

Fifty-fifth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2082

Introduced by

Natural Resources Committee

(At the request of the Industrial Commission)

1 A BILL for an Act to create and enact section 38-08-04.12 of the North Dakota Century Code,
2 relating to liens of the industrial commission on well-site equipment; and to amend and reenact
3 subdivision g of subsection 1 of section 38-08-04.5 of the North Dakota Century Code, relating
4 to deposit of money in the abandoned oil and gas well plugging and site reclamation fund.

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

6 **SECTION 1.** Section 38-08-04.12 of the North Dakota Century Code is created and
7 enacted as follows:

8 **38-08-04.12. First lien on well-site equipment - Disposition of well-site equipment**
9 **to recover plugging and reclamation costs.**

10 1. If a well or well site is abandoned, or otherwise requires plugging or reclamation,
11 the commission has a first lien, superior to all other preexisting and subsequent
12 liens and security interests, including all liens and security interests described in
13 title 35, on all the well-site equipment, the contents of well-site equipment, and any
14 hydrocarbons recovered during the plugging process. The lien is in the amount of
15 all costs, of whatever nature, incurred by the commission in plugging a well;
16 reclaiming a well site; and in removing, transporting, storing, and disposing of the
17 well-site equipment, the contents of well-site equipment, and hydrocarbons
18 recovered during the plugging process.

19 2. The lien arises on either the date the commission first advertises for plugging or
20 reclamation bids or the date on which the commission enters a plugging or
21 reclamation contract, whichever date occurs first.

22 3. The commission may foreclose the lien by entering into a plugging or reclamation
23 contract.

- 1 4. The lien is extinguished if the well and well site are brought into compliance with
2 the law by any person authorized to do so before the commission enters a
3 plugging or reclamation contract.
- 4 5. Well-site equipment, the contents of well-site equipment, and hydrocarbons
5 subject to the lien created by this section may be disposed of by the commission in
6 a commercially reasonable manner, including:
- 7 a. A plugging or reclamation contract may provide that the person with whom
8 the commission contracts will take title to well-site equipment, the contents of
9 well-site equipment, or hydrocarbons recovered during the plugging operation
10 in exchange for a sum of money deducted from the contract price.
- 11 b. The well-site equipment, the contents of well-site equipment, or hydrocarbons
12 recovered during the plugging operation may be sold at public auction or a
13 private sale.
- 14 6. A person who acquires well-site equipment and the contents of well-site equipment
15 or hydrocarbons under this section receives clear title, free of all prior legal or
16 equitable claims of whatever nature.

17 **SECTION 2. AMENDMENT.** Subdivision g of subsection 1 of section 38-08-04.5 of the
18 North Dakota Century Code is amended and reenacted as follows:

- 19 g. Moneys recovered from the sale of equipment ~~confiscated~~, the contents of
20 equipment, and hydrocarbons acquired under the provisions of ~~section~~
21 sections 38-08-04.9 and 38-08-04.12.