absent	Representatives	Yes	No	Absent	Representatives	Yes	No	Absent
Chairman Jeff Delzer	✓			Representative Nelson	✓			Representative Boe	✓		
Vice Chairman Keith Kempenich	✓			Representative Pollert	✓			Representative Glassheim	✓		
Representative Bellew	✓			Representative Sanford	✓			Representative Guggisberg	✓		
Representative Brandenburg	✓			Representative Schmidt	✓			Representative Hogan	✓		
Representative Boehning	✓			Representative Silbernagel	✓			Representative Holman	✓		
Representative Dosch	✓			Representative Skarphol	✓						
Representative Kreidt	✓			Representative Streyle	✓						
Representative Martinson	✓			Representative Thoreson	✓						
Representative Monson	✓			Representative Vigesaa	✓						
	<u>9</u>	<u>0</u>	<u>0</u>		<u>9</u>	<u>0</u>	<u>0</u>		<u>5</u>	<u>0</u>	<u>0</u>

Totals

(Yes)	<u>23</u>
No	<u>0</u>
Absent	<u>0</u>
Grand Total	<u>23</u>

Floor Assignment: Nathe

If the vote is on an amendment, briefly indicate intent: _____

REPORT OF STANDING COMMITTEE

HB 1358, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (23 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1358 was placed on the Sixth order on the calendar.

Page 2, line 2, remove "Continuing appropriation -"

Page 2, line 18, remove the overstrike over "may-be-used"

Page 2, line 18, remove "are appropriated on a continuing basis"

Page 3, remove lines 1 through 3

Page 3, line 4, replace "(2)" with "(1)"

Page 3, line 7, replace "(3)" with "(2)"

Page 3, line 9, replace "(4)" with "(3)"

Page 3, after line 10, insert:

"(4) Demonstration projects for the development of reclamation and water quality control program methods and techniques for oil and gas development, including related pipelines and facilities."

Renumber accordingly

2015 SENATE ENERGY AND NATURAL RESOURCES

HB 1358

2015 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources Fort Lincoln Room, State Capitol

HB 1358

3/13/2015

24784

Subcommittee

Conference Committee

Committee Clerk Signature

Katie Oliver

Explanation or reason for introduction of bill/resolution:

Relating to an exception to confidentiality of well data; to provide a report to the legislative management; to provide a transfer; to provide an appropriation; and to declare an emergency.

Minutes:

3 Attachments

Representative Dick Anderson: District 6. Described the bill section by section then went through the amendment section by section. See attachment #1 (.57-11:14)

Chairman Schaible: Why are there so many amendments after you had the subcommittee?

Representative Anderson: We wanted to have the systems in place as quickly as we could do it. Page 2 line 21 was put in after we discovered some landowners had degraded their own land and we wanted to put a disclaimer in for that. On page 1 line 19 we didn't want to limit pipeline companies to flow meters and over pressure switches, I don't think that those systems work very well and I think that it is in the best interest of the industry to use a technology that works the best. That is what you want to shoot for.

Senator Hogue: The lines that are placed for services after August 1, 2015 must be accompanied by an engineering specification. In the second sentence you talk about leak protection devices, what is your intent there? Is it for all pipelines regardless of service or is it just the ones that are placed in service after August 1, 2015?

Representative Anderson: It is the ones that will be installed after August 1, 2015. There is some systems that are coming out that we can put in a line that is buried already; I think that there is technology available for just about all the circumstances that we are going to foresee in the future.

Senator Triplett: I was curious about your comment, landowners degraded their own land.

Representative Anderson: I can't expand but I have heard that some landowners have dumped salt water on their land.

Senator Bekkedahl: District 1 in Williams County which has a lot of legacy wells. The language in the bill tries to address some of the legacy issues statewide. In one particular area where we have an issue is seismic wells that were drilled years ago. I am told that there may be language in here that would suffice for those to be at least reviewed. Because of the current code there is no remedy situation and no potential for the state to participate in the cleanup efforts.

Representative Steiner: Handed out amendment for HB 1358 and explained the amendment to the committee. See attachment #2.

Senator Laffen: Did we cut the 3 FTEs intentionally?

Representative Steiner: Senate Appropriations removed that funding.

Troy Coons: Northwest Landowners Association. See attachment #3.

Sandy Tabor: KLJ Solutions. I am in support of the bill, in particular sections 7 and 8 which involve research dollars. KLJ was recently awarded a grant from the oil and gas research council to conduct a very limited pilot project on soil remediation up in the Bakken area using a product that has been used to help remediate soils damaged by alkaline and salt. Additionally we run a pipeline company out of the Bakken and have been doing a lot of work on control and monitoring technology. We are strongly in favor of this bill.

Ron Ness: North Dakota Petroleum Council. We stand in support of this bill as amended. As you know the bill has the subject of 5 different bills in it so there are a lot of moving parts. The issue in the bills is really leak detection, what is the type of monitoring that works in these systems; there is a research component to the bill.

Senator Triplett: Are either of the products that you brought in to show us the pipeline stuff that was used in the spill?

Ron Ness: This is the pipe that was in the Crestwood spill and the Blackwood Creek spill.

Senator Triplett: Do you know the investigation is proceeding?

Ron Ness: I think that the Department of Mineral Resources should answer that. From what I heard there was a hole in the pipe.

Senator Triplett: Likely damaged at insulation?

Ron Ness: Maybe but I do not want to speculate.

Senator Triplett 92,000,000 miles of that kind of pipe in the world; is it regularly used in other places with our rough climate?

Ron Ness: They use this pipe all over the world.

Senate Energy and Natural Resources Committee

HB 1358

03/13/2015

Page 3

There was no more testimony in support or opposition and Chairman Schaible closed the hearing on HB 1358.

2015 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources
Fort Lincoln Room, State Capitol

HB 1358
3/25/2015
25430

- Subcommittee
 Conference Committee

Committee Clerk Signature

Katie Oliver

Explanation or reason for introduction of bill/resolution:

Relating to an exception to confidentiality of well data; to provide a report to the legislative management; to provide a transfer; to provide an appropriation; and to declare an emergency.

Minutes:

1 Attachment

Chairman Schaible called the committee to order, roll was taken and all committee members were present. Senator Armstrong handed out language and amendments for the bill. See attachment #1.

Senator Armstrong: I have invited Representative Anderson down to talk to us about this bill but while we are waiting I can explain the 03007 amendment. When you are dealing with pipelines a lot of this stuff is above ground and as often as not the industrial commission need to have jurisdiction over the whole thing not just the underground stuff. Spills can occur anywhere and with the language in this amendment it allows it to be more comprehensive and allows everyone who has a stake in the game know where it is.

Chairman Schaible: This is the only amendment we have for this, no one else is working on one?

There was no more discussion for the time and Chairman Schaible closed the committee work on HB 1358.

2015 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources
Fort Lincoln Room, State Capitol

HB 1358
3/25/2015
25432

- Subcommittee
 Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to an exception to confidentiality of well data; to provide a report to the legislative management; to provide a transfer; to provide an appropriation; and to declare an emergency.

Minutes:

Chairman Schaible opened committee work on HB 1358. Representative Anderson was on hand to explain the changes in the bill.

Representative Anderson: District 6. Rather than go through every sections I would suggest just explain the changes and what we think would be the best results for this bill. We had a lot of different groups working on this, people within the pipeline industry, landowners, department of mineral resources and the petroleum council. We have worked together for an extended period of time trying to come up with what we think would be the best results for this bill.

Chairman Schaible: Can you go through the parts that you changed and the reasoning for it.

Representative Anderson then went through and explained the changes that would be made.

Senator Triplett: Can you explain why the 60 days and why not just file it? Why the delay?

Representative Anderson: I think that they wanted to wait to see what the environmental and energy research center comes up with. It would have to do with the pneumatic testing it is pretty hard to put a system on until you test the pipe. On page 2 there was a change from 'adversely affected' to 'impacted by the oil and gas' it is a broader definition and serves the bill better.

Chairman Schaible: How would we prove that?

Representative Anderson: I think it would be very tough unless it was caught visually.

Chairman Schaible: If we do not have the proof we will assume it wasn't done intentionally and was a mistake.

Representative Anderson: If they are caught doing something like that and there is a penalty and basically they are ruining their own land.

Representative Anderson then continued to explain the changes in the bill.

Senator Armstrong: This language was not drafted by only you, correct? A lot of this was all about getting the correct language.

Representative Anderson: It is difficult to do things by yourself. It is helpful to have a group of people together and working towards a common goal. The landowners and energy people seem very happy with this.

Senator Laffen: If we are trying to get all of the language right, page 1 line 18 when we talk about the specifications for the pipeline. Technically there are design drawings and specifications we need to add the word "and". I would also be inclined to add 'final' to that there are about 40 versions of this and rather than get all of them we can change the language.

Representative Anderson: The more accurate the better.

Senator Laffen: You could make an argument that specifications mean all of that.

Senator Triplett: I am not clear as to why we couldn't have the final design drawings and specifications and the plan for leak protection be delivered to the industrial commission at the time it is installed. We had an incident that the pipe was brand new and leaked immediately. Wouldn't we want someone to look at that earlier rather than later?

Representative Anderson: Common sense tells you that everything should be done and laid out. We need to change the language a little bit before we put the line into production.

There was no further discussion and Chairman Schaible closed the committee work on HB 1358.

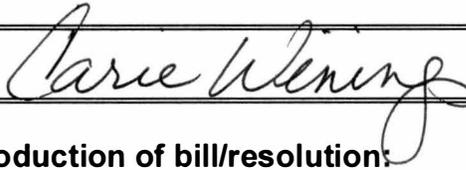
2015 SENATE STANDING COMMITTEE MINUTES

Energy and Natural Resources
Fort Lincoln Room, State Capitol

HB 1358
3/26/2015
25446

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to an exception to confidentiality of well data; to provide a report to the legislative management; to provide a transfer; to provide an appropriation; and to declare an emergency.

Minutes:

2 Attachments

Senator Laffen: I have some language on line 18 that we should add. I am working on the .03005 version of the amendment. See attachment #1. I would suggest after the word engineering on line 18 we would change that to say, "final construction drawings and specifications," and I would change, 'design drawings' to 'construction drawings'.

Senator Laffen: Moved to adopt the new language proposed.

Senator Armstrong: Seconded.

Senator Laffen: Withdrew his amendment to consider the amendment in front of them.

Senator Triplett: We have a page with some information on it, who did that come from? See attachment #2.

Senator Armstrong: That came from me.

Senator Triplett: Moved amendment .03005. (Senator Laffen requested to add to the amendment on line 18 after engineering stating "final construction drawings and specifications," and the committee agreed.)

Vice Chair Unruh: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Armstrong: Moved to further amend by incorporating .03007 into .03005.

Vice Chair Unruh: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Armstrong: Moved a Do Pass As Further Amended and Rerefer to Appropriations.

Senator Triplett: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Motion Carried.

Senator Armstrong will carry the bill to the floor.

March 19, 2015

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 1, line 17, after "commission" insert "within sixty days of being placed into service"

Page 1, line 17, replace "design drawings and" with "specifications."

Page 1, line 18, replace "inspection from a qualified third party" with "hydrostatic or pneumatic testing from an independent inspector, and a plan for leak detection and monitoring"

Page 1, line 18, remove "The"

Page 1, remove lines 19 through 21

Page 2, line 25, replace "adversely affected" with "impacted"

Page 2, line 29, after the underscored period insert "Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration."

Page 3, line 24, replace "intended to transfer" with "transferring"

Page 4, line 7, remove "A surface owner may request a review of the temporarily abandoned"

Page 4, remove lines 8 through 10

Page 4, line 11, remove "review of the temporarily abandoned status every two years."

Page 4, line 22, after the period insert "A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years. The commission shall require notice and hearing to review the temporarily abandoned status. After notice and hearing, the surface owner may request a review of the temporarily abandoned status every two years."

Page 4, line 27, replace "shall" with "may"

Page 4, line 28, replace "from" with "into"

Page 5, line 12, after "of" insert "crude oil and"

Page 5, line 19, after "of" insert "crude oil and"

Page 5, line 19, after "pipelines" insert ", determine the feasibility and cost effectiveness of requiring leak detection and monitoring technology on expansion of existing pipeline systems,"

Page 5, line 23, remove "on pipeline flow monitoring"

Page 5, line 23, replace "working" with "pipeline"

Page 5, line 24, after "detection" insert "and monitoring"

Page 5, line 30, replace "removing" with "remediating"

Page 5, line 30, after "salt" insert "and any other contamination"

Re-number accordingly

March 25, 2015

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 1, line 3, after "reenact" insert "subsection 18 of section 38-08-02,"

Page 1, line 6, replace "pipeline bonds" with "pipelines"

Page 1, after line 10, insert:

"SECTION 1. AMENDMENT. Subsection 18 of section 38-08-02 of the North Dakota Century Code is amended and reenacted as follows:

18. "Underground gathering pipeline" means an underground gas or liquid pipeline with associated above ground equipment that is designed for or capable of transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas which is not subject to chapter 49-22. As used in this subsection, "associated above ground equipment" means equipment and property located above ground level which is incidental to and necessary for or useful for transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas from a production facility. As used in this subsection, "equipment and property" includes a pump, compressor, storage, leak detection or monitoring equipment, and any other facility or structure."

Re-number accordingly

March 27, 2015

3/27/15
Done
JLB

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

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Page 1, line 6, replace "pipeline bonds" with "pipelines"

Page 1, after line 10, insert:

"SECTION 1. AMENDMENT. Subsection 18 of section 38-08-02 of the North Dakota Century Code is amended and reenacted as follows:

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Page 1, line 15, replace "The operator of an" with "The application of this section is limited to an"

Page 1, line 15, after "pipeline" insert "that is"

Page 1, line 16, after "and" insert "which was"

Page 1, line 17, replace the second underscored comma with ". Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline"

Page 1, line 17, after "commission" insert "the underground gathering pipeline"

Page 1, line 17, after "engineering" insert "final construction"

Page 1, line 17, replace "a" with "specifications, an independent inspector's"

Page 1, line 18, replace "inspection from a qualified third party" with "hydrostatic or pneumatic testing of the underground gathering pipeline, and a plan for leak detection and monitoring"

Page 1, line 18, remove "The"

Page 1, lines 19 through 21

Page 2, line 25, replace "adversely affected" with "impacted"

Page 2, line 26, after "development" insert an underscored comma

Page 2, line 26, replace "which" with "that"

282

Page 2, line 29, after the underscored period insert "Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration."

Page 3, line 24, replace "intended to transfer" with "transferring"

Page 4, line 7, remove "A surface owner may request a review of the temporarily abandoned"

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Page 5, line 30, replace "removing" with "remediating"

Page 5, line 30, after "salt" insert "and any other contamination"

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1358, as reengrossed: Energy and Natural Resources Committee (Sen. Schaible, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1358 was placed on the Sixth order on the calendar.

Page 1, line 3, after "reenact" insert "subsection 18 of section 38-08-02,"

Page 1, line 6, replace "pipeline bonds" with "pipelines"

Page 1, after line 10, insert:

"SECTION 1. AMENDMENT. Subsection 18 of section 38-08-02 of the North Dakota Century Code is amended and reenacted as follows:

18. "Underground gathering pipeline" means an underground gas or liquid pipeline ~~that~~with associated above ground equipment which is designed for or capable of transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas which is not subject to chapter 49-22. As used in this subsection, "associated above ground equipment" means equipment and property located above ground level, which is incidental to and necessary for or useful for transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas from a production facility. As used in this subsection, "equipment and property" includes a pump, a compressor, storage, leak detection or monitoring equipment, and any other facility or structure.

Page 1, line 15, replace "The operator of an" with "The application of this section is limited to an"

Page 1, line 15, after "pipeline" insert "that is"

Page 1, line 16, after "and" insert "which was"

Page 1, line 17, replace the second underscored comma with ". Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline"

Page 1, line 17, after "commission" insert "the underground gathering pipeline"

Page 1, line 17, after "engineering" insert "final construction"

Page 1, line 17, replace "a" with "specifications, an independent inspector's"

Page 1, line 18, replace "inspection from a qualified third party" with "hydrostatic or pneumatic testing of the underground gathering pipeline, and a plan for leak detection and monitoring"

Page 1, line 18, remove "The"

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Page 2, line 25, replace "adversely affected" with "impacted"

Page 2, line 26, after "development" insert an underscored comma

Page 2, line 26, replace "which" with "that"

Page 2, line 29, after the underscored period insert "Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration."

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Page 5, line 30, after "salt" insert "and any other contamination"

Re-number accordingly

2015 SENATE APPROPRIATIONS

HB 1358

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1358
4/2/2015
Job # 25733

- Subcommittee
 Conference Committee

Committee Clerk Signature

Don & Perez for Alice Reber

Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to the operation of underground gathering pipelines and the sharing of information by a surface owner; relating to an exception to confidentiality of well data, to underground gathering pipeline bonds, to temporarily abandoned status, and the uses of the abandoned oil and gas well plugging and site reclamation fund; to provide a report to the legislative management; to provide a transfer; to provide an appropriation; and to declare an emergency.

Minutes:

No testimony submitted

Chairman Holmberg called the committee to order on Thursday, April 02, 2015, at 8:30 am in regards to HB 1358. Roll Call was taken. All committee members were present. Adam Mathiak, Legislative Council and Sheila Peterson, OMB were also present.

Representative Dick Anderson, District 6 explained the bill, basically derived from bills 1267, 1440, 1266 and 1271. The big problem in the oil business is the leaks in the salt water lines. After salt water spills, it is difficult to reclaim the land. We wanted to limit the size and scope of the spills. We tried to work thru the energy and environmental research centers to come up with the best technology to monitor the salt water lines and limit the spills. We had used flow meters and shut off switches, now there is better technology. We have a section in 1358 that will allow that to happen. We worked with northwest land association to come up with a fix. (3:17 - 5:56) A lot of people worked on this, I hope you approve it.

Senator Sorvaag the appropriation on the bill says \$500k, the fiscal note says \$379,980, and it says it's for the engineer and an assistant. Version 04, page 6 Can you explain this?

Anderson: I wasn't involved in that. It has to do with issues in our area with wells that have been abandoned for years, we are trying to study, try to come up with a system to reclaim the soil, my understanding there is going to be a test project.

Adam Mathiak, Legislative Council, I understand, the \$500,000 would be for a pilot program, the FTEs reflected in the fiscal note are included in HB 1014, it is talking about different things.

Senator Heckaman: on page 5, line 21, there is \$1.5M that goes to EERC for research?

Anderson: yes, they are going to try to come up with the best technology?

Senator Heckaman How much is in that fund right now? She was told about \$11M.

Chairman Holmberg this bill will go to the same subcommittee for 1014, Senator Carlisle, I and Senator Heckaman.

Lynn Helms, Director, Dept. of Mineral Resources: I can help clarify the appropriations and the fiscal note. The bill actually takes \$3.5M from the abandoned well plugging and site restoration fund, and appropriates it to three different sections in this bill: \$1.5M is for a program to back and work on the legacy contamination issues from the 60's and 70's, They are not just limited to Bottineau and Renville counties. There are many sites in Williams County that are contaminating land. We went to abandoned mine lands restoration program run by the PSC, for fixing old coal mining problems; we tooled a lot of their language to create this program. We'll go after our priority list. By the time we are done, hopefully we'll have cleaned up all the legacy issues. There is another \$1.5M to do a study on pipeline technology, what are the best materials and construction practices, etc... The study will be done by EEREC; another, \$500K that will also go into an EERC study to look at new, faster, better ways to reclaim salt contaminated soil. All of the money will come out of abandoned wells restoration fund, current balance is \$11.6M we think this fund is able to handle this additional load.

V.Chairman Bowman: when you're looking into the pipes, the quality of the pipes, does anyone have record of who put that pipe in?

Lynn Helms: that will come out of the study. There are some construction materials that come from the south that don't like frozen ground. Following that study there will be a rule making process. Programs like this take people, so associated with this bill are 8 FTE's. From what we have worked out with HB 1014, only two need to be added to this budget, because of the drilling slow down, we are able to reassign employees. If rig count goes back up, there's a contingency in 1358 to add back in the FTE's, out of the 8, 6 of them will be reassigned either from 1014 or the engineering staff. Where we think it will be up, we'll add an FTE every 10 rigs. The fiscal note, deals with two FTEs, a petroleum engineer to run the program and an administrative assistant to deal with the bonding and paperwork requirements.

Senator Carlisle in the amendment there will be language for the trigger? Is it a month for the trigger?

Lynn Helms: it would average over 110 for a month, then we would submit a letter to OMB and the FTE would be authorized, then we would go thru the hiring process.

Senator O'Connell: the pilot project, what kind of technology will be used?

Lynn Helms: there are two pilot projects: Section 9 - a study of techniques and new processes to speed up the reclamation of salt contaminated soil. Right now it is a 5 - 10

years process to restore that soil; many companies are opting for excavating and replace. The problem is where will the soil go and what you replace it with. There are a lot of new processes like: tiling to remove the salt from the clay layers; diking the spill area and flooding it, so the fresh water and chemicals percolate thru the soil and you remove them from the tiling system. That is the \$500K pilot program. We'll be looking at some salt spills; some belong, to NDSU that might be a good place to test. The other pilot program is in section 8, where we are asking EEREC to build a test facility to install pipelines in the ground and test different materials, like nylon, fiberglass, steel, plastic, etc... They will install monitoring systems, to see if we can come up with a better way to detect a leak early so we can shut the pipe down. Two pilot programs, \$2M for the two and the transfer from the abandoned well fund.

V. Chairman Krebsbach this bill is a total of \$3.5M. and the fiscal note is for what bill?

Lynn Helms: the fiscal note is for the same bill, the \$3.5M is the transfer from that continuing appropriation fund, which is the transfer into these different studies. The fiscal note is for two FTEs. We are going to start bonding pipelines; we will be looking at creating a new module in our risk base management system database. This system will allow us to track failures and identify the cause and the risks. There are a lot of new pieces and we need two people to do it.

Senator Carlisle so parts of 1014 may have an emergency clause? He was told yes.

Senator Mathern: What has happened here, are there other things that we should be doing? How can we be a little bit more proactive? What is going to be left here after so many years?

Lynn Helms: before the 2013 session ND had a regulatory program for gathering pipelines. There has always been a gap, between the large oil and gas tank (?) battery and the point where those fluids got to a transmission line and left the state. Last session you decided to step into that with a self-certifying system; the company would build the pipeline and certify to the industrial commission that it had followed our construction minimums in terms of the way it built the pipeline and put it into service. That wasn't enough; we had two very large salt water spills, both the same pipe material. The legislature is now recognizing we need to be in that arena as the pipeline is designed and as is constructed with third party inspectors. I am concerned that, in section 2, they can have the pipe in service for 60 days before they file the pressure test with the commission, we should be regulating this more. After EEREC completes its study, we will go into a rule making process to fill in the gaps. It is a good concept to give EEREC 8 months to do the study, and then to create an administrative code.

Chairman Holmberg if we pass the bill it will go back to the policy committee, and they will work with the House policy committee on their differences.

Larry Syverson, NDTOA (North Dakota Township Officers Association) we urge you to support 1358.

Chairman Holmberg we will close the hearing on 1358 this afternoon.

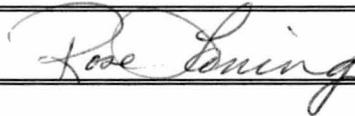
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1014
(also HB 1358, HB 1432, HB 1443)
4/2/2015
Job # 25774

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This is a sub-committee hearing on the budget of the State Industrial Commission.

Minutes:

Attachments: # 1 - 5

Legislative Council - Adam Mathiak
OMB - Sheila Peterson

Chairman Carlisle called the sub-committee to order on HB 1014. Senator Holmberg and Senator Heckaman were also present.
HB1443, 1432, 1358

Karlene Fine, Executive Director, State Industrial Commission passed out information packet on bills HB 1358, 1432, 1443 and 1014 - Attachment # 1
Proposed Amendments - Attachment # 1A

1358 - Rather than having dollars from HB 1358, she suggested they be amended into HB 1014.

Another amendment was going to be passed out HB 1432

Senator Heckaman: I have a question on HB 1032. There was a correlation on the green sheets that said there is a request for more funding into the abandoned oil and gas well plugging. What happened to that?

Lynn Helms, Director, Department of Mineral Resources: HB 1032 passed on the senate side that bill increases the cap of that fund to \$100M. If we don't hit the trigger before 12/31/15, it also increases the flow into the fund from \$5M a year to \$7.5M. If we do hit the big trigger, the annual inflow will remain capped at \$5M but the overall fund cap will still go up to \$100M.

Amendment proposed to HB 1358 (see attachment # 2). This amendment addresses the concern I raised this morning in committee that the operator of a salt water pipeline could just put the thing into service and file with the commission a number of items 60 days after

the pipeline had already been up and running and there was no approval by the commission of any of those items. This amendment says the director of the oil and gas division has thirty days after the receipt of those items which are the design drawing and the pressure test and the monitoring plan to review those and then approve them or notify the operator that we are going to require an increased monitoring plan. If there's some deficiency in one of those pipelines, we would require a significant increase in monitoring.

Senator Heckaman Do you have any concern on the language on line five where it says within 60 days of the pipeline being placed into service? Is that part ok with you?

Lynn Helms: We think that's reasonable, I was not apart of the discussions on how the 60 days was arrived at although I know in some other very complex operations like hydraulic fracturing it takes that long to get all the data together and file it with the commission. I'm comfortable with that if we have the language approving that if we have this language in here approving those items and the authority to require increased monitoring if there is a deficiency.

Senator Heckaman: My only question was I visited with one of the committee members who heard this policy bill and they said they thought there was confusion by the person who introduced the amendment on what the real meaning was and how it got written up. So if you're comfortable with this, that's fine with me.

Lynn Helms: We are comfortable with it if we can get this language amended into the bill.

HB 1432

Chairman Carlisle: We are looking at this money and we want to move \$2.5M into this budget for your litigation fund, is that my understanding of how that's going to work?

Lynn Helms: Yes, the amendments to HB 1432 are disassembling the \$4M fund so they are going to leave \$1.5M with that council but at the request of the Attorney General, they wanted to move \$2.5M back under the control of the Industrial commission for the purposes that the original \$3M was put in there under the governor's recommendation. If there needed to be litigation based on flaring, hydraulic fracking, or on oil conditioning or jurisdictional issue with the federal government or the tribes, that funding would be under the control of the Industrial Commission who could direct the Attorney General to take up those issues. The \$3M was originally in the Industrial Commission budget. The House took it out and put it into the HB 1432 pool. On the Senate side, HB 1432 is being unwound and \$2.5M is coming back.

Senator Heckaman: I'm looking at Senator Wanzek's hog house amendment 15.0961-04008 (see Attachment # 3)

Senator Holmberg: The money won't appear in this bill. We're not appropriating it.

Senator Heckaman: On 2nd page - section 2, how would this pertain to oil sector and oil production and agriculture at the same time? This money is going into the Agriculture Commissioner's budget, correct?

Lynn Helms: They could parse it out and it will be in an OMB pool.

Senator Heckaman: This different than what you would use your money for litigation work? Or could it be similar?

Lynn Helms: This would be there could be overlap.

HB 1443 - amendment 15.0867.02003 (see Attachment # 4)

Eric Hardmeyer: Our proposal is that we would take the critical access piece of this out of HB 1443 so we would carve out of existing biennium plus \$10M out of the next biennium, enough money to do what is needed in critical access hospital and it relieves HB 1443 of critical access.

Bonnie Storbakken, ND Commissioner of Labor: The only change on HB 1358 is the one that Lynne Helms introduced today. That was the only change that I'm aware of.

Chairman Carlisle: give me quick shot of square feet.

Eric Hardmeyer, President, Bank of North Dakota: \$17M from our assets on the property. Around 45,000 square feet and house 3 agencies: DFI, Commerce, and HFI. This is \$269/sq.ft and we are paying for it out of assets. We will earn a rate of return similar to bond. This is payment in lieu of taxes.

Senator Heckaman: If finance tax credits come to you, can you actually take a fee out of there?

Jolene Kline, Housing Finance Agency: We have two options under the current century code: we can either pull the fee out of the fund itself or we can charge and assess it to the applicant. In the first program with the \$15M, we pulled it out of the fund which meant we put 95% of that fund out in the street. When we went through the public hearing's process, we were proposing to pull it from the applicants so we could put the full \$35.4M. So if a developer pays a \$100,000 origination fee on a \$5M project that becomes a \$5.1M project and they receive 30% of it from the fund. The fund is helping to capitalize, we don't do both. Now we are going through another public hearing's process, the public hearing is scheduled for April 13 and it will be up for discussion during that public hearing whether the audience wants it to be continued to be paid by the applicant or whether they want it pulled from the fund. It's the same for the entire biennium program.

Chairman Carlisle: We're at \$30M in credits?

Jolene Kline: We're at \$30M in this bill, the Senate passed out \$50M in SB 2257. The House amended it down to \$30M in credits.

Chairman Carlisle: So there is \$30M in credits floating around?

Senator Holmberg: We've had numbers of discussions on this issue. At the appropriate time, I'm going to make motion to add another \$10M in cash for preparation for conference committee because the House doesn't seem to want any cash at this stage.

Jolene Kline: It's not the fifty that we wanted, but forty is better than thirty.

Chairman Carlisle: On the Mill, 3 years ago we settled on the 75% and we want to go back to 50%.

Senator Heckaman: Is the maximum amount in current law?

Karlene Fine, Executive Director, State Industrial Commission: It is currently \$6.3M.

Adam Mathiak, Legislative Council: Statute provides 50% and so session law I 2013 put a cap on the 50%. So if this section was removed, it would go back to 50% without a cap. The House removed the limitation and changed it to 50%.

Senator Heckaman: Where does the \$8M come from?

Senator Holmberg: That is what the mill proposed for language.

Chairman Carlisle: The Core Library - we have a lot of support.

Senator Holmberg: I would suggest we consider fully funding the library, but instead of giving UND \$100M to sit in bank until they get their proposals together that we authorize them to come for a deficiency appropriation next session and therefore we have saved \$1.8M that goes off the books but gives them the authority to come and ask. We still have to approve it.

Chairman Carlisle: 195 to 200 rigs, we are reorganizing some rigs correct?

Lynn Helms: The remainder of the \$1M in the current biennium litigation fund be carried over and we want to make that we don't miss that. We were given \$1M this biennium and we're already spending it and we want to carry it over.

Handed out 2015-2017 Staffing Model Field Inspector Increases (see attachment # 5).
He explained the FTE assignments.

Chairman Carlisle: We've done this before.

Senator Holmberg: This past session we utilized a notification OMB.

Lynn Helms: Previous to that, we had to hit the average and go to the emergency commission and that went through the budget section and we got the position approved. The last biennium we had to hit the average and then go to the emergency commission and that went to the budget section and we got the position approved. This last biennium, we shortened that to just a notification to OMB and that has worked much better for us to get the hiring process started so we would prefer that.

Senator Holmberg: Did we ever turn down any requests?

Lynn Helms: Never. The only thing that ever happened was sometimes we adjusted the dollars associated with the position because it came later in the biennium and there were unused funds there. Some of them came very late in the biennium we cut the amount for that position in half. We looked at possible triggers on oil prices and well counts but the only thing really predictable is that counts. Rig count will go back up, but we don't know how fast or how soon.

Karlene Fine: In addition to the new language for the general fund transfers, he also asked that we look at the retention of recruiting \$410,000 as a result the executive budget. It was up to you whether you put that back in.

Chairman Carlisle suggested to put it in for negotiations in the conference committee.

Senator Heckaman: if it's not general fund, I'm fine with it.

Karlene Fine went over the last section of the bill.

- 1) Core Library
- 2) Additional FTE
- 3) Transfer to HIF
- 4) Grants to the Lignite Research Council. They had requested \$10M, \$5M is in the bill right now.

Chairman Carlisle: We will meet on 1358, 1432, 1443 but as I understand it, we have the appropriate parts out of those bills into HB 1014.

Alexis Baxley, ND Petroleum Council: Right now we'd be in oppositions to the amendments Lynn proposed (HB 1358). The discussions that we had in the policy committee, those original 60 days were put in so the company would have to do their pneumatic testing and then only have to submit that paperwork once. That 60 days would provide the buffer time zone to make adjustments. It was also an understanding our understanding that those initial certificates were not meant to be a permitting process or be approved that those rules would come from the industrial commission following that study but this was a way to guarantee that those things were being looked at and done until we could get rules based on that study in place.

Chairman Carlisle asked if Alexis and Lynn could work together to figure out if there is a doable compromise.

Senator Heckaman: When I visited with the members of the committee, Senator Laffen's name came up as a sponsor of the amendment.

Alexis Baxley: The sponsor of the bill brought the amendments in but Senator Laffen helped provide the language on the construction drawings.

Senate Appropriations Committee

HB 1014 sub-committee

April 2, 2015

Page 6

Senator Holmberg: I thought what we were doing is we wanted to make sure Adam Mathiak had the package on HB 1014 but then we would come back to these other three ancillary bills next week.

Chairman Carlisle adjourned the subcommittee.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1358
4/8/2015
Job # 25913

- Subcommittee
 Conference Committee

Committee Clerk Signature

Dore E. Politz for Rose Janning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to the operation of underground gathering pipelines and the sharing of information by a surface owner; relating to an exception to confidentiality of well data, to underground gathering pipeline bonds, to temporarily abandoned status, and the uses of the abandoned oil and gas well plugging and site reclamation fund.

Minutes:

Attachment 1- 2

Legislative Council - Adam Mathiak & Alex Cronquist
OMB - Sheila Peterson

Senator Carlisle called the committee to order on HB 1358. Senator Holmberg and Senator Heckaman were also present.

Senator Rich Wardner, Senate Majority Leader - handed out Amendment 15.0460.03009 (Attachment 1) and explained it. I had Mr. Dawson do the amendments and didn't do them to the last amendments. This includes the previous amendments that were put on this bill.

Adam Mathiak, Legislative Council: Since this went to a policy committee, it would be a 3000 version even if you see 4000 in there. There should have been language in the amendment that said "in addition to" or "in lieu of the amendments". Since it was already adopted by a policy committee, it should have this language. We would be amending 1358 as it came from the House. It should include the other amendments.

Senator Wardner: As long as everyone knows that, I'll explain the materials I put on. Page 1, line 15, after "transfer", insert "crude" (that is new)
Page 1, line 21 - after the underscored period, insert "upon request, thelist of independent inspectors within 60 days of underground pipeline being placed in service..." That's new.
Page 5, line 22, "The commission has the authority" In other words, the department of mineral resources will write the rules. I want that when the pipelines are put in, we want independent inspectors there making sure they are done correctly. They have 60 days to file a report with the company. Have Lynn Helms come up

Chairman Holmberg moved amendment with the updated language.

Senator Heckaman seconded.

Senator Heckaman asked for an updated amendment with the correct wording.

Senator Carlisle we can have that updated and we can have Mr. Helms comment.

Lynn Helms: I have copy of amendment to version 4000, (handed out Attachment 2). Everyone wanted to insert the word "crude" on page 2 line 4 so that everybody knows we are talking about crude oil.

Page two, line 5-6, significant changes; it rewords the second half of that paragraph. As the bill stands right now, there is an enormous volume of information that would be filed with the commission or the Dept. of Mineral Resources; 60 days after the pipeline went into service. Problems with that: some of the information would be nice to have before or during construction and not all of the information is needed on every pipeline. This would allow the industrial commission pipeline inspectors to request the information upfront to review plans, who builds it, the lead detection and monitoring plan, etc... After the pipeline went into service the only thing needed to be filed would be pressure testing of the pipelines. The concept would be to have state inspectors watch the independent inspectors, before everything is running.

Senator Carlisle: Senator Wardner's language is verbatim? (Answered yes)

Lynn Helms:

Page 6, line 2, replaces "expansion of" with "new and", it would mean that new pipelines would be subject to the industrial commission rules and would also apply to existing pipelines.

Page 6 line 6, inserted language "The commission has the authority ..." There is a little difference with Sen. Wardner's language using "applicable rules". This takes the results of the study in the rulemaking and ties to pipelines built under section 2. Before this there was never a connection of the rules to any authority or jurisdiction to come back and apply them to the pipelines being built under section 2.

On page 6, line 5 insert "utilizing the results of the study". The reason is that the study will look at the feasibility and cost effectiveness of requiring leak detection and monitoring on existing pipelines. It depends on the pipeline. We need to focus the commission and make sure the rules follow the results of the studies.

Senator Carlisle This is new language. Have people in audience seen it?

Lynn Helms: They are aware of it, we have had many discussions. The Petroleum Council will speak to this new language and concerns.

Senator Carlisle we want one amendment with everything blended. We need legislative council to mix it with the engrossed bill. We want this bill to go out because it will be back at Sen Schaible's committee.

Ron Ness, President, ND Petroleum Council: we agree with the proposed amendments discussed so far. I have 2 comments: 1. Page 6 - line 6 there was an omission, before "produced water"(?) we should insert "thru their land" that would make it consistent with the

rest of the engrossed bill. On page 6 line 6 with the words: "any modifications" we see this as a retroactive statement. The big question is what is feasible on existing pipelines. The concern the industry has is there are a lot of pipelines out there modifications. We think rules should be prospective based on what the study says.

Senator Carlisle they can conceivably dig the pipeline back up? (Was told yes) Let appropriations work on the concerns we need to get this bill straight. We have the industrial commission today.

Chairman Holmberg we can pass industrial commission without this? Is there anything else that anyone will be bringing forth so it can be part of our discussion, knowing the bill will end up at a conference committee where additional work can be done at a policy level?

Senator Carlisle if we redrafted this amendment, it could go to policy committee conference committee.

Ron: I understand that there will be a new version before we meet.

Senator Carlisle: If you will work on that part and Legislative Council draft it so we have one amendment to work off (Christmas tree version).

Senator Carlisle closed the hearing on HB

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1358
4/9/2015
Job # 25964

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing regarding the operation of underground gathering pipelines

Minutes:

Amendment # 15.0460.03010

Senator Carlisle called the subcommittee hearing together on Thursday, April 09, 2015 at 9:30 am . Senator Carlisle Senator Holmberg and Senator Heckaman were also present. Adam Mathiak, Legislative Council and Becky Deichert, OMB were also present.

Senator Carlisle produced # 1 Amendment # 15.0460.03010 and turned it over to Adam Mathiak, Legislative Council to explain the amendment.

Chairman Holmberg moved the amendment. 2nd by Senator Heckaman.

Adam Mathiak, Legislative Council: The statement is pretty general because of the changes. Basically the changes were made in section 2 of the bill there was changes just talking about the reporting requirements. I've provided you with the marked up copy so you can see the changes that you had made. And on the last page of the marked up copy was also where you made the changes just identifying it is new and existing pipeline systems, and then just clarifying that industrial Commission can adopt the administrative rules necessary to improve produced water and crude oil pipeline safety and integrity, so just clarifying that crude oil is also included in there.

Senator Carlisle: We have the motion and the amendment. The plan is to get this bill out of here. It is a policy decision. All those in favor of amendment say aye. It carried.

Chairman Holmberg I move we recommend the bill as amended. 2nd by Senator Heckaman.

Roll call was taken by the Clerk. Chairman Carlisle: Yes; Senator Holmberg: Yes; Senator Heckaman: Yes. It carried.

Senator Carlisle: the subcommittee on HB 1358 was closed.

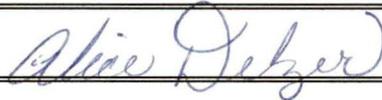
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1358
4/9/2015
Job # 25986

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to the operation of underground gathering pipelines and the sharing of information by a surface owner; relating to an exception to confidentiality of well data, to underground gathering pipeline bonds, to temporarily abandoned status, and the uses of the abandoned oil and gas well plugging and site reclamation fund; to provide a report to the legislative management; to provide a transfer; to provide an appropriation; and to declare an emergency.

Minutes:

1 Amendment # 15.0460.03010

Chairman Holmberg called the committee to order on Thursday, April 09, 2015. All committee members were present. Sheila M. Sandness, Legislative Council and Nick Creamer, OMB, were also present.

Senator Carlisle presented Attachment # 1- Amendment # 15.0460.03010 and moved the Amendment. 2nd by V. Chairman Krebsbach.

Senator Carlisle: I mentioned to the committee last night this is a pure policy decision that we ended up with. This amendment is a working document. What I am asking you to do is approve the amendment, approve the bill and get it back to the policy committee.

Chairman Holmberg: All in favor of the amendments say aye. It carried.

Senator Carlisle moved a Do Pass on 1358 as Amended. 2nd by V. Chairman Krebsbach.

Chairman Holmberg: Call the roll on a Do Pass as Amended on 1358.

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0. Senator Armstrong from Energy and Natural Resources will carry the bill. The hearing was closed on HB 1358

April 8, 2015

Done
4/9/15
LCS

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

In lieu of the amendments adopted by the Senate as printed on pages 999 and 1000 of the Senate Journal, Reengrossed House Bill No. 1358 is amended as follows:

Page 1, line 3, after "reenact" insert "subsection 18 of section 38-08-02,"

Page 1, line 6, replace "pipeline bonds" with "pipelines"

Page 1, after line 10 insert:

"SECTION 1. AMENDMENT. Subsection 18 of section 38-08-02 of the North Dakota Century Code is amended and reenacted as follows:

18. "Underground gathering pipeline" means an underground gas or liquid pipeline ~~that~~with associated above ground equipment which is designed for or capable of transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas which is not subject to chapter 49-22. As used in this subsection, "associated above ground equipment" means equipment and property located above ground level, which is incidental to and necessary for or useful for transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas from a production facility. As used in this subsection, "equipment and property" includes a pump, a compressor, storage, leak detection or monitoring equipment, and any other facility or structure."

Page 1, line 15, replace "The operator of an" with "The application of this section is limited to an"

Page 1, line 15, after "pipeline" insert "that is"

Page 1, line 15, after "transfer" insert "crude"

Page 1, line 16, after "and" insert "which was"

Page 1, line 17, remove ", shall file with the commission engineering design drawings and a"

Page 1, remove lines 18 through 20

Page 1, line 21, remove "leak detection and monitoring technologies be installed by the operator of these pipelines"

Page 1, line 21, after the underscored period insert "Upon request, the operator shall provide the commission the underground gathering pipeline engineering construction design drawings and specifications, list of independent inspectors, and a plan for leak protection and monitoring for the underground gathering pipeline. Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline shall file with the commission an independent inspector's certificate of hydrostatic or pneumatic testing of the underground gathering pipeline."

Page 2, line 25, replace "adversely affected" with "impacted"

Page 2, line 26, after "development" insert an underscored comma

2018

Page 2, line 26, replace "which" with "that"

Page 2, line 29, after the underscored period insert "Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration."

Page 3, line 24, replace "intended to transfer" with "transferring"

Page 4, line 7, remove "A surface owner may request a review of the temporarily abandoned"

Page 4, remove lines 8 through 10

Page 4, line 11, remove "review of the temporarily abandoned status every two years."

Page 4, line 22, after the period insert "A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years. The commission shall require notice and hearing to review the temporarily abandoned status. After notice and hearing, the surface owner may request a review of the temporarily abandoned status every two years."

Page 4, line 27, replace "shall" with "may"

Page 4, line 28, replace "from" with "into"

Page 5, line 12, after "of" insert "crude oil and"

Page 5, line 19, after "of" insert "crude oil and"

Page 5, line 19, after "pipelines" insert ", determine the feasibility and cost effectiveness of requiring leak detection and monitoring technology on new and existing pipeline systems,"

Page 5, line 22, after "water" insert "and crude oil"

Page 5, line 23, remove "on pipeline flow monitoring"

Page 5, line 23, replace "working" with "pipeline"

Page 5, line 24, after "detection" insert "and monitoring"

Page 5, line 30, replace "removing" with "remediating"

Page 5, line 30, after "salt" insert "and any other contamination"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment requires pipeline operators to file reports with the Industrial Commission within 60 days of placing the pipeline into service. This amendment also clarifies that pipelines are used to transport crude oil.

Date: 4-9-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1358

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 15.0460.03010

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
- Other Actions: Reconsider _____

Motion Made By Carlisle Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele					
Senator Wanzek					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

voice vote passed

Date: 4-9-15
 Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
 BILL/RESOLUTION NO. 1358

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Carlisle Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1358, as reengrossed and amended: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed HB 1358, as amended, was placed on the Sixth order on the calendar.

In lieu of the amendments adopted by the Senate as printed on pages 999 and 1000 of the Senate Journal, Reengrossed House Bill No. 1358 is amended as follows:

Page 1, line 3, after "reenact" insert "subsection 18 of section 38-08-02,"

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Renumber accordingly

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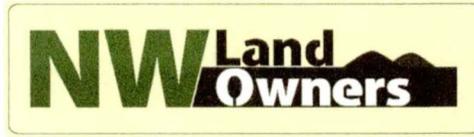
2015 TESTIMONY

HB 1358

1

HB 1358

1/29/2015



6050 Old Hwy 2
Berthold, ND 58718

For responsible development of
North Dakota's resources

Troy Coons
Tom Wheeler
Bob Grant
Galen Peterson
Website
Contact Us

President
Vice President
Treasurer
Secretary
nwlandowners.com
gpete72@gmail.com

Donnybrook, ND
Ray, ND
Berthold, ND
Maxbass, ND

Northwest Landowners Association's Testimony on HB1358
House Natural Resources Committee
January 29, 2015

Chairman Porter and members of the House Natural Resources Committee,

I am Galen Peterson from Northwest Landowners Association (NWLA). We currently have 450 members--farmers, ranchers, and landowners, mostly from north central, northwest, and west central North Dakota. We strive for responsible development of our natural resources.

Initially, NWLA was in full support of this bill. There are very good items in the bill, such as addressing poor reclamation done prior to 1983, developing an abandoned site reclamation plan, and Section 2 of the bill.

However, we find parts of the bill troubling. In particular Section 1 2.e.(2),(3), (5), and (6). These parts wander far from why the the fund was establish. We believe funding for these items would be better placed in Outdoor Heritage Fund grants or a similar place.

If the above items were to be removed, we support the bill.

Thank you.



HB 1358
1/29/2015

2

House Bill 1358
House Energy and Natural Resources
January 29, 2015

Testimony of Lynn D. Helms, Director

The North Dakota Industrial Commission – Department of Mineral Resources – Oil and Gas Division has had jurisdiction over the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (AWPSRF) since 1983:

Current fund balance as of December 31, 2014, is \$11,288,140.21.

This bill initiates two programs, the first of which the Commission supports, and on the second the Commission is in a neutral position:

Program 1

The first program initiated by HB 1358 identifies land and water resources adversely affected by oil and gas development and left in an inadequate reclamation status before August 1, 1983.

The amendment also authorizes and prioritizes spending up to three million dollars per biennium for reclamation on the projects identified. The language creating this program borrows the best aspects of the very successful Abandoned Mine Lands program under the oversight of the Public Service Commission.

Program 2

The second program initiated by HB 1358 appropriates \$2,500,000 from AWPSRF for a pilot program through the oil and gas research council to determine the best techniques for removing salt from soil surrounding waste pits reclaimed by trenching between 1951 and 1984 in the north central portion of the state. The Commission would prefer that rather than getting specific additional funding this project be placed on the prioritized list of program 1.

Mr. Chairman and members of House Energy and Natural Resources the North Dakota

Industrial Commission urges a do pass for HB 1358.

HB 1358
1/29/2015

#3

Porter, Todd K.

From: Daryl Dukart <daryldukart@ndsupernet.com>
Sent: Tuesday, January 27, 2015 10:15 PM
To: Froseth, Glen A.; Hunskor, Bob L.; Damschen, Charles D.; Mock, Corey R.; Anderson, Dick D.; Keiser, George J.; Lefor, Mike; Nathe, Mike R.; Muscha, Naomi T.; Porter, Todd K.
Subject: HB1358 written testimony

January 27th, 2015

Testimony for HB1358 Amendments

House Energy and Natural Resources

Testimony provided by Dunn County Energy Development Organization (prepared by communication director Daryl Dukart)

House Energy and Natural Resources Committee:

**Abandoned oil and gas well plugging and site reclamation fund -
Continuing appropriation.**

As the oil and gas industry continues to mature and actually is still growing at a reasonable pace we cannot quit preparing ourselves for possible adverse effects to our environment and the long term impact which could happen. Or state citizen deserve this as well as the landowners in the areas of which the impacts are happening today.

HB1358 amendments add strength to numbers and assure that our state is willing and preparing themselves for the future. Continued planning and development of reclamation funds moneys is the right direction to take!

We ask your support for HB1358

Dunn County Energy Development Organization
(Landowners in Dunn County organized in 2009)

Daryl Dukart



100 West Broadway, Ste. 200 | P.O. Box 1395 | Bismarck, ND 58501-1395
701.223.6380 | ndpc@ndoil.org | www.NDOil.org

HB 1358
1/29/2015

#4

House Bill 1358
Testimony of Alexis Brinkman-Baxley
House Energy and Natural Resources Committee
January 29, 2015

Chairman Porter and members of the House Energy and Natural Resources Committee, my name is Alexis Baxley, and I work as the government affairs manager for the North Dakota Petroleum Council. Last year the North Dakota Petroleum Council represented more than 550 companies in all aspects of the oil and gas industry, including oil and gas production, refining, pipeline, transportation, mineral leasing, consulting, legal work, and oilfield service activities in North Dakota. Our industry represents 65,000 direct and indirect jobs in North Dakota. I appear before you today in support of HB 1358.

The abandoned oil and gas well plugging and site reclamation fund has been and continues to be a successful program. In addition, we support the funding of a pilot program for salt water remediation research. The NDPC has recently developed a salt water task force. A number of our members have identified technologies that they are confident would work even on legacy spills. They are eager to get to work.

We urge a Do-Pass on HB 1358. I would be happy to answer any questions.

15.0460.01001
Title.

Subcommittee

1

Prepared by the Legislative Council staff for
Representative D. Anderson
January 27, 2015

2/3/15
1358

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 2, after the semicolon insert "to provide for a transfer;"

Page 2, line 13, replace "three" with "one"

Page 2, line 13, after "million" insert "five hundred thousand"

Page 3, line 11, replace "\$2,500,000" with "\$1,500,000"

Page 3, after line 16, insert:

"SECTION 3. TRANSFER - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND TO OIL AND GAS RESEARCH FUND - PRODUCED WATER PIPELINE STUDY - REPORT TO LEGISLATIVE MANAGEMENT. The director of the office of management and budget shall transfer the sum of \$1,500,000 from the abandoned oil and gas well plugging and site reclamation fund to the oil and gas research fund for the purpose of funding a special project through the energy and environmental research center at the university of North Dakota during the biennium beginning July 1, 2015, and ending June 30, 2017. The special project must focus on conducting an analysis of produced water pipelines including the construction standards, depths, pressures, monitoring systems, maintenance, types of materials used in the pipeline including backfill, and an analysis of the ratio of spills and leaks occurring in this state in comparison to other large oil and gas-producing states with substantial volumes of produced water. The industrial commission shall contract with the energy and environmental research center to compile the information and the center shall work with the department of mineral resources to analyze the existing regulations on construction and monitoring of produced water pipelines and provide a report with recommendations to the industrial commission and the energy development and transmission committee by December 1, 2015. The industrial commission shall adopt the necessary administrative rules necessary to improve produced water pipeline safety and integrity. In addition, the industrial commission shall contract for a pilot project on pipeline flow monitoring to evaluate a working leak detection system."

Renumber accordingly

2

Subcommittee

2/3/15

1358

Amendments to HB 1358

SECTION __. AMENDMENT. Subdivision d. of subsection 1 of Section 38-08-04 of the North Dakota Century Code is amended and reenacted to read as follows:

The furnishing of a reasonable bond with good and sufficient surety, conditioned upon full compliance with this chapter, and the rules and orders of the industrial commission, including without limitation a bond covering the operation of any underground gathering pipeline carrying crude oil or produced water, except that if the commission requires a bond to be furnished, the person required to furnish the bond may elect to deposit under such terms and conditions as the industrial commission may prescribe a collateral bond, self-bond, cash, or any alternative form of security approved by the commission, or combination thereof, by which an operator assures faithful performance of the requirements of this chapter and the rules and orders of the industrial commission.

SECTION __. A new section to Chapter 38-08 of the North Dakota Century Code is created and enacted as follows:

Controls, inspections and engineering design on crude oil and produced water underground gathering pipelines. The operator of any underground gathering pipeline designed for or intended to transfer oil or produced water from a production facility for disposal, storage or sale purposes and placed into service after August 1, 2015 shall file with the commission engineering design drawings of the underground gathering pipeline and a certificate of inspection of the pipeline. Any such pipeline placed into service after August 1, 2015 shall include flowmeters, over-pressure protection devices or such alternative leak detection and monitoring technologies as may be approved by the Commission.

Amendments to HB 1358

SECTION 1. AMENDMENT. Subdivision d. of subsection 1 of Section 38-08-04 of the North Dakota Century Code is amended and reenacted to read as follows:

The furnishing of a reasonable bond with good and sufficient surety, conditioned upon full compliance with this chapter, and the rules and orders of the industrial commission, including without limitation a bond covering the operation of any underground gathering pipeline carrying crude oil or produced water, except that if the commission requires a bond to be furnished, the person required to furnish the bond may elect to deposit under such terms and conditions as the industrial commission may prescribe a collateral bond, self-bond, cash, or any alternative form of security approved by the commission, or combination thereof, by which an operator assures faithful performance of the requirements of this chapter and the rules and orders of the industrial commission.

SECTION 2. A new section to Chapter 38-08 of the North Dakota Century Code is created and enacted as follows:

Controls, inspections and engineering design on crude oil and produced water underground gathering pipelines. The operator of any underground gathering pipeline designed for or intended to transfer oil or produced water from a production facility for disposal, storage or sale purposes and placed into service after August 1, 2015 shall file with the commission engineering design drawings of the underground gathering pipeline and a certificate of inspection of the pipeline. Any such pipeline placed into service after August 1, 2015 shall include flowmeters, over-pressure protection devices or such alternative leak detection and monitoring technologies as may be approved by the Commission.

2/5/15
1358

15.0460.01003
Title.

2

Prepared by the Legislative Council staff for
Representative Hunskor
February 5, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 38-08 of the North Dakota Century Code, relating to the regulation of gathering pipelines, to"

Page 3, after line 8, insert:

"SECTION 2. A new section to chapter 38-08 of the North Dakota Century Code is created and enacted as follows: *replace with the amendment*

Controls, inspections, and engineering design on crude oil and produced water underground gathering pipelines. *replace with the amendment*

The operator of a underground gathering pipeline designed or intended to transfer oil or produced water from a production facility for disposal, storage, or sale purposes and placed into service after August 1, 2015, shall file with the commission engineering design drawings and a certificate of inspection from a qualified third party for the underground gathering pipeline. The commission shall require the operator of the pipeline to install flow meters and over-pressure protection devices designated by the commission. The commission may require alternative leak detection and monitoring technologies be installed by the operator of these pipelines."

Renumber accordingly

↓
OK

PASS

15.0460.01004
Title.

#3

2/5/15
1358
Prepared by the Legislative Council staff for
Representative Hunskor
February 5, 2015

PROSS BY
SJS - COMMITTEE

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

- ✓ Page 2, line 15, remove "For administrative expenses and cost in developing an abandoned site"
- ✓ Page 2, replace line 16 with "Research and demonstration projects for the development of reclamation and water quality control program methods and techniques for oil and gas development, including related pipelines and facilities."
- ✓ Page 2, line 17, remove "For the protection of public health, safety, and general welfare."
- ✓ Page 2, line 18, remove "(3)"
- ✓ Page 2, line 20, remove "The restoration may include measures for the conservation and"
- ✓ Page 2, remove lines 21 through 29
- ✓ Page 2, line 30, replace "(6)" with "(3)"
- ✓ Page 2, after line 31, insert:
 - "(4) For administrative expenses and cost in developing an abandoned site reclamation plan and the program."

Renumber accordingly

15.0460.01001
Title.

#4

Subcommittee

215115
1358
Prepared by the Legislative Council staff for
Representative D. Anderson
January 27, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 2, after the semicolon insert "to provide for a transfer;"

Page 2, line 13, replace "three" with "one"

Page 2, line 13, after "million" insert "five hundred thousand"

Page 3, line 11, replace "\$2,500,000" with "\$1,500,000"

Page 3, after line 16, insert:

"SECTION 3. TRANSFER - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND TO OIL AND GAS RESEARCH FUND - PRODUCED WATER PIPELINE STUDY - REPORT TO LEGISLATIVE MANAGEMENT. The director of the office of management and budget shall transfer the sum of \$1,500,000 from the abandoned oil and gas well plugging and site reclamation fund to the oil and gas research fund for the purpose of funding a special project through the energy and environmental research center at the university of North Dakota during the biennium beginning July 1, 2015, and ending June 30, 2017. The special project must focus on conducting an analysis of produced water pipelines including the construction standards, depths, pressures, monitoring systems, maintenance, types of materials used in the pipeline including backfill, and an analysis of the ratio of spills and leaks occurring in this state in comparison to other large oil and gas-producing states with substantial volumes of produced water. The industrial commission shall contract with the energy and environmental research center to compile the information and the center shall work with the department of mineral resources to analyze the existing regulations on construction and monitoring of produced water pipelines and provide a report with recommendations to the industrial commission and the energy development and transmission committee by December 1, 2015. The industrial commission shall adopt the necessary administrative rules necessary to improve produced water pipeline safety and integrity. In addition, the industrial commission shall contract for a pilot project on pipeline flow monitoring to evaluate a working leak detection system."

Renumber accordingly

2/6/15
1358

Rep. Nathe

Proposed by sub-committee
February 6, 2015

#1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1358

Page 1, line 1, after "Code" insert, "to create and enact a new section to chapter 38-08 of the North Dakota Century Code, relating to the operation of underground gathering pipelines; to amend and reenact subdivisions d and l of subsection 1 of section 38-08-04 of the North Dakota Century Code, relating to underground gathering pipeline bonds and to temporarily abandoned status; to amend and reenact subsection 5 of section 38-08-04 of the North Dakota Century Code, relating to the commission's responsibilities; to amend and reenact subsection 6 of section 38-08-04 of the North Dakota Century Code, relating to an exception to confidentiality of well data;"

Page 1, line 2, after the semicolon insert "to create and enact a new subsection to section 38-08-26 of the North Dakota Century Code, relating to the sharing of information by a surface owner; to provide a transfer;"

Page 1, line 3, replace the period with "; and to declare an emergency."

Page 2, line 13, replace "three million" with "five hundred thousand"

Page 2, line 15, remove "For administrative expenses and cost in developing an abandoned site"

Page 2, replace line 16 with "Research and demonstration projects for the development of reclamation and water quality control program methods and techniques for oil and gas development, including related pipelines and facilities."

Page 2, line 17, remove "For the protection of public health, safety, and general welfare."

Page 2, line 18, remove "(3)"

Page 2, line 20, remove "The restoration may include measures for the conservation and"

Page 2, remove lines 21 through 29

Page 2, line 30, replace "(6)" with "(3)"

Page 2, after line 31, insert:

"(4) For administrative expenses and cost in developing an abandoned site reclamation plan and the program."

Page 3, after line 8, insert:

"SECTION 2. A new section to chapter 38-08 of the North Dakota Century Code is created and enacted as follows:

The operator of an underground gathering pipeline designed or intended to transfer oil or produced water from a production facility for disposal, storage, or sale purposes and placed into service after August 1, 2015, shall file with the commission engineering design drawings and a certificate of inspection from a qualified third party for the underground gathering pipeline. The commission shall require the operator of the pipeline to install flow meters and over-pressure protection devices designated by the commission or the commission may require alternative leak detection and monitoring technologies be installed by the operator of these pipelines.

SECTION 3. AMENDMENT. Subdivision d of subsection 1 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

- d. The furnishing of a reasonable bond with good and sufficient surety, conditioned upon the full compliance with this chapter, and the rules and orders of the industrial commission, including without limitation a bond covering the operation of any underground gathering pipeline intended to transfer oil or produced water from a production facility for disposal, storage, or sale purposes, except that if the commission requires a bond to be furnished, the person required to furnish the bond may elect to deposit under such terms and conditions as the industrial commission may prescribe a collateral, self-bond, cash, or any alternative form of security approved by the commission, or combination thereof, by which an operator assures faithful performance of all requirements of this chapter and the rules and orders of the industrial commission.

SECTION 4. AMENDMENT. Subdivision I of subsection 1 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

- I. The placing of wells in abandoned-well status which have not produced oil or natural gas in paying quantities for one year. A well in abandoned-well

status must be promptly returned to production in paying quantities, approved by the commission for temporarily abandoned status, or plugged and reclaimed within six months. A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years. The commission shall require notice and hearing to review the temporarily abandoned status. After notice and hearing, the surface owner may request a review of the temporarily abandoned status every two years. If none of the three preceding conditions are met, the industrial commission may require the well to be placed immediately on single-well bond in an amount equal to the cost of plugging the well and reclaiming the well site. In setting the bond amount, the commission shall use information from recent plugging and reclamation operations. After a well has been in abandoned-well status for one year, the well's equipment, all well-related equipment at the well site, and salable oil at the well site are subject to forfeiture by the commission. If the commission exercises this authority, section 38-08-04.0 applies. After a well has been in abandoned-well status for one year, the single-well bond referred to above, or any other bond covering the well if the single-well bond has not been obtained, is subject to forfeiture by the commission.

¹⁰³² **SECTION 5. AMENDMENT.** Subsection 5 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

5. To adopt and to enforce rules and orders to effectuate the purposes and the intent of this chapter and the commission's responsibilities under chapter 57-51.1. When adopting a rule, issuing an order, or creating a policy, the commission shall give due consideration to the effect of including locations within this state that may also be under the jurisdiction of the federal government or a tribal government. When reporting information resulting from adopting a rule, issuing an order, or creating a policy that effects locations within this state that may also be under the jurisdiction of the federal government or a tribal government the commission shall provide sufficient information to indicate the effect of including locations that may also be under the regulatory jurisdiction of the federal government or a tribal government.

SECTION 6. AMENDMENT. Subsection 6 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

6. To provide for the confidentiality of well data reported to the commission if requested in writing by those reporting the data for a period not to exceed six months. However, the commission shall release:

- a. Volumes injected from a saltwater injection well.
- b. Information from the spill report on a well on a site at which more than ten barrels of fluid, not contained on the well site, was released for which an oilfield environmental incident report is required by law.

SECTION 7. A new subsection to section 38-08-26 of the North Dakota Century Code is created and enacted as follows:

The surface owner may share information contained in the geographic information systems database."

Page 3, line 11, replace "\$2,500,000" with "\$1,500,000"

Page 3, after line 16, insert:

"SECTION 8. TRANSFER - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND TO OIL AND GAS RESEARCH FUND - PRODUCED WATER PIPELINE STUDY - REPORT TO LEGISLATIVE MANAGEMENT. The director of the office of management and budget shall transfer the sum of \$1,500,000 from the abandoned oil and gas well plugging and site reclamation fund to the oil and gas research fund for the purposes of funding a special project through the energy and environmental research center at the university of North Dakota during the biennium beginning July 1, 2015, and ending June 30, 2017. The special project must focus on conducting an analysis of produced water pipelines including the construction standards, depths, pressures, monitoring systems, maintenance, types of materials used in the pipeline including backfill, and an analysis of the ratio of spills and leaks occurring in this state in comparison to other large oil and gas-producing states with substantial volumes of produced water. The industrial commission shall contract with the energy and environmental research center to compile the information and the center shall work with the department of mineral resources to analyze the existing regulations on construction and monitoring of produced water pipelines and provide a report with recommendations to the industrial commission and the energy development and transmission committee by

December 1, 2015. The industrial commission shall adopt the necessary administrative rules necessary to improve produced water pipeline safety and integrity. In addition, the industrial commission shall contract for a pilot project on pipeline flow monitoring to evaluate a working leak detection system.

SECTION 9 EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly.

15.0460.02001
Title.

Prepared by the Legislative Council staff for
Representative Delzer
February 13, 2015

Delzer
2/16/15
Handout

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1358

Page 2, line 2, remove "Continuing appropriation -"

Page 2, line 18, remove the overstrike over "may be used"

Page 2, line 18, remove "are appropriated on a continuing basis"

Page 3, remove lines 1 through 3

Page 3, line 4, replace "(2)" with "(1)"

Page 3, line 7, replace "(3)" with "(2)"

Page 3, line 9, replace "(4)" with "(3)"

Page 3, after line 10, insert:

"(4) Demonstration projects for the development of reclamation and water quality control program methods and techniques for oil and gas development, including related pipelines and facilities."

Renumber accordingly

3-13-15
1.1

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

- Page 1, line 17, replace "design drawings" with "specifications"
- Page 1, line 18, replace "a qualified third party" with "an independent inspector"
- Page 1, line 19, remove "the operator of the pipeline to install flow meters and overpressure"
- Page 1, remove line 20
- Page 1, line 21, replace "leak detection and monitoring technologies be installed by the operator of these pipelines" with "leak detection and monitoring technologies on pipelines put into service after August 1, 2015. The operator of the pipeline shall file with the commission a plan for leak detection and monitoring"
- Page 2, line 25, replace "adversely affected" with "impacted"
- Page 2, line 29, after the underscored period insert "Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration."
- Page 3, line 24, replace "intended to transfer" with "transferring"
- Page 4, line 7, remove "A surface owner may request a review of the temporarily abandoned"
- Page 4, remove lines 8 through 10
- Page 4, line 11, remove "review of the temporarily abandoned status every two years."
- Page 4, line 22, after the period insert "A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years no more than once every two years. Upon request for review and notice, the commission shall hold a hearing to review the temporarily abandoned status."
- Page 4, line 27, replace "shall" with "may"
- Page 4, line 28, replace "from" with "into"
- Re-number accordingly

1.2



1.3





4 1.5



1:6 ~~11~~



1.7 0



1.8 W



#1.9



1.10



W. l. l





12.1.13



111

1.14



1.15



1.16 W



March 10, 2015

3-13-15
2.1

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 1, line 5, replace "section" with "sections"

Page 1, line 5, after "38-08-04.5" insert ", and 49-02-01.2"

Page 1, line 6, remove "and"

Page 1, line 7, after "fund" insert ", and pipeline safety rules"

Page 5, after line 4, insert:

"SECTION 7. AMENDMENT. Section 49-02-01.2 of the North Dakota Century Code is amended and reenacted as follows:

49-02-01.2. Pipeline safety - Public service commission jurisdiction - Hazardous facility orders.

1. The commission, by rule, may establish and enforce minimum safety standards for the design, construction, and operation of gas distribution facilities and intrastate pipeline facilities used for the distribution and intrastate transportation of gas, liquefied natural gas, or hazardous liquids, regardless of whether they are owned or operated by a public utility, in order to ensure the reasonable safety thereof. Any rule issued under this section affecting the design, installation, construction, initial inspection, and initial testing is not applicable to pipeline facilities in existence on the date ~~such~~the rule is adopted. ~~Such~~The rules may not be more stringent than the corresponding federal regulations applicable to interstate pipelines and related facilities.
2. Notwithstanding subsection 1, the commission may require more frequent internal and external inspection of a pipeline than is required by corresponding federal regulations, if the pipeline is in, under, or around a domestic use or municipal water source. The commission shall require an inspection of the pipeline, if the pipeline is used for transporting material other than the last transported material and the new material is hazardous.
3. If the commission determines that a pipeline facility is hazardous to life or property, it may issue an order requiring the operator of the facility to take corrective action. The commission may issue ~~such an~~the order without notice and opportunity for hearing if the commission determines that to do otherwise would result in the likelihood of serious harm to life or property. The commission shall include in ~~such an~~the order an opportunity for hearing as soon as practicable after issuance of the order."

Page 6, after line 2, insert:

"SECTION 10. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$510,545, or so much of the sum as may be necessary, and from special funds derived from federal funds, the sum of \$510,545, or so much of the sum as may be necessary, to the public service commission for the purpose of salaries and related operating expenses

for hazardous liquid pipeline safety inspectors, for the biennium beginning July 1, 2015,
and ending June 30, 2017."

Renumber accordingly

3-13-15
3.1

Good Morning Mr Chairman and committee members

My Name is Troy Coons chairman of the northwest landowners association. We represent 450 plus farm and ranch families.

We are asking for a do pass on House bill 1358.

This bill covers many areas of concerns our membership felt needed urgent attention, best technology for pipelines and inspections by third party. Study and reclamation of legacy sites, bond study, Abandon oil well site plugging, oil site status reports etc.

In conclusion I will stand for any questions

Thank you

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 1, line 3, after "reenact" insert "subsection 18 of section 38-08-02,"

Page 1, line 6, replace "pipeline bonds" with "pipelines"

Page 1, after line 10, insert:

"SECTION 1. AMENDMENT. Subsection 18 of section 38-08-02 of the North Dakota Century Code is amended and reenacted as follows:

18. "Underground gathering pipeline" means an underground gas or liquid pipeline with associated above ground equipment that is designed for or capable of transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas which is not subject to chapter 49-22. As used in this subsection, "associated above ground equipment" means equipment and property located above ground level which is incidental to and necessary for or useful for transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas from a production facility. As used in this subsection, "equipment and property" includes a pump, compressor, storage, leak detection or monitoring equipment, and any other facility or structure.

Renumber accordingly

March 19, 2015

Attachment 1

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 1, line 17, after "commission" insert "within sixty days of being placed into service"

Page 1, line 17, replace "design drawings and" with "specifications,"

Page 1, line 18, replace "inspection from a qualified third party" with "hydrostatic or pneumatic testing from an independent inspector, and a plan for leak detection and monitoring"

Page 1, line 18, remove "The"

Page 1, remove lines 19 through 21

Page 2, line 25, replace "adversely affected" with "impacted"

Page 2, line 29, after the underscored period insert "Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration."

Page 3, line 24, replace "intended to transfer" with "transferring"

Page 4, line 7, remove "A surface owner may request a review of the temporarily abandoned"

Page 4, remove lines 8 through 10

Page 4, line 11, remove "review of the temporarily abandoned status every two years."

Page 4, line 22, after the period insert "A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years. The commission shall require notice and hearing to review the temporarily abandoned status. After notice and hearing, the surface owner may request a review of the temporarily abandoned status every two years."

Page 4, line 27, replace "shall" with "may"

Page 4, line 28, replace "from" with "into"

Page 5, line 12, after "of" insert "crude oil and"

Page 5, line 19, after "of" insert "crude oil and"

Page 5, line 19, after "pipelines" insert ", determine the feasibility and cost effectiveness of requiring leak detection and monitoring technology on expansion of existing pipeline systems,"

Page 5, line 23, remove "on pipeline flow monitoring"

Page 5, line 23, replace "working" with "pipeline"

Page 5, line 24, after "detection" insert "and monitoring"

Page 5, line 30, replace "removing" with "remediating"

Page 5, line 30, after "salt" insert "and any other contamination"

Renumber accordingly

1. One primary goal of HB 1358 is to prevent leaks and spills by involving the NDIC in the design of future pipeline systems and inspection of those systems. As such, the current language and current proposed amendments to HB 1358 will require operators to file with the NDIC "engineering design drawings" of the "underground gathering pipeline". As currently defined, there are strong arguments that the NDIC's authority as to "engineering and design" would be limited to the underground facilities only. In terms of engineering and design, even though the above ground facilities are as important as the underground facilities, "engineering and design" for surface facilities would not be considered by the NDIC. Further, inspections as required by HB 1358 would likely be limited to underground facilities. Like "engineering and design" inspections as to the surface facilities are as important as the underground facilities.
2. Another goal of HB 1358 is to prevent leaks and spills by requiring pipeline operators to install flow meters, pressure monitors or leak detection devices on future pipelines. These devices will also will be installed on the surface and not underground. Accordingly, it should be made clear that the NDIC has the authority to regulate the installation of these devices if they are installed on the surface rather than underground.
3. Leaks and spills are many times caused by problems with pumps and tanks. Once again, these types of facilities are installed on the surface not underground. Therefore, to provide any sort of meaningful regulation by the NDIC, it should be clear that the NDIC has authority over these types of surface facilities and equipment.
4. HB 1358 provides for the furnishing of bonds with the NDIC for an "underground gathering pipeline." As currently defined, the bond would only cover underground facilities. In the event it is necessary to conduct restoration work because of a gathering line problem, that restoration would be limited to remediation necessary as a result of underground problems only. NDIC should have the authority to require the bond for both underground and the surface facilities and require remediation for damages resulting from the operation of a pipeline gathering system both underground and on the surface.

HB 1358 + HB 1014 # 1
4-2-15

Subcommittee Meeting April 2, 2015

Second Engrossment with Senate Amendments Reengrossed House Bill No. 1358 (15.0460.04000) -

Relating to the operation of underground gathering pipelines and the sharing of information by a surface owner; to amend and reenact subsection 18 of section 38-08-02, subdivisions d and l of subsection 1 of section 38-08-04, subsection 6 of section 38-08-04, and section 38-08-04.5 of the North Dakota Century Code, relating to an exception to confidentiality of well data, to underground gathering pipelines, to temporarily abandoned status, and the uses of the abandoned oil and gas well plugging and site reclamation fund; to provide a report to the legislative management; to provide a transfer; to provide an appropriation; and to declare an emergency.

Fiscal Impact - Includes funding of \$3,500,000 from the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund

Fiscal Note - Does not refer to the \$3,500,000 from the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund but refers to the General Fund funding of \$379,980 needed to administer the additional responsibilities being given to the Industrial Commission/Department of Mineral Resources. **The Industrial Commission is requesting that the \$379,980 in General Fund dollars to be amended into House Bill 1014.**

Second Engrossment with Senate Amendments Reengrossed House Bill No. 1432 (15.0961.05000) -

Relating to federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors; to provide for a transfer; to provide for a continuing appropriation; and to provide an appropriation.

At the Senate Appropriations hearing Senator Wanzek proposed Amendment 15.0961.04007 which replaced the entire bill.

Fiscal Impact - As the bill came to the Senate it included \$4,000,000 of General Fund dollars to be transferred to the Federal Environmental Law Impact Review Fund. (The Governor's Executive Budget had included \$3,000,000 for litigation in House Bill 1014. That amount was removed by the House and the discussion was that this \$3,000,000 would be in the Federal Environmental Law Impact Review Fund.) Amendment 15.0961.04007 reduces the amount to go into the Federal Environmental Law Impact Review Fund to \$1,500,000. **The Industrial Commission is requesting that the remaining \$2,500,000 be reinstated in House Bill 1014.**

First Engrossment Engrossed House Bill No. 1443 (15.0867.02000) -

Relating to creation of the infrastructure revolving loan fund; to provide a statement of legislative intent; to provide for transfers; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

Amendment 15.0867.02001 was previously presented to the subcommittee by Senator Carlisle which removes references to:

- hospitals being able to access loans from the infrastructure revolving loan fund (**that is being handled by the MedPACE amendments being proposed for House Bill 1014**) and
- political subdivisions being able to access loans for the purpose of installing new conduit for telecommunications infrastructure (broadband).....

These proposed amendments remove most of the amendments that were made by the House. See statement of purpose of amendment.

Fiscal Impact - As the bill came to the Senate it included \$150,000,000 for the Infrastructure Revolving Loan Fund. \$100,000,000 of the \$150,000,000 would come from Bank of North Dakota

profits and \$50,000,000 from the Strategic Investment and Improvements Fund. Amendment 15.0867.02001 does not change the total fiscal amount or the source of the funding.

First Engrossment Engrossed House Bill No. 1014 (15.8122.02000) - *Appropriation bill for the Industrial Commission agencies and relates to the housing incentive fund credits, the lignite research council, and the use of the flex PACE program; and to provide an expiration date.*

Proposed amendments include:

BND - Med PACE Program - Attachment 1

BND - Construction of North Dakota Financial Center - Attachment 2

HFA - Kresbach/Streytle amendment - already presented to full Senate Appropriations Committee - Attachment 3

HFA - Amendment to cap origination fees at no more than 5% of project award - Attachment 4

MILL - Transfers to the General Fund set at 50% level with \$8 million cap - Attachment 5

MILL - Funding for retention/recruiting at \$410,000 as proposed in Executive Budget

DMR (Department of Mineral Resources)

DMR - Funding for expansion of Core Library - \$13,625,321.63 (one-time), \$1,850,000 (one-time) for parking replacement and \$20,500 (annual on-going) for operating costs for a total of \$15,495,821.63. An emergency clause is requested for at least a portion of this project.

DMR - Amendment that would allow any of the \$1,000,000 currently in the 2013-2015 budget for litigation that is unused be carried over to the 2015-2017 biennium and not returned to the General Fund

DMR - Amendment for a one-time spending line of \$2,500,000 for litigation (similar to what was in the original bill - see discussion on HB 1432)

DMR - Amendment to add funding and 2 FTE positions for the additional duties as a result of passage of House Bill 1358. - Attachment 6

DMR - Contingency amendment with trigger for the 10 positions -- 1 position for every 10 additional rigs with the first trigger being when the number of rigs averages 110 for one month. - Attachment 7

DMR - Correction on one-time ATV's w/Trailers funding

Open Issues:

HFA - Additional funding of \$20 million for Housing Incentive Fund in General Fund dollars for this bill or for Senate Bill No. 2257

Section 18 - Legislative Intent regarding funding that may be triggered.

15.0460.04000

Sixty-fourth
Legislative Assembly
of North Dakota

**SECOND ENGROSSMENT
with Senate Amendments
REENGROSSED HOUSE BILL NO. 1358**

Introduced by

Representatives D. Anderson, Hatlestad, J. Nelson, Porter, Weisz

Senators Bekkedahl, O'Connell

1 A BILL for an Act to create and enact a new section to chapter 38-08 and a new subsection to
2 section 38-08-26 of the North Dakota Century Code, relating to the operation of underground
3 gathering pipelines and the sharing of information by a surface owner; to amend and reenact
4 subsection 18 of section 38-08-02, subdivisions d and l of subsection 1 of section 38-08-04,
5 subsection 6 of section 38-08-04, and section 38-08-04.5 of the North Dakota Century Code,
6 relating to an exception to confidentiality of well data, to underground gathering pipelines, to
7 temporarily abandoned status, and the uses of the abandoned oil and gas well plugging and
8 site reclamation fund; to provide a report to the legislative management; to provide a transfer; to
9 provide an appropriation; and to declare an emergency.

10 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

11 **SECTION 1. AMENDMENT.** Subsection 18 of section 38-08-02 of the North Dakota
12 Century Code is amended and reenacted as follows:

13 18. "Underground gathering pipeline" means an underground gas or liquid pipeline
14 ~~that~~with associated above ground equipment which is designed for or capable of
15 transporting crude oil, natural gas, carbon dioxide, or water produced in association
16 with oil and gas which is not subject to chapter 49-22. As used in this subsection,
17 "associated above ground equipment" means equipment and property located above
18 ground level which is incidental to and necessary for or useful for transporting crude
19 oil, natural gas, carbon dioxide, or water produced in association with oil and gas from
20 a production facility. As used in this subsection, "equipment and property" includes a
21 pump, a compressor, storage, leak detection or monitoring equipment, and any other
22 facility or structure.

23 **SECTION 2.** A new section to chapter 38-08 of the North Dakota Century Code is created
24 and enacted as follows:

1 **Controls, inspections, and engineering design on crude oil and produced water**
2 **underground gathering pipelines.**

3 The application of this section is limited to an underground gathering pipeline that is
4 designed or intended to transfer oil or produced water from a production facility for disposal,
5 storage, or sale purposes and which was placed into service after August 1, 2015. Within sixty
6 days of an underground gathering pipeline being placed into service, the operator of that
7 pipeline shall file with the commission the underground gathering pipeline engineering final
8 construction design drawings and specifications, an independent inspector's certificate of
9 hydrostatic or pneumatic testing of the underground gathering pipeline, and a plan for leak
10 detection and monitoring for the underground gathering pipeline.

11 **SECTION 3. AMENDMENT.** Section 38-08-04.5 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **38-08-04.5. Abandoned oil and gas well plugging and site reclamation fund - Budget**
14 **section report.**

15 There is hereby created an abandoned oil and gas well plugging and site reclamation fund.

- 16 1. Revenue to the fund must include:
- 17 a. Fees collected by the oil and gas division of the industrial commission for permits
 - 18 or other services.
 - 19 b. Moneys received from the forfeiture of drilling and reclamation bonds.
 - 20 c. Moneys received from any federal agency for the purpose of this section.
 - 21 d. Moneys donated to the commission for the purposes of this section.
 - 22 e. Moneys received from the state's oil and gas impact fund.
 - 23 f. Moneys recovered under the provisions of section 38-08-04.8.
 - 24 g. Moneys recovered from the sale of equipment and oil confiscated under section
 - 25 38-08-04.9.
 - 26 h. Moneys transferred from the cash bond fund under section 38-08-04.11.
 - 27 i. Such other moneys as may be deposited in the fund for use in carrying out the
 - 28 purposes of plugging or replugging of wells or the restoration of well sites.
 - 29 j. Civil penalties assessed under section 38-08-16.
- 30 2. Moneys in the fund may be used for the following purposes:
- 31 a. Contracting for the plugging of abandoned wells.

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- 1 b. Contracting for the reclamation of abandoned drilling and production sites,
2 saltwater disposal pits, drilling fluid pits, and access roads.
- 3 c. To pay mineral owners their royalty share in confiscated oil.
- 4 d. Defraying costs incurred under section 38-08-04.4 in reclamation of oil and
5 gas-related pipelines and associated facilities.
- 6 e. Reclamation and restoration of land and water resources impacted by oil and gas
7 development, including related pipelines and facilities that were abandoned or
8 were left in an inadequate reclamation status before August 1, 1983, and for
9 which there is not any continuing reclamation responsibility under state law. Land
10 and water degraded by any willful act of the current or any former surface owner
11 are not eligible for reclamation or restoration. The commission may expend up to
12 one million five hundred thousand dollars per biennium from the fund in the
13 following priority:
- 14 (1) For the restoration of eligible land and water that are degraded by the
15 adverse effects of oil and gas development including related pipelines and
16 facilities.
- 17 (2) For the development of publicly owned land adversely affected by oil and
18 gas development including related pipelines and facilities.
- 19 (3) For administrative expenses and cost in developing an abandoned site
20 reclamation plan and the program.
- 21 (4) Demonstration projects for the development of reclamation and water
22 quality control program methods and techniques for oil and gas
23 development, including related pipelines and facilities.
- 24 3. All moneys collected under this section must be deposited in the abandoned oil and
25 gas well plugging and site reclamation fund. This fund must be maintained as a
26 special fund and all moneys transferred into the fund are appropriated and must be
27 used and disbursed solely for the purpose of defraying the costs incurred in carrying
28 out the plugging or replugging of wells, the reclamation of well sites, and all other
29 related activities.
- 30 4. The commission shall report to the budget section of the legislative management on
31 the balance of the fund and expenditures from the fund each biennium.

1 **SECTION 4. AMENDMENT.** Subdivision d of subsection 1 of section 38-08-04 of the North
2 Dakota Century Code is amended and reenacted as follows:

- 3 d. The furnishing of a reasonable bond with good and sufficient surety, conditioned
4 upon the full compliance with this chapter, and the rules and orders of the
5 industrial commission, including without limitation a bond covering the operation
6 of any underground gathering pipeline transferring oil or produced water from a
7 production facility for disposal, storage, or sale purposes, except that if the
8 commission requires a bond to be furnished, the person required to furnish the
9 bond may elect to deposit under such terms and conditions as the industrial
10 commission may prescribe a collateral bond, self-bond, cash, or any alternative
11 form of security approved by the commission, or combination thereof, by which
12 an operator assures faithful performance of all requirements of this chapter and
13 the rules and orders of the industrial commission.

14 **SECTION 5. AMENDMENT.** Subdivision l of subsection 1 of section 38-08-04 of the North
15 Dakota Century Code is amended and reenacted as follows:

- 16 l. The placing of wells in abandoned-well status which have not produced oil or
17 natural gas in paying quantities for one year. A well in abandoned-well status
18 must be promptly returned to production in paying quantities, approved by the
19 commission for temporarily abandoned status, or plugged and reclaimed within
20 six months. If none of the three preceding conditions are met, the industrial
21 commission may require the well to be placed immediately on a single-well bond
22 in an amount equal to the cost of plugging the well and reclaiming the well site. In
23 setting the bond amount, the commission shall use information from recent
24 plugging and reclamation operations. After a well has been in abandoned-well
25 status for one year, the well's equipment, all well-related equipment at the well
26 site, and salable oil at the well site are subject to forfeiture by the commission. If
27 the commission exercises this authority, section 38-08-04.9 applies. After a well
28 has been in abandoned-well status for one year, the single-well bond referred to
29 above, or any other bond covering the well if the single-well bond has not been
30 obtained, is subject to forfeiture by the commission. A surface owner may request
31 a review of the temporarily abandoned status of a well that has been on

1 temporarily abandoned status for at least seven years. The commission shall
2 require notice and hearing to review the temporarily abandoned status. After
3 notice and hearing, the surface owner may request a review of the temporarily
4 abandoned status every two years.

5 **SECTION 6. AMENDMENT.** Subsection 6 of section 38-08-04 of the North Dakota Century
6 Code is amended and reenacted as follows:

7 6. To provide for the confidentiality of well data reported to the commission if requested in
8 writing by those reporting the data for a period not to exceed six months. However, the
9 commission may release:

10 a. Volumes injected into a saltwater injection well.

11 b. Information from the spill report on a well on a site at which more than ten barrels
12 of fluid, not contained on the well site, was released for which an oilfield
13 environmental incident report is required by law.

14 **SECTION 7.** A new subsection to section 38-08-26 of the North Dakota Century Code is
15 created and enacted as follows:

16 The surface owner may share information contained in the geographic information
17 system database.

18 **SECTION 8. TRANSFER - ABANDONED OIL AND GAS WELL PLUGGING AND SITE**
19 **RECLAMATION FUND TO OIL AND GAS RESEARCH FUND - PRODUCED WATER**

20 **PIPELINE STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** The director of the office of
21 management and budget shall transfer the sum of \$1,500,000 from the abandoned oil and gas
22 well plugging and site reclamation fund to the oil and gas research fund for the purpose of
23 funding a special project through the energy and environmental research center at the
24 university of North Dakota during the biennium beginning July 1, 2015, and ending June 30,
25 2017. The special project must focus on conducting an analysis of crude oil and produced water
26 pipelines including the construction standards, depths, pressures, monitoring systems,
27 maintenance, types of materials used in the pipeline including backfill, and an analysis of the
28 ratio of spills and leaks occurring in this state in comparison to other large oil and gas-producing
29 states with substantial volumes of produced water. The industrial commission shall contract with
30 the energy and environmental research center to compile the information and the center shall
31 work with the department of mineral resources to analyze the existing regulations on

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1 construction and monitoring of crude oil and produced water pipelines, determine the feasibility
2 and cost effectiveness of requiring leak detection and monitoring technology on expansion of
3 existing pipeline systems, and provide a report with recommendations to the industrial
4 commission and the energy development and transmission committee by December 1, 2015.
5 The industrial commission shall adopt the necessary administrative rules necessary to improve
6 produced water pipeline safety and integrity. In addition, the industrial commission shall contract
7 for a pilot project to evaluate a pipeline leak detection and monitoring system.

8 **SECTION 9. APPROPRIATION.** Notwithstanding section 38-08-04.5, there is appropriated
9 out of any moneys in the abandoned oil and gas well plugging and site reclamation fund in the
10 state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may
11 be necessary, to the industrial commission for the purpose of conducting a pilot program
12 involving the oil and gas research council in conjunction with research facilities in this state to
13 determine the best techniques for remediating salt and any other contamination from the soil
14 surrounding waste pits reclaimed by trenching between 1951 and 1984 in the north central
15 portion of this state, for the biennium beginning July 1, 2015, and ending June 30, 2017.

16 **SECTION 10. EMERGENCY.** This Act is declared to be an emergency measure.

FISCAL NOTE
Requested by Legislative Council
03/30/2015

Amendment to: HB 1358

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$379,980		\$379,980	
Appropriations			\$379,980		\$379,980	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This measure requires controls, inspection oversight, and bonding for underground gathering pipelines; expands reclamation for pre 08/01/1983 damages; changes temporarily abandoned statuses and confidentiality of well data; and provides transfers for pipeline and salt removing technique studies.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 requires the Oil & Gas division to oversee the proper filing of construction drawings, specifications, pressure tests, and leak detection/monitoring plans, and verify independent inspections are properly completed. Section 3 adds the use of AWPSRF funds for reclamation and restoration of pre 08/01/1983 oil and gas development damages. Section 4 requires the Oil & Gas division to administer a new category of bonds for gathering pipelines. Sections 5, 6, and 7 require substantial increases in processing of temporary abandoned well cases, confidential well status and spill reports, and pipeline information requests. Section 8 requires the Industrial Commission to analyze pipeline regulations, provide a report, adopt and enforce rules to improve pipeline safety and integrity.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

No revenue is anticipated at this time.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures per biennium include:

\$240,340 for one petroleum engineer to develop standards of inspections and technological devices as well as

supervise the pipeline program;

\$139,640 for one administration assistant to administer bonds;

Three engineering technicians (one per district) for pipeline inspection programs are included in HB1014 budget request approved by House;

One RBDMS technician to update and maintain the database and gather pipeline records is included in HB1014 budget request approved by House;

One petroleum engineer for reclamation and restoration of pre 08/01/1983 oil and gas development damages is included in HB1014 budget request approved by House; and

One GIS Engineering technician FTE (100% of time) is included in HB1014 budget request approved by House.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Oil & Gas Division expenditures for the increased costs in FTE expenses mentioned in 3B total \$379,980. The FTE costs are general fund expenses, and are not included in the executive budget.

Name: Robyn Loumer

Agency: Industrial Commission

Telephone: 701-328-8011

Date Prepared: 03/05/2015

15.0961.05000

Sixty-fourth
Legislative Assembly
of North Dakota

**SECOND ENGROSSMENT
with Senate Amendments
REENGROSSED HOUSE BILL NO. 1432**

Introduced by

Representatives Brandenburg, Belter, Boe, Headland, D. Johnson, Kasper, Kempenich,
Thoreson

Senators Dotzenrod, Erbele, Schaible, Wanzek

1 A BILL for an Act to create and enact four new sections to chapter 4-01 of the North Dakota
2 Century Code, relating to federal environmental legislation and regulations that detrimentally
3 impact or have the potential to detrimentally impact the state's agricultural, energy, or oil
4 production sectors; to provide for a transfer; to provide for a continuing appropriation; and to
5 provide an appropriation.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new section to chapter 4-01 of the North Dakota Century Code is created
8 and enacted as follows:

9 **Federal environmental law impact review committee.**

- 10 1. The federal environmental law impact review committee consists of:
11 a. The agriculture commissioner, who shall serve as the chairman;
12 b. The governor or the governor's designee;
13 c. The majority leader of the house of representatives, or the leader's designee;
14 d. The majority leader of the senate, or the leader's designee;
15 e. One member of the legislative assembly from the minority party, selected by the
16 chairman of the legislative management;
17 f. One individual appointed by the lignite energy council;
18 g. One individual appointed by the North Dakota corn growers association;
19 h. One individual appointed by the North Dakota grain growers association;
20 i. One individual appointed by the North Dakota petroleum council;
21 j. One individual appointed by the North Dakota soybean growers association; and
22 k. One individual appointed by the North Dakota stockmen's association.

1 2. The committee shall review federal environmental legislation and regulations that
2 detrimentally impact or have the potential to detrimentally impact the state's
3 agricultural, energy, or oil production sectors and advise the attorney general with
4 respect to participation in administrative or judicial processes pertaining to such
5 legislation or regulations.

6 **SECTION 2.** A new section to chapter 4-01 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Environmental impact - Cost of participation.**

- 9 1. If the attorney general elects to participate in an administrative or judicial process, as
10 recommended by the review committee under section 1 of this Act, any expenses
11 incurred by the attorney general in the participation must be paid by the agriculture
12 commissioner from the federal environmental law impact review fund.
13 2. For purposes of this section, "expenses" include consulting fees, research costs,
14 expert witness fees, attorney fees, and travel costs.

15 **SECTION 3.** A new section to chapter 4-01 of the North Dakota Century Code is created
16 and enacted as follows:

17 **Gifts - Grants - Donations.**

18 The agriculture commissioner may accept gifts, grants, and donations for the purposes set
19 forth in section 2 of this Act, provided the commissioner posts the amount and source of any
20 gifts, grants, and donations on the department of agriculture's website. Any moneys received in
21 accordance with this section must be deposited in the federal environmental law impact review
22 fund.

23 **SECTION 4.** A new section to chapter 4-01 of the North Dakota Century Code is created
24 and enacted as follows:

25 **Federal environmental law impact review fund - Continuing appropriation.**

- 26 1. The federal environmental law impact review fund consists of:
27 a. Any moneys appropriated or transferred for the purposes set forth in section 2 of
28 this Act; and
29 b. Any gifts, grants, and donations forwarded to the agriculture commissioner for the
30 purposes set forth in section 2 of this Act.

1 2. All moneys in the federal environmental law impact review fund are appropriated to the
2 commissioner on a continuing basis for the purposes set forth in section 2 of this Act.

3 **SECTION 5. APPROPRIATION - TRANSFER - FEDERAL ENVIRONMENTAL LAW**

4 **IMPACT REVIEW FUND.** There is appropriated out of any moneys in the general fund in the
5 state treasury, not otherwise appropriated, the sum of \$4,000,000, or so much of the sum as
6 may be necessary, which sum the office of management and budget shall transfer to the federal
7 environmental law impact review fund, for the purpose of funding the state's participation in
8 administrative or judicial processes based on federal environmental legislation or regulations
9 that detrimentally impact or have the potential to detrimentally impact the state's agricultural,
10 energy, or oil production sectors, for the biennium beginning July 1, 2015, and ending June 30,
11 2017. The office of management and budget shall transfer sums under this section at the time
12 and in the amount directed by the agriculture commissioner.

March 30, 2015

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1432

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact four new sections to chapter 4-01 of the North Dakota Century Code, relating to federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors; to provide for a transfer; to provide for a continuing appropriation; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Federal environmental law impact review committee.

1. The federal environmental law impact review committee consists of:
 - a. The agriculture commissioner, who shall serve as the chairman;
 - b. The governor or the governor's designee;
 - c. The majority leader of the house of representatives, or the leader's designee;
 - d. The majority leader of the senate, or the leader's designee;
 - e. One member of the legislative assembly from the minority party, selected by the chairman of the legislative management;
 - f. One individual appointed by the lignite energy council;
 - g. One individual appointed by the North Dakota corn growers association;
 - h. One individual appointed by the North Dakota grain growers association;
 - i. One individual appointed by the North Dakota petroleum council;
 - j. One individual appointed by the North Dakota soybean growers association; and
 - k. One individual appointed by the North Dakota stockmen's association.
2. The committee shall review federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors and advise the attorney general with respect to participation in administrative or judicial processes pertaining to such legislation or regulations.

3. a. Any member of the legislative assembly serving on the committee is entitled to compensation at the rate provided for attendance at interim committee meetings and reimbursement for expenses, as provided by law for state officers, if the member is attending meetings of the committee or performing duties directed by the committee.
- b. The compensation and reimbursement of expenses, as provided for in this subsection, is payable by the legislative council.

SECTION 2. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Environmental impact - Cost of participation.

1. If the attorney general elects to participate in an administrative or judicial process, pertaining to federal environmental legislation or regulations, which detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors, any expenses incurred by the attorney general in the participation must be paid by the agriculture commissioner from the federal environmental law impact review fund.
2. For purposes of this section, "expenses" include consulting fees, research costs, expert witness fees, attorney fees, and travel costs.

SECTION 3. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Gifts - Grants - Donations.

The agriculture commissioner may accept gifts, grants, and donations for the purposes set forth in section 2 of this Act, provided the commissioner posts the amount and source of any gifts, grants, and donations on the department of agriculture's website. Any moneys received in accordance with this section must be deposited in the federal environmental law impact review fund.

SECTION 4. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Federal environmental law impact review fund - Continuing appropriation.

1. The federal environmental law impact review fund consists of:
 - a. Any moneys appropriated or transferred for the purposes set forth in section 2 of this Act; and
 - b. Any gifts, grants, and donations forwarded to the agriculture commissioner for the purposes set forth in section 2 of this Act.
2. All moneys in the federal environmental law impact review fund are appropriated to the commissioner on a continuing basis for the purposes set forth in section 2 of this Act.

SECTION 5. APPROPRIATION - TRANSFER - FEDERAL ENVIRONMENTAL LAW IMPACT REVIEW FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,500,000, or so

much of the sum as may be necessary, which the office of management and budget shall transfer to the federal environmental law impact review fund, for the purpose of funding the state's participation in administrative or judicial processes based on federal environmental legislation or regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors, for the biennium beginning July 1, 2015, and ending June 30, 2017. The office of management and budget shall transfer sums under this section at the time and in the amount directed by the agriculture commissioner."

Renumber accordingly

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of North Dakota

ENGROSSED HOUSE BILL NO. 1443

Introduced by

Representatives Carlson, Belter, Delzer

Senators Cook, Schaible

1 A BILL for an Act to create and enact section 6-09-49 of the North Dakota Century Code,
2 relating to creation of the infrastructure revolving loan fund; to provide a statement of legislative
3 intent; to provide for transfers; to provide a continuing appropriation; to provide an effective
4 date; and to provide an expiration date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1.** Section 6-09-49 of the North Dakota Century Code is created and enacted as
7 follows:

8 **6-09-49. (Effective through June 30, 2017) Infrastructure revolving loan fund -**
9 **Continuing appropriation.**

- 10 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
11 the Bank of North Dakota shall provide loans to political subdivisions for essential
12 infrastructure projects. The Bank shall administer the infrastructure revolving loan
13 fund. The maximum term of a loan made under this section is thirty years. A loan
14 made from the fund under this section must have an interest rate that does not exceed
15 one and one-half percent per year.
- 16 2. The Bank shall establish priorities for making loans from the infrastructure revolving
17 loan fund. Loan funds must be used to address the needs of the community by
18 providing critical infrastructure funding. Except as expressly provided under this
19 section, a political subdivision may not use infrastructure revolving loan funds for
20 capital construction. In addition to eligible infrastructure needs established by the
21 Bank, eligible infrastructure needs may include new water treatment plants; new
22 wastewater treatment plants; new sewer lines and water lines; new construction and
23 renovation of critical access hospitals; and new storm water and transportation
24 infrastructure, including curb and gutter construction.

- 1 3. In processing political subdivision loan applications under this section, the Bank shall
2 calculate the maximum loan amount for which a qualified applicant may qualify, not to
3 exceed seven million dollars for an eligible critical access hospital loan and not to
4 exceed fifteen million dollars each for all other eligible loans. The total amount of loans
5 issued for critical access hospitals may not exceed thirty-five million dollars. The Bank
6 shall consider the applicant's ability to repay the loan when processing the application
7 and shall issue loans only to applicants that provide reasonable assurance of sufficient
8 future income to repay the loan. The Bank may adopt policies establishing priorities for
9 issuance of loans, setting additional qualifications for applicants, and establishing
10 timelines addressing when a participating political subdivision may be required to
11 make loan draws and the consequences of not meeting these timelines, and setting
12 other guidelines relating to the loan program under this section.
- 13 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
14 and principal paid under loans made from the infrastructure revolving loan fund. The
15 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
16 to pay for administrative costs which may not exceed one-half of one percent of the
17 amount of the interest payment. All moneys transferred to the fund, interest upon
18 moneys in the fund, and payments to the fund of principal and interest are
19 appropriated to the Bank on a continuing basis for administrative costs and for loan
20 disbursement according to this section.
- 21 5. The Bank may adopt policies and establish guidelines to supplement and leverage the
22 funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt policies
23 allowing participation by local financial institutions.
- 24 **(Effective after June 30, 2017) Infrastructure revolving loan fund - Continuing**
25 **appropriation.**
- 26 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
27 the Bank of North Dakota shall provide loans to political subdivisions for essential
28 infrastructure projects. The Bank shall administer the infrastructure revolving loan
29 fund. The maximum term of a loan made under this section is thirty years. A loan
30 made from the fund under this section must have an interest rate that does not exceed
31 one and one-half percent per year.

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- 1 2. The Bank shall establish priorities for making loans from the infrastructure revolving
2 loan fund. Loan funds must be used to address the needs of the community by
3 providing critical infrastructure funding. Except as expressly provided under this
4 section, a political subdivision may not use infrastructure revolving loan funds for
5 capital construction. In addition to eligible infrastructure needs established by the
6 Bank, eligible infrastructure needs may include new water treatment plants; new
7 wastewater treatment plants; new sewer lines and water lines; new conduit for
8 telecommunications infrastructure; new construction and renovation of critical access
9 hospitals; and new storm water and transportation infrastructure, including curb and
10 gutter construction.
- 11 3. In processing political subdivision loan applications under this section, the Bank shall
12 calculate the maximum loan amount for which a qualified applicant may qualify, not to
13 exceed seven million dollars for an eligible critical access hospital loan and not to
14 exceed fifteen million dollars each for all other eligible loans. The total amount of loans
15 issued for critical access hospitals may not exceed thirty-five million dollars. The Bank
16 shall consider the applicant's ability to repay the loan when processing the application
17 and shall issue loans only to applicants that provide reasonable assurance of sufficient
18 future income to repay the loan. The Bank may adopt policies establishing priorities for
19 issuance of loans, setting additional qualifications for applicants, and establishing
20 timelines addressing when a participating political subdivision may be required to
21 make loan draws and the consequences of not meeting these timelines, and setting
22 other guidelines relating to the loan program under this section.
- 23 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
24 and principal paid under loans made from the infrastructure revolving loan fund. The
25 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
26 to pay for administrative costs which may not exceed one-half of one percent of the
27 amount of the interest payment. All moneys transferred to the fund, interest upon
28 moneys in the fund, and payments to the fund of principal and interest are
29 appropriated to the Bank on a continuing basis for administrative costs and for loan
30 disbursement according to this section.

- 1 5. The Bank may adopt policies and establish guidelines to supplement and leverage the
2 funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt
3 policies allowing participation by local financial institutions.

4 **SECTION 2. LEGISLATIVE INTENT - ELIGIBLE BORROWERS UNDER**
5 **INFRASTRUCTURE REVOLVING LOAN FUND.** If a political subdivision receives funds
6 distributed by the state treasurer under subsection 1 or 4 of section 1 or by the department of
7 transportation under subsection 1 of section 2 of Senate Bill No. 2103, as approved by the
8 sixty-fourth legislative assembly, it is the intent of the sixty-fourth legislative assembly that
9 political subdivision be ineligible to receive a loan under the infrastructure revolving loan fund
10 until July 1, 2017. However, this section does not apply to loans for critical access hospitals.

11 **SECTION 3. LEGISLATIVE INTENT - CRITICAL ACCESS HOSPITAL LOAN LIMITATION.**
12 It is the intent of the sixty-fourth legislative assembly that the total amount of loans associated
13 with a critical access hospital issued from the medical facility infrastructure fund and the
14 infrastructure revolving loan fund for the period beginning July 1, 2013, and ending June 30,
15 2017, not exceed fifteen million dollars.

16 **SECTION 4. TRANSFER - BANK OF NORTH DAKOTA - INFRASTRUCTURE**
17 **REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015, and ending June 30,
18 2017, the Bank of North Dakota shall transfer the sum of \$100,000,000, or so much of the sum
19 as may be necessary, from the Bank's current earnings and undivided profits to the
20 infrastructure revolving loan fund.

21 **SECTION 5. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -**
22 **INFRASTRUCTURE REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015,
23 and ending June 30, 2017, the office of management and budget shall transfer the sum of
24 \$50,000,000 from the strategic investment and improvements fund to the infrastructure
25 revolving loan fund. The office of management and budget shall transfer the funds provided
26 under this section to the infrastructure revolving loan fund as requested by the Bank of North
27 Dakota.

March 12, 2015

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1443

Page 1, line 2, remove "to provide a statement of legislative"

Page 1, line 3, remove "intent;"

Page 1, line 3, after the second semicolon insert "and"

Page 1, line 3, remove "; to provide an effective"

Page 1, line 4, remove "date; and to provide an expiration date"

Page 1, line 8, remove "**(Effective through June 30, 2017)**"

Page 1, line 15, replace "one and one-half" with "two"

Page 1, line 22, remove "new construction and"

Page 1, line 23, remove "renovation of critical access hospitals;"

Page 2, line 2, remove ", not to"

Page 2, remove lines 3 and 4

Page 2, line 5, remove "issued for critical access hospitals may not exceed thirty-five million dollars"

Page 2, remove lines 24 through 31

Page 3, remove lines 1 through 30

Page 4, remove lines 1 through 15

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Changes the interest rate on loans from 1.5 to 2 percent, which is the same as the bill as introduced, but .5 percent more than the House version.
- Removes critical access hospitals from eligible projects, which was added by the House.
- Removes telecommunications conduit infrastructure from eligible projects effective July 1, 2017, which was added by the House version.
- Removes the limitations on loan funding for each political subdivision, which were added by the House version.
- Removes two sections of legislative intent added by the House version related to eligible projects and critical access hospital loan limitations.

15.8122.02000

FIRST ENGROSSMENT

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1014

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state industrial
2 commission and the agencies under the management of the industrial commission; to provide a
3 continuing appropriation; to authorize transfers; to provide legislative intent; to amend and
4 reenact sections 54-17-40, 54-17-41, 54-17.5-02, and 57-38-01.32 of the North Dakota Century
5 Code and section 22 of chapter 579 of the 2011 Session Laws, relating to the housing incentive
6 fund credits, the lignite research council, and the use of the flex PACE program; and to provide
7 an expiration date.

8 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

9 SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds
10 as may be necessary, are appropriated out of any moneys in the general fund in the state
11 treasury, not otherwise appropriated, and from special funds derived from federal funds and
12 other income, to the state industrial commission and agencies under its control for the purpose
13 of defraying the expenses of the state industrial commission and agencies under its control, for
14 the biennium beginning July 1, 2015, and ending June 30, 2017, as follows:

15 Subdivision 1.

16 INDUSTRIAL COMMISSION

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18 Salaries and wages	\$17,873,876	\$4,345,078	\$22,218,954
20 Accrued leave payments	347,696	(347,696)	0
21 Operating expenses	4,775,576	1,552,846	6,328,422
22 Grants	19,500,000	(14,500,000)	5,000,000
23 Grants - bond payments	<u>19,809,969</u>	<u>(4,769,140)</u>	<u>15,040,829</u>
24 Total all funds	\$62,307,117	(\$13,718,912)	\$48,588,205

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1	Less estimated income	<u>40,973,792</u>	<u>(23,974,385)</u>	<u>16,999,407</u>
2	Total general fund	\$21,333,325	\$10,255,473	\$31,588,798
3	Full-time equivalent positions	98.75	16.00	114.75
4	Subdivision 2.			
5	BANK OF NORTH DAKOTA - OPERATIONS			
6			Adjustments or	
7		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
8	Bank of North Dakota operations	\$51,523,916	\$7,156,915	\$58,680,831
9	Accrued leave payments	881,231	(881,231)	0
10	Capital assets	<u>745,000</u>	<u>0</u>	<u>745,000</u>
11	Total special funds	\$53,150,147	\$6,275,684	\$59,425,831
12	Full-time equivalent positions	179.50	2.00	181.50
13	Subdivision 3.			
14	MILL AND ELEVATOR ASSOCIATION			
15			Adjustments or	
16		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
17	Salaries and wages	\$29,141,750	\$6,837,821	\$35,979,571
18	Accrued leave payments	575,807	(575,807)	0
19	Operating expenses	21,796,000	5,531,000	27,327,000
20	Contingencies	400,000	100,000	500,000
21	Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
22	Total from mill and elevator fund	\$52,123,557	\$11,893,014	\$64,016,571
23	Full-time equivalent positions	135.00	12.00	147.00
24	Subdivision 4.			
25	HOUSING FINANCE AGENCY			
26			Adjustments or	
27		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
28	Salaries and wages	\$7,434,877	\$343,660	\$7,778,537
29	Accrued leave payments	147,806	(147,806)	0
30	Operating expenses	3,791,758	(47,483)	3,744,275
31	Grants	29,533,050	(3,602,270)	25,930,780

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Legislative Assembly

1	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
2	Total special funds	\$41,007,491	(\$3,453,899)	\$37,553,592
3	Full-time equivalent positions	46.00	0.00	46.00
4	Subdivision 5.			
5		BILL TOTAL		
6			Adjustments or	
7		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
8	Grand total general fund	\$21,333,325	\$10,255,473	\$31,588,798
9	Grand total special funds	<u>187,254,987</u>	<u>(9,259,586)</u>	<u>177,995,401</u>
10	Grand total all funds	\$208,588,312	\$995,887	\$209,584,199

11 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
 12 **SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 13 items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-
 14 17 one-time funding items included in the grand total appropriation in section 1 of this Act:

15	<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
16	Oil-bearing rock study	\$80,000	\$0
17	Possible litigation	1,000,000	0
18	Core library - architect services	25,000	0
19	Temperature profiles study	50,000	0
20	Wide-bed plotter	5,800	0
21	Lignite research council grants	0	5,000,000
22	All-terrain vehicles	0	41,500
23	Aerial photography	0	104,143
24	Contract analysis	0	125,000
25	Digital conversion	0	100,000
26	Migration to RBDMS.net	0	250,000
27	Medical loan program	50,000,000	0
28	Housing incentive fund	15,400,000	0
29	Flood housing grants	<u>1,500,000</u>	<u>0</u>
30	Total all funds	\$68,060,800	\$5,620,643

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1	Total special fund	<u>51,500,000</u>	<u>0</u>
2	Total general fund	\$16,560,800	\$5,620,643

3 The 2015-17 one-time funding amounts are not a part of the entity's base budget for the
4 2017-19 biennium. The industrial commission shall report to the appropriations committees of
5 the sixty-fifth legislative assembly on the use of this one-time funding for the biennium
6 beginning July 1, 2015, and ending June 30, 2017.

7 **SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of \$15,040,829
8 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be
9 paid from the following funding sources during the biennium beginning July 1, 2015, and ending
10 June 30, 2017:

11	North Dakota university system		\$8,368,836
12	North Dakota university system - energy conservation projects		491,161
13	Department of corrections and rehabilitation		1,279,524
14	Department of corrections and rehabilitation - energy conservation projects		16,206
15	State department of health		637,940
16	Job service North Dakota		427,131
17	Office of management and budget		664,952
18	Office of attorney general		765,483
19	State historical society		1,391,668
20	Parks and recreation department		73,592
21	Research and extension service		571,126
22	Veterans' home		<u>353,210</u>
23	Total		\$15,040,829

24 **SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing
25 finance agency in subdivision 4 of section 1 of this Act, there is appropriated any additional
26 income or unanticipated income from federal or other funds which may become available to the
27 agency for the biennium beginning July 1, 2015, and ending June 30, 2017.

28 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In addition to
29 the amount appropriated to the state industrial commission in subdivision 1 of section 1 of this
30 Act, there is appropriated, with the approval of the emergency commission, funds that may

1 become available to the commission from bonds authorized by law to be issued by the state
2 industrial commission for the biennium beginning July 1, 2015, and ending June 30, 2017.

3 **SECTION 6. TRANSFER.** The sum of \$930,000, or so much of the sum as may be
4 necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of
5 this Act, may be transferred from the entities within the control of the state industrial commission
6 or entities directed to make payments to the industrial commission fund for administrative
7 services rendered by the commission. Transfers shall be made during the biennium beginning
8 July 1, 2015, and ending June 30, 2017, upon order of the commission. Transfers from the
9 student loan trust must be made to the extent permitted by sections 54-17-24 and 54-17-25.

10 **SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING**
11 **COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of \$28,000,000,
12 or so much of the sum as may be necessary, from the Bank's current earnings and undivided
13 profits to the partnership in assisting community expansion fund during the biennium beginning
14 July 1, 2015, and ending June 30, 2017.

15 **SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP**
16 **IN ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
17 \$3,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
18 undivided profits to the agriculture partnership in assisting community expansion fund during the
19 biennium beginning July 1, 2015, and ending June 30, 2017.

20 **SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN**
21 **ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
22 \$2,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
23 undivided profits to the biofuels partnership in assisting community expansion fund during the
24 biennium beginning July 1, 2015, and ending June 30, 2017.

25 **SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER**
26 **REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer the sum of \$7,000,000, or
27 so much of the sum as may be necessary, from the Bank's current earnings and undivided
28 profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2015,
29 and ending June 30, 2017.

30 **SECTION 11. MILL AND ELEVATOR PROFITS - TRANSFER TO THE GENERAL FUND.**
31 Notwithstanding any other provision of law, the industrial commission shall transfer to the state

1 general fund seventy-five percent of the annual earnings and undivided profits of the North
2 Dakota mill and elevator association after any transfers to other state agricultural-related
3 programs during the biennium beginning July 1, 2015, and ending June 30, 2017. The moneys
4 must be transferred on an annual basis in the amounts and at the times requested by the
5 director of the office of management and budget.

6 **SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**
7 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite
8 research fund, or so much of the amount as may be necessary, may be used for the purpose of
9 contracting for an independent, nonmatching lignite marketing feasibility study or studies that
10 determine those focused priority areas where near-term, market-driven projects, activities, or
11 processes will generate matching private industry investment and have the most potential of
12 preserving existing lignite production and industry jobs or that will lead to increased
13 development of lignite and its products and create new lignite industry jobs and economic
14 growth for the general welfare of this state. Moneys appropriated under this section also may be
15 used for the purpose of contracting for nonmatching studies and activities in support of the
16 lignite vision 21 program; for litigation that may be necessary to protect and promote the
17 continued development of lignite resources; for nonmatching externality studies and activities in
18 externality proceedings; or other marketing, environmental, or transmission activities that assist
19 with marketing of lignite-based electricity and lignite-based byproducts. Moneys not needed for
20 the purposes stated in this section are available to the commission for funding projects,
21 processes, or activities under the lignite research, development, and marketing program.

22 **SECTION 13. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **54-17-40. (Effective through June 30, ~~2015~~2017) Housing incentive fund - Continuing**
25 **appropriation - Report to budget section.**

- 26 1. The housing incentive fund is created as a special revolving fund at the Bank of North
27 Dakota. The housing finance agency may direct disbursements from the fund and a
28 continuing appropriation from the fund is provided for that purpose.
- 29 2. After a public hearing, the housing finance agency shall create an annual allocation
30 plan for the distribution of the fund. At least twenty-five percent of the fund must be
31 used to assist developing communities to address an unmet housing need or alleviate

1 a housing shortage. The agency may collect a reasonable administrative fee from the
2 fund, project developers, applicants, or grant recipients.

3 The annual allocation plan must give first priority through its scoring and ranking
4 process to housing for essential service workers. For purposes of this subsection,
5 "essential service workers" means individuals employed by a city, county, school
6 district, medical or long-term care facility, the state of North Dakota, or others as
7 determined by the housing finance agency who fulfill an essential public service.

8 The second priority in the annual allocation plan must be to provide housing for
9 individuals and families of low or moderate income. For purposes of this second
10 priority, eligible income limits are determined as a percentage of median family income
11 as published in the most recent federal register notice. Under this second priority, the
12 annual allocation plan must give preference to projects that benefit households with
13 the lowest income and to projects that have rent restrictions at or below department of
14 housing and urban development published federal fair market rents or department of
15 housing and urban development section 8 payment standards.

16 The housing finance agency shall maintain a register reflecting the number of
17 housing units owned or master leased by cities, counties, school districts, or other
18 employers of essential service workers. This register must also reflect those entities
19 that are providing rent subsidies for their essential workers. The housing finance
20 agency shall report quarterly to the budget section of the legislative management on
21 the progress being made to reduce the overall number of units owned, master leased,
22 or subsidized by these entities. This report must include a listing of projects approved
23 and number of units within those projects that provide housing for essential service
24 workers.

- 25 3. The housing finance agency shall adopt guidelines for the fund so as to address
26 unmet housing needs in this state. Assistance from the fund may be used solely for:
- 27 a. New construction, rehabilitation, or acquisition of a multifamily housing project;
 - 28 b. Gap assistance, matching funds, and accessibility improvements;
 - 29 c. Assistance that does not exceed the amount necessary to qualify for a loan using
30 underwriting standards acceptable for secondary market financing or to make the
31 project feasible; and

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- 1 d. Rental assistance, emergency assistance, or targeted supportive services
2 designated to prevent homelessness.
- 3 4. Eligible recipients include units of local, state, and tribal government; local and tribal
4 housing authorities; community action agencies; regional planning councils; and
5 nonprofit organizations and for-profit developers of multifamily housing. Individuals
6 may not receive direct assistance from the fund.
- 7 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
8 recapture under the guidelines adopted by the housing finance agency. Any
9 assistance that is repaid or recaptured must be deposited in the fund and is
10 appropriated on a continuing basis for the purposes of this section.

11 **SECTION 14. AMENDMENT.** Section 54-17-41 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-17-41. (Effective through June 30, ~~2015~~2017) Report.**

14 Upon request, the housing finance agency shall report to the industrial commission on the
15 activities of the housing incentive fund.

16 **SECTION 15. AMENDMENT.** Section 54-17.5-02 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **54-17.5-02. Lignite research council - Compensation - Appointment of members.**

19 The industrial commission shall consult with the lignite research council established by
20 executive order in matters of policy affecting the administration of the lignite research fund.
21 Section 44-03-04 does not apply to members of the council appointed by the governor.

22 **SECTION 16. AMENDMENT.** Section 57-38-01.32 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **57-38-01.32. (Effective for the first two taxable years beginning after December 31,
25 ~~2012~~2014) Housing incentive fund tax credit.**

- 26 1. A taxpayer is entitled to a credit as determined under this section against state income
27 tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing
28 incentive fund under section 54-17-40. The amount of the credit is equal to the amount
29 contributed to the fund during the taxable year.

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- 1 2. North Dakota taxable income must be increased by the amount of the contribution
2 upon which the credit under this section is computed but only to the extent the
3 contribution reduced federal taxable income.
- 4 3. The contribution amount used to calculate the credit under this section may not be
5 used to calculate any other state income tax deduction or credit allowed by law.
- 6 4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the
7 excess may be carried forward to each of the ten succeeding taxable years.
- 8 5. The aggregate amount of tax credits allowed to all eligible contributors is limited to
9 ~~twenty~~thirty million dollars.
- 10 6. Within thirty days after the date on which a taxpayer makes a contribution to the
11 housing incentive fund, the housing finance agency shall file with each contributing
12 taxpayer, and a copy with the tax commissioner, completed forms that show as to
13 each contribution to the fund by that taxpayer the following:
 - 14 a. The name, address, and social security number or federal employer identification
15 number of the taxpayer that made the contribution.
 - 16 b. The dollar amount paid for the contribution by the taxpayer.
 - 17 c. The date the payment was received by the fund.
- 18 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit
19 on the taxpayer's state income tax return in the manner prescribed by the tax
20 commissioner and file with the return a copy of the form issued by the housing finance
21 agency under subsection 6.
- 22 8. Notwithstanding the time limitations contained in section 57-38-38, this section does
23 not prohibit the tax commissioner from conducting an examination of the credit
24 claimed and assessing additional tax due under section 57-38-38.
- 25 9. A passthrough entity making a contribution to the housing incentive fund under this
26 section is considered to be the taxpayer for purposes of this section, and the amount
27 of the credit allowed must be determined at the passthrough entity level. The amount
28 of the total credit determined at the entity level must be passed through to the
29 partners, shareholders, or members in proportion to their respective interests in the
30 passthrough entity.

1 **SECTION 17. AMENDMENT.** Section 22 of chapter 579 of the 2011 Session Laws is
2 amended and reenacted as follows:

3 **SECTION 22. FLEX PACE PROGRAM USE.** The Bank of North Dakota shall
4 utilize the flex partnership in assisting community expansion program to assist in
5 financing of affordable multifamily housing units for individuals in ~~areas of~~ North
6 Dakota ~~affected by oil and gas development~~, for the period beginning with the effective
7 date of this Act and ending June 30, ~~2013~~2019.

8 **SECTION 18. LEGISLATIVE INTENT - CONTINGENT FUNDING PRIORITY LIST.** It is the
9 intent of the sixty-fourth legislative assembly that a list of funding priorities be developed for
10 contingent funding if the actual general fund revenues exceed the legislative forecast during
11 the 2015-17 biennium. The priorities may include a core library project, additional full-time
12 equivalent positions for the industrial commission, transfers to the housing incentive fund, and
13 grants for the lignite research council.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

Page 6, after line 5, insert:

SECTION 12. MED PACE PROGRAM USE. The Bank of North Dakota shall utilize the medical partnership in assisting community expansion program to assist in the financing of critical access medical infrastructure projects, for the period beginning with the effective date of this Act and ending June 30, 2017. The Bank shall adopt policies and procedures implementing this program. Notwithstanding section 6-09.14-03, the Bank may originate loans made under this program or participate with a lead financial institution. Eligible projects receiving moneys for an interest rate buydown under the medical partnership in assisting community expansion program are not subject to the community commitment requirement in section 6-09.14-02, the maximum interest rate buydown limitation in subsection 4 of section 6-09.14-04, or the state grantor recipient reporting requirement in section 54-60.1-05." 3

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

Page 2, line 10, replace the "0" with "17,000,000"

Page 2, line 10, replace the second "745,000" with "17,745,000"

Page 2, line 11, replace "\$6,275,684" with "\$23,275,684"

Page 2, line 11, replace "\$59,425,831" with "\$76,425,831"

Page 5, after line 2, insert:

"SECTION 11. APPROPRIATION – BANK OF NORTH DAKOTA – NORTH DAKOTA FINANCIAL CENTER. The capital assets line item in subdivision 2 of section 1 of this Act includes \$17,000,000 from the assets of The Bank of North Dakota which the Bank shall use for the purpose of the construction of the North Dakota financial center on a site adjacent to the existing Bank of North Dakota location. The Bank shall lease space for the purpose of housing financially related state agencies."

Renumber accordingly

PROPOSED AMENDMENT TO HB 1014

Page 7, at the end of line 2 insert "The origination fee assessed to grant recipients may not exceed five percent of the project award."

SECTION 11. MILL AND ELEVATOR PROFITS - TRANSFER TO THE GENERAL FUND.

Notwithstanding any other provision of law, the industrial commission shall transfer to the state general fund ~~seventy-five~~ fifty percent of the annual earnings and undivided profits of the North Dakota mill and elevator association after any transfers to other state agricultural-related programs or the sum of \$8,000,000, whichever is less. during the biennium beginning July 1, 2015, and ending June 30, 2017. The moneys must be transferred on an annual basis in the amounts and at the times requested by the director of the office of management and budget.

**SECTION ?? DEPARTMENT OF MINERAL RESOURCES FUNDING - PIPELINE
REGULATORY PROGRAM**

Of the funds appropriated in subdivision 1 of section 1 of this Act, \$360,700 in the salaries and wages line and \$19,278 in the operating line are from the general fund. Due to the passage of the Pipeline Regulatory Program (HB 1358), the oil and gas division may hire one full-time equivalent position at the rate of \$240,339 for a pipeline regulatory program supervisor, and one full-time equivalent position at the rate of \$139,639 for an administrative assistant.

SECTION ?? DEPARTMENT OF MINERAL RESOURCES FUNDING - CONTINGENCY TRIGGER

Of the funds appropriated in subdivision 1 of section 1 of this Act, \$1,681,050 in the salaries and wages line and \$544,030 in the operating line are from the general fund. If funds are required due to an increase in the drilling rig count, the oil and gas division may hire one full-time equivalent position at the rate of \$222,508 upon notification to the office of management and budget, for each ten drilling rigs exceeding one hundred drilling rigs are operating for at last thirty consecutive days up to a maximum of ten additional full-time equivalent positions and a maximum of \$2,225,080 of funds.

HB 1358 +
HB 1014
4-2-15

2

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 2, line 10, after the underscored period insert: "The director of the oil and gas division shall review the plan, the construction drawings, and pressure testing within thirty days of receipt and shall notify the pipeline operator that they are either approved or inform the operator of any improvements to the monitoring system that are required."

Renumber accordingly

March 31, 2015

HB 1358 +
~~HB 1014~~ # 3
4-2-15

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1432

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact four new sections to chapter 4-01 of the North Dakota Century Code, relating to federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors; to provide for a transfer; to provide for a continuing appropriation; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Federal environmental law impact review committee.

1. The federal environmental law impact review committee consists of:
 - a. The agriculture commissioner, who shall serve as the chairman;
 - b. The governor or the governor's designee;
 - c. The majority leader of the house of representatives, or the leader's designee;
 - d. The majority leader of the senate, or the leader's designee;
 - e. One member of the legislative assembly from the minority party, selected by the chairman of the legislative management;
 - f. One individual appointed by the lignite energy council;
 - g. One individual appointed by the North Dakota corn growers association;
 - h. One individual appointed by the North Dakota grain growers association;
 - i. One individual appointed by the North Dakota petroleum council;
 - j. One individual appointed by the North Dakota soybean growers association; and
 - k. One individual appointed by the North Dakota stockmen's association.
2. The committee shall review federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors and advise the attorney general with respect to participation in administrative or judicial processes pertaining to such legislation or regulations.

3. a. Any member of the legislative assembly serving on the committee is entitled to compensation at the rate provided for attendance at interim committee meetings and reimbursement for expenses, as provided by law for state officers, if the member is attending meetings of the committee or performing duties directed by the committee.
- b. The compensation and reimbursement of expenses, as provided for in this subsection, are payable by the legislative council.

SECTION 2. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Environmental impact - Cost of participation.

1. Any expenses incurred by the agriculture commissioner or by the federal environmental law impact review committee in meeting the requirements of section 1 of this Act must be paid by the agriculture commissioner from the federal environmental law impact fund.
2. If the attorney general elects to participate in an administrative or judicial process, pertaining to federal environmental legislation or regulations, which detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors, any expenses incurred by the attorney general in the participation must be paid by the agriculture commissioner from the federal environmental law impact review fund.
3. For purposes of this section, "expenses" include administrative costs, consulting fees, research costs, expert witness fees, attorney fees, and travel costs.

SECTION 3. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Gifts - Grants - Donations.

The agriculture commissioner may accept gifts, grants, and donations for the purposes set forth in section 2 of this Act, provided the commissioner posts the amount and source of any gifts, grants, and donations on the department of agriculture's website. Any moneys received in accordance with this section must be deposited in the federal environmental law impact review fund.

SECTION 4. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Federal environmental law impact review fund - Continuing appropriation.

1. The federal environmental law impact review fund consists of:
 - a. Any moneys appropriated or transferred for the purposes set forth in section 2 of this Act; and
 - b. Any gifts, grants, and donations forwarded to the agriculture commissioner for the purposes set forth in section 2 of this Act.

2. All moneys in the federal environmental law impact review fund are appropriated to the commissioner on a continuing basis for the purposes set forth in section 2 of this Act.

SECTION 5. APPROPRIATION - TRANSFER - FEDERAL ENVIRONMENTAL LAW IMPACT REVIEW FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,500,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the federal environmental law impact review fund, for the purpose of funding the state's participation in administrative or judicial processes based on federal environmental legislation or regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors, for the biennium beginning July 1, 2015, and ending June 30, 2017. The office of management and budget shall transfer sums under this section at the time and in the amount directed by the agriculture commissioner."

Renumber accordingly

15.0867.02003
Title.

Prepared by the Legislative Council staff for
Senator Carlisle

April 1, 2015

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1443

- Page 1, line 3, after the second semicolon insert "and"
- Page 1, line 3, remove "; to provide an effective"
- Page 1, line 4, remove "date; and to provide an expiration date"
- Page 1, line 8, remove "**(Effective through June 30, 2017)**"
- Page 1, line 15, replace "one and one-half" with "two"
- Page 1, line 22, remove "new construction and"
- Page 1, line 23, remove "renovation of critical access hospitals;"
- Page 2, line 2, remove ", not to"
- Page 2, remove lines 3 and 4
- Page 2, line 5, remove "issued for critical access hospitals may not exceed thirty-five million dollars"
- Page 2, remove lines 24 through 31
- Page 3, remove lines 1 through 30
- Page 4, remove lines 1 through 3
- Page 4, line 6, remove "by the state treasurer under subsection 1 or 4 of section 1 or by the department of"
- Page 4, line 7, remove "transportation"
- Page 4, line 7, remove "subsection 1 of section 2 of"
- Page 4, line 8, after the comma insert "or is anticipated to receive funds distributed from the oil and gas impact grant fund or under section 57-51-15,"
- Page 4, line 10, remove "However, this section does not apply to loans for critical access hospitals."
- Page 4, remove lines 11 through 15
- Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Changes the interest rate on loans from 1.5 to 2 percent, which is the same as the bill as introduced, but .5 percent more than the House version.
- Removes critical access hospitals from eligible projects, which was added by the House.

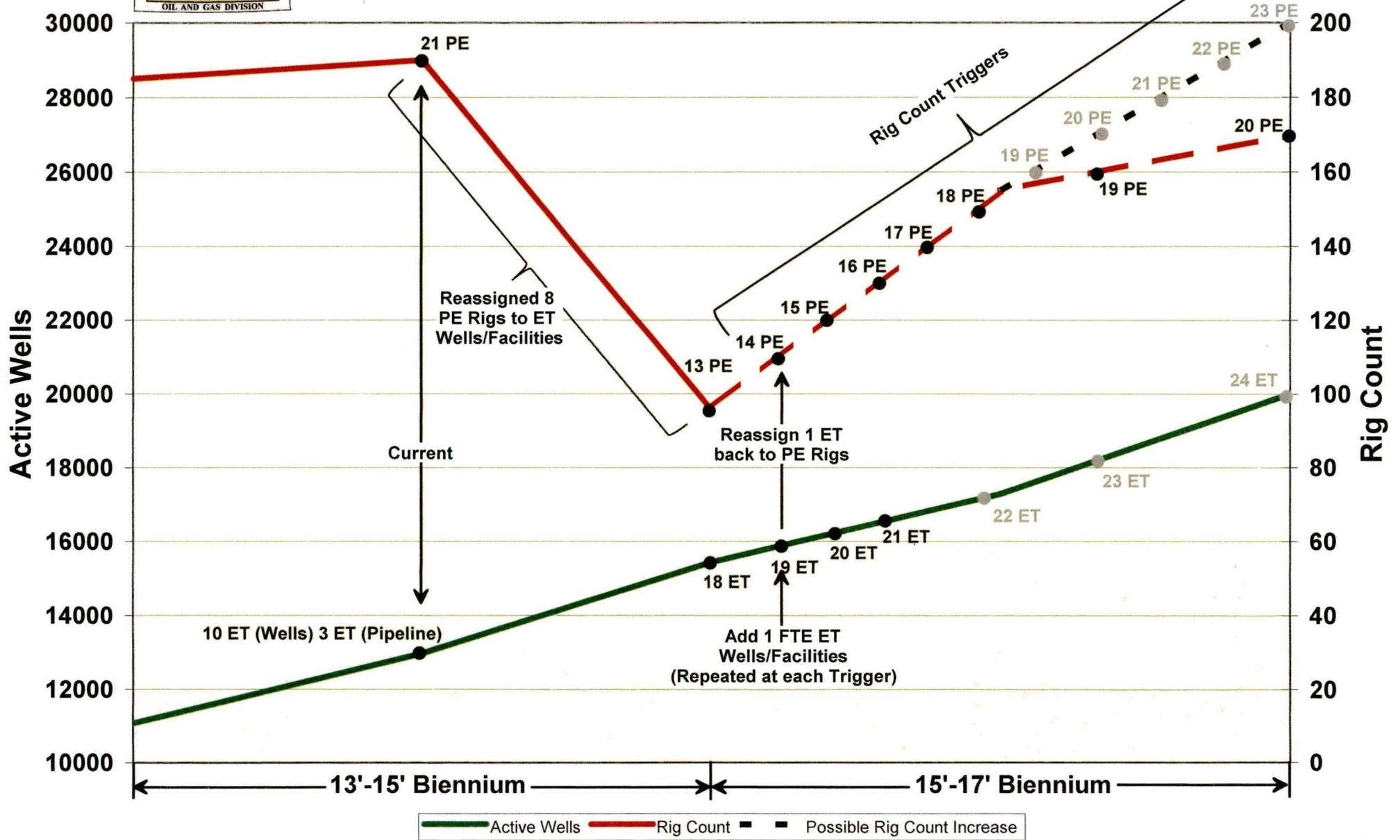
- Removes telecommunications conduit infrastructure from eligible projects effective July 1, 2017, which was added by the House version.
- Removes the limitations on loan funding for each political subdivision, which were added by the House version.
- Removes a section of legislative intent added by the House related to critical access hospital loan limitations.
- Changes the eligible borrows by precluding political subdivisions that received funds under Senate Bill No. 2103 or are anticipated to receive funds from the oil and gas impact grant fund or the oil and gas gross production tax formula from receiving a loan. The House version provided that certain political subdivisions that received funds under Senate Bill No. 2103 are ineligible.

4.2

HB 1358 +
 HB 1014
 4-2-15
 #5



2015-2017 Staffing Model Field Inspector Increases



April 7, 2015

HB 1358

4-8-15

#1

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 1, line 3, after "reenact" insert "subsection 18 of section 38-08-02,"

Page 1, line 6, replace "pipeline bonds" with "pipelines"

Page 1, after line 10 insert:

"SECTION 1. AMENDMENT. Subsection 18 of section 38-08-02 of the North Dakota Century Code is amended and reenacted as follows:

18. "Underground gathering pipeline" means an underground gas or liquid pipeline ~~that~~with associated above ground equipment which is designed for or capable of transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas which is not subject to chapter 49-22. As used in this subsection, "associated above ground equipment" means equipment and property located above ground level, which is incidental to and necessary for or useful for transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas from a production facility. As used in this subsection, "equipment and property" includes a pump, a compressor, storage, leak detection or monitoring equipment, and any other facility or structure.

Page 1, line 15, replace "The operator of an" with "The application of this section is limited to an"

Page 1, line 15, after "pipeline" insert "that is"

Page 1, line 15, after "transfer" insert "crude"

Page 1, line 16, after "and" insert "which was"

Page 1, line 17, remove ", shall file with the commission engineering design drawings and a"

Page 1, remove lines 18 through 20

Page 1, line 21, remove "leak detection and monitoring technologies be installed by the operator of these pipelines"

Page 1, line 21, after the underscored period insert "Upon request, the operator shall provide the commission the underground gathering pipeline engineering construction design drawings and specifications, list of independent inspectors, and a plan for leak protection and monitoring for the underground gathering pipeline. Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline shall file with the commission an independent inspector's certificate of hydrostatic or pneumatic testing of the underground gathering pipeline."

Page 2, line 25, replace "adversely affected" with "impacted"

Page 2, line 26, after "development" insert an underscored comma

Page 2, line 26, replace "which" with "that"

Page 2, line 29, after the underscored period insert "Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration."

Page 3, line 24, replace "intended to transfer" with "transferring"

Page 4, line 7, remove "A surface owner may request a review of the temporarily abandoned"

Page 4, remove lines 8 through 10

Page 4, line 11, remove "review of the temporarily abandoned status every two years."

Page 4, line 22, after the period insert "A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years. The commission shall require notice and hearing to review the temporarily abandoned status. After notice and hearing, the surface owner may request a review of the temporarily abandoned status every two years."

Page 4, line 27, replace "shall" with "may"

Page 4, line 28, replace "from" with "into"

Page 5, line 12, after "of" insert "crude oil and"

Page 5, line 19, after "of" insert "crude oil and"

Page 5, line 19, after "pipelines" insert ", determine the feasibility and cost effectiveness of requiring leak detection and monitoring technology on new and existing pipeline systems,"

Page 5, line 22, after the period insert "The commission has the authority to review the submissions made under section 2 of this Act and shall notify the pipeline operator of any modifications needed to comply with applicable rules."

Page 5, line 23, remove "on pipeline flow monitoring"

Page 5, line 23, replace "working" with "pipeline"

Page 5, line 24, after "detection" insert "and monitoring"

Page 5, line 30, replace "removing" with "remediating"

Page 5, line 30, after "salt" insert "and any other contamination"

Renumber accordingly

HB 1358 #2
4-8-15

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 2, line 4, after "transfer" insert "crude"

Page 2, line 5, remove "Within sixty"

Page 2, replace lines 6 through 10 with:

"Upon request, the operator shall provide the commission the underground gathering pipeline engineering construction design drawings and specifications, list of independent inspectors, and a plan for leak protection and monitoring for the underground gathering pipeline. Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline shall file with the commission an independent inspector's certificate of hydrostatic or pneumatic testing of the underground gathering pipeline."

Page 6, line 2, replace "expansion of" with "new and"

Page 6, line 6, after the period insert "The commission has the authority to review the submissions made under section 2 of this chapter and shall notify the pipeline operator of any modifications needed to comply with rules adopted herein."

Renumber accordingly

April 8, 2015

#1
Sub
4-9-15

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

In lieu of the amendments adopted by the Senate as printed on pages 999 and 1000 of the Senate Journal, Reengrossed House Bill No. 1358 is amended as follows:

Page 1, line 3, after "reenact" insert "subsection 18 of section 38-08-02,"

Page 1, line 6, replace "pipeline bonds" with "pipelines"

Page 1, after line 10 insert:

"SECTION 1. AMENDMENT. Subsection 18 of section 38-08-02 of the North Dakota Century Code is amended and reenacted as follows:

18. "Underground gathering pipeline" means an underground gas or liquid pipeline ~~that~~with associated above ground equipment which is designed for or capable of transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas which is not subject to chapter 49-22. As used in this subsection, "associated above ground equipment" means equipment and property located above ground level, which is incidental to and necessary for or useful for transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas from a production facility. As used in this subsection, "equipment and property" includes a pump, a compressor, storage, leak detection or monitoring equipment, and any other facility or structure."

Page 1, line 15, replace "The operator of an" with "The application of this section is limited to an"

Page 1, line 15, after "pipeline" insert "that is"

Page 1, line 15, after "transfer" insert "crude"

Page 1, line 16, after "and" insert "which was"

Page 1, line 17, remove ", shall file with the commission engineering design drawings and a"

Page 1, remove lines 18 through 20

Page 1, line 21, remove "leak detection and monitoring technologies be installed by the operator of these pipelines"

Page 1, line 21, after the underscored period insert "Upon request, the operator shall provide the commission the underground gathering pipeline engineering construction design drawings and specifications, list of independent inspectors, and a plan for leak protection and monitoring for the underground gathering pipeline. Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline shall file with the commission an independent inspector's certificate of hydrostatic or pneumatic testing of the underground gathering pipeline."

Page 2, line 25, replace "adversely affected" with "impacted"

Page 2, line 26, after "development" insert an underscored comma

Page 2, line 26, replace "which" with "that"

Page 2, line 29, after the underscored period insert "Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration."

Page 3, line 24, replace "intended to transfer" with "transferring"

Page 4, line 7, remove "A surface owner may request a review of the temporarily abandoned"

Page 4, remove lines 8 through 10

Page 4, line 11, remove "review of the temporarily abandoned status every two years."

Page 4, line 22, after the period insert "A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years. The commission shall require notice and hearing to review the temporarily abandoned status. After notice and hearing, the surface owner may request a review of the temporarily abandoned status every two years."

Page 4, line 27, replace "shall" with "may"

Page 4, line 28, replace "from" with "into"

Page 5, line 12, after "of" insert "crude oil and"

Page 5, line 19, after "of" insert "crude oil and"

Page 5, line 19, after "pipelines" insert ", determine the feasibility and cost effectiveness of requiring leak detection and monitoring technology on new and existing pipeline systems,"

Page 5, line 22, after "water" insert "and crude oil"

Page 5, line 23, remove "on pipeline flow monitoring"

Page 5, line 23, replace "working" with "pipeline"

Page 5, line 24, after "detection" insert "and monitoring"

Page 5, line 30, replace "removing" with "remediating"

Page 5, line 30, after "salt" insert "and any other contamination"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment requires pipeline operators to file reports with the Industrial Commission within 60 days of placing the pipeline into service. This amendment also clarifies that pipelines are used to transport crude oil.

April 8, 2015

1
4-9-15
HB 1358

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

In lieu of the amendments adopted by the Senate as printed on pages 999 and 1000 of the Senate Journal, Reengrossed House Bill No. 1358 is amended as follows:

Page 1, line 3, after "reenact" insert "subsection 18 of section 38-08-02,"

Page 1, line 6, replace "pipeline bonds" with "pipelines"

Page 1, after line 10 insert:

"SECTION 1. AMENDMENT. Subsection 18 of section 38-08-02 of the North Dakota Century Code is amended and reenacted as follows:

18. "Underground gathering pipeline" means an underground gas or liquid pipeline ~~that~~with associated above ground equipment which is designed for or capable of transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas which is not subject to chapter 49-22. As used in this subsection, "associated above ground equipment" means equipment and property located above ground level, which is incidental to and necessary for or useful for transporting crude oil, natural gas, carbon dioxide, or water produced in association with oil and gas from a production facility. As used in this subsection, "equipment and property" includes a pump, a compressor, storage, leak detection or monitoring equipment, and any other facility or structure.

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Page 1, line 15, after "pipeline" insert "that is"

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Page 1, line 16, after "and" insert "which was"

Page 1, line 17, remove ", shall file with the commission engineering design drawings and a"

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Page 1, line 21, remove "leak detection and monitoring technologies be installed by the operator of these pipelines"

Page 1, line 21, after the underscored period insert "Upon request, the operator shall provide the commission the underground gathering pipeline engineering construction design drawings and specifications, list of independent inspectors, and a plan for leak protection and monitoring for the underground gathering pipeline. Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline shall file with the commission an independent inspector's certificate of hydrostatic or pneumatic testing of the underground gathering pipeline."

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Page 2, line 26, replace "which" with "that"

Page 2, line 29, after the underscored period insert "Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration."

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Page 4, line 7, remove "A surface owner may request a review of the temporarily abandoned"

Page 4, remove lines 8 through 10

Page 4, line 11, remove "review of the temporarily abandoned status every two years."

Page 4, line 22, after the period insert "A surface owner may request a review of the temporarily abandoned status of a well that has been on temporarily abandoned status for at least seven years. The commission shall require notice and hearing to review the temporarily abandoned status. After notice and hearing, the surface owner may request a review of the temporarily abandoned status every two years."

Page 4, line 27, replace "shall" with "may"

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Page 5, line 19, after "of" insert "crude oil and"

Page 5, line 19, after "pipelines" insert ", determine the feasibility and cost effectiveness of requiring leak detection and monitoring technology on new and existing pipeline systems,"

Page 5, line 22, after "water" insert "and crude oil"

Page 5, line 23, remove "on pipeline flow monitoring"

Page 5, line 23, replace "working" with "pipeline"

Page 5, line 24, after "detection" insert "and monitoring"

Page 5, line 30, replace "removing" with "remediating"

Page 5, line 30, after "salt" insert "and any other contamination"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment requires pipeline operators to file reports with the Industrial Commission within 60 days of placing the pipeline into service. This amendment also clarifies that pipelines are used to transport crude oil.