

SENATE BILL NO. 2374

Introduced by

Senators Wardner, Warner

Representatives B. Anderson, Mock

1 A BILL for an Act to create and enact ~~at two~~ new ~~section~~sections to chapter 38-08 of the North
2 Dakota Century Code, relating to regulation of gathering pipelines; to amend and reenact
3 subdivision d of subsection 1 of section 38-08-04 and subsection 3 of section 38-08-04.5 of the
4 North Dakota Century Code, relating to the abandoned oil and gas well plugging and site
5 reclamation fund; and to provide for a legislative management study.

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

7 ~~SECTION 1. A new section to chapter 38-08 of the North Dakota Century Code is created~~
8 ~~and enacted as follows:~~
9 ~~Permits for and controls on gas and liquid gathering pipelines - Bonds.~~
10 ~~The operator of a gas or liquid gathering pipeline, including a salt water pipeline, shall apply~~
11 ~~for a permit before the installation of the pipeline and the commission shall issue the permit if~~
12 ~~the qualifications under this section are met and the operator submits a plan to meet any~~
13 ~~requirements imposed by law. The cost of the permit must cover the regulatory costs of the~~
14 ~~commission as to that pipeline and be at least one hundred dollars. The commission shall~~
15 ~~require the installation of flow meters, automatic shutoff valves, and pressure cutoff switches on~~
16 ~~all new gas or liquid gathering pipelines, including salt water pipelines installed after June 30,~~
17 ~~2017. The commission shall require a reasonable bond in accordance with subdivision d of~~
18 ~~subsection 1 of section 38-08-04 from an operator of these pipelines. Any money collected~~
19 ~~under this section must be deposited in the abandoned oil and gas well plugging and site~~
20 ~~reclamation fund.~~

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

- 23 d. The furnishing of a reasonable bond with good and sufficient surety, conditioned
24 upon the full compliance with this chapter, and the rules and orders of the

1 industrial commission, including and without limitation a bond covering the
2 operation of an underground gathering pipeline carrying crude oil or produced
3 water, except that if the commission requires a bond to be furnished, the person
4 required to furnish the bond may elect to deposit under such terms and
5 conditions as the industrial commission may prescribe a collateral bond,
6 self-bond, cash, or any alternative form of security approved by the commission,
7 or combination thereof, by which an operator assures faithful performance of all
8 requirements of this chapter and the rules and orders of the industrial
9 commission.

10 **SECTION 2. AMENDMENT.** Subsection 3 of section 38-08-04.5 of the North Dakota
11 Century Code is amended and reenacted as follows:

- 12 3. All moneys collected under this section must be deposited in the abandoned oil and
13 gas well plugging and site reclamation fund. This fund must be maintained as a
14 special fund and all moneys transferred into the fund are appropriated and must be
15 used and disbursed solely for the purpose of defraying the costs incurred in carrying
16 out the plugging or replugging of wells; the reclamation of well sites; mitigation of gas
17 or liquid gathering pipeline leaks, including saltproduced water pipeline leaks; and all
18 other related activities.

19 **SECTION 3.** A new section to chapter 38-08 of the North Dakota Century Code is created
20 and enacted as follows:

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

23 The operator of any underground gathering pipeline designed for or intended to transfer oil
24 or produced water from a production facility for disposal, storage, or sale purposes and placed
25 into service after April 1, 2016, shall file with the commission engineering design drawings of the
26 underground gathering pipeline and a certificate of an independent inspection of the pipeline.
27 The commission shall set standards for the certificate of inspections. The commission shall
28 designate flow meters, overpressure protection devices, or alternative leak detection and
29 monitoring technologies that an operator of the pipeline shall install on these pipelines.

30 **SECTION 4.** A new section to chapter 38-08 of the North Dakota Century Code is created
31 and enacted as follows:

1 Inspection of pipelines.
2 Any person engaged in the construction, operation, or servicing of an underground
3 gathering pipeline, including a produced water pipeline, shall allow the commission, the division
4 of oil and gas of the industrial commission, and any representative of the same to enter any
5 lease, property, and pipeline right of way operated or controlled by that person and to review
6 any record and the operation of the pipeline. The person shall file any requested records with
7 the commission. If the commissioner receives data under this section which is confidential
8 under section 38-08-26, that data retains its confidential status.

9 **SECTION 5. LEGISLATIVE MANAGEMENT STUDY - PIPELINE SAFETY**

10 **TECHNOLOGY.** During the 2015-16 interim, the legislative management shall consider
11 studying technology that may be used on pipelines to detect or prevent leaks. The study must
12 include a review of flow meter technology and new advances in the industry. The legislative
13 management shall report its findings and recommendations, together with any legislation
14 required to implement the recommendations, to the sixty-fifth legislative assembly.