FIRST ENGROSSMENT

Sixty-fifth Legislative Assembly of North Dakota

ENGROSSED HOUSE BILL NO. 1151

Introduced by

Representatives Streyle, Dockter, Lefor

Senators O. Larsen, Schaible, Unruh

- 1 A BILL for an Act to amend and reenact section 38-08-04 of the North Dakota Century Code,
- 2 relating to the reporting of well pad or oil and gas production facility fluid spills.

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

4 SECTION 1. AMENDMENT. Section 38-08-04 of the North Dakota Century Code is

5 amended and reenacted as follows:

6 **38-08-04. Jurisdiction of commission.**

- The commission has continuing jurisdiction and authority over all persons and
 property, public and private, necessary to enforce effectively the provisions of this
 chapter. The commission has authority, and it is its duty, to make such investigations
 as it deems proper to determine whether waste exists or is imminent or whether other
 facts exist which justify action by the commission. The commission has the authority:
- 12 <u>1. a.</u> To require:
- 13a. (1)Identification of ownership of oil or gas wells, producing leases, tanks,14plants, structures, and facilities for the transportation or refining of oil and15gas.
- b. (2) The making and filing with the industrial commission of all resistivity,
 radioactivity, and mechanical well logs and the filing of directional surveys, if
 taken, and the filing of reports on well location, drilling, and production.
- 19e. (3)The drilling, casing, operation, and plugging of wells in such manner as to20prevent the escape of oil or gas out of one stratum into another, the21intrusion of water into oil or gas strata, the pollution of freshwater supplies22by oil, gas, or saltwater, and to prevent blowouts, cavings, seepages, and23fires.

1	d.	<u>(4)</u>	The furnishing of a reasonable bond with good and sufficient surety,
2			conditioned upon the full compliance with this chapter, and the rules and
3			orders of the industrial commission, including without limitation a bond
4			covering the operation of any underground gathering pipeline transferring oil
5			or produced water from a production facility for disposal, storage, or sale
6			purposes, except that if the commission requires a bond to be furnished, the
7			person required to furnish the bond may elect to deposit under such terms
8			and conditions as the industrial commission may prescribe a collateral bond,
9			self-bond, cash, or any alternative form of security approved by the
10			commission, or combination thereof, by which an operator assures faithful
11			performance of all requirements of this chapter and the rules and orders of
12			the industrial commission.
13	e.	<u>(5)</u>	That the production from wells be separated into gaseous and liquid
14			hydrocarbons, and that each be accurately measured by such means and
15			upon such standards as may be prescribed by the commission.
16	f.	<u>(6)</u>	The operation of wells with efficient gas-oil and water-oil ratios, and to fix
17			these ratios.
18	g.	<u>(7)</u>	Certificates of clearance in connection with the transportation or delivery of
19			oil, gas, or any product.
20	h.	<u>(8)</u>	Metering or other measuring of oil, gas, or product related to production in
21			pipelines, gathering systems, storage tanks, barge terminals, loading racks,
22			refineries, or other places, by meters or other measuring devices approved
23			by the commission.
24	÷.	<u>(9)</u>	Every person who produces, sells, purchases, acquires, stores, transports,
25			refines, disposes of, or processes oil, gas, saltwater, or other related oilfield
26			fluids in this state to keep and maintain within this state complete and
27			accurate records of the quantities thereof, which records must be available
28			for examination by the commission or its agents at all reasonable times, and
29			to file with the commission reports as the commission may prescribe with
30			respect to oil or gas or the products thereof. An oil and gas production report

1		need not be notarized but must be signed by the person submitting the
2		report.
3	j. <u>(10)</u>	The payment of fees for services performed. The amount of the fee shall be
4	J. (/	set by the commission based on the anticipated actual cost of the service
5		rendered. Unless otherwise provided by statute, all fees collected by the
6		commission must be deposited in the general fund of this state, according to
7		procedures established by the state treasurer.
8	k. <u>(11)</u>	The filing free of charge of samples and core chips and of complete cores
9	··· (···/	when requested in the office of the state geologist within six months after
10		the completion or abandonment of the well.
11	I. <u>(12)</u>	The placing of wells in abandoned-well status which have not produced oil
12	" <u>("</u>	or natural gas in paying quantities for one year. A well in abandoned-well
13		status must be promptly returned to production in paying quantities,
14		approved by the commission for temporarily abandoned status, or plugged
15		and reclaimed within six months. If none of the three preceding conditions
16		are met, the industrial commission may require the well to be placed
17		immediately on a single-well bond in an amount equal to the cost of
18		plugging the well and reclaiming the well site. In setting the bond amount,
19		the commission shall use information from recent plugging and reclamation
20		operations. After a well has been in abandoned-well status for one year, the
21		well's equipment, all well-related equipment at the well site, and salable oil
22		at the well site are subject to forfeiture by the commission. If the commission
23		exercises this authority, section 38-08-04.9 applies. After a well has been in
24		abandoned-well status for one year, the single-well bond referred to above,
25		or any other bond covering the well if the single-well bond has not been
26		obtained, is subject to forfeiture by the commission. A surface owner may
27		request a review of the temporarily abandoned status of a well that has
28		been on temporarily abandoned status for at least seven years. The
29		commission shall require notice and hearing to review the temporarily
30		abandoned status. After notice and hearing, the surface owner may request
31		a review of the temporarily abandoned status every two years.
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1	2.	<u>b.</u>	To regulate:
2		a.	(1) The drilling, producing, and plugging of wells, the restoration of drilling and
3			production sites, and all other operations for the production of oil or gas.
4		b.	(2) The shooting and chemical treatment of wells.
5		C.	(3) The spacing of wells.
6		d.	(4) Operations to increase ultimate recovery such as cycling of gas, the
7			maintenance of pressure, and the introduction of gas, water, or other
8			substances into producing formations.
9		e.	(5) Disposal of saltwater and oilfield wastes.
10			(1) (a) The commission shall give all affected counties written notice of
11			hearings in such matters at least fifteen days before the hearing.
12			(2) (b) The commission may consider, in addition to other authority granted
13			under this section, safety of the location and road access to saltwater
14			disposal wells, treating plants, and all associated facilities.
15		f.	(6) The underground storage of oil or gas.
16	3.	<u>C.</u>	To limit and to allocate the production of oil and gas from any field, pool, or area
17			and to establish and define as separate marketing districts those contiguous
18			areas within the state which supply oil and gas to different markets, and to limit
19			and allocate the production of oil and gas for each separate marketing district.
20	4.	<u>d.</u>	To classify wells as oil or gas wells for purposes material to the interpretation or
21			enforcement of this chapter, to classify and determine the status and depth of
22			wells that are stripper well property as defined in section 57-51.1-01, to certify to
23			the tax commissioner which wells are stripper wells as defined in section
24			57-51.1-01 and the depth of those wells, and to certify to the tax commissioner
25			which wells involve secondary or tertiary recovery operations as defined in
26			section 57-51.1-01, and the date of qualification for the oil extraction tax
27			exemption for secondary and tertiary recovery operations.
28	5.	<u>e.</u>	To adopt and to enforce rules and orders to effectuate the purposes and the
29			intent of this chapter and the commission's responsibilities under chapter
30			57-51.1. When adopting a rule, issuing an order, or creating a policy, the
31			commission shall give due consideration to the effect of including locations within

1		this state which may also be under the jurisdiction of the federal government or a
2		tribal government. When reporting information resulting from adopting a rule,
3		issuing an order, or creating a policy that affects locations within this state which
4		may also be under the jurisdiction of the federal government or a tribal
5		government, the commission shall provide sufficient information to indicate the
6		effect of including locations that may also be under the regulatory jurisdiction of
7		the federal government or a tribal government.
8	6.	<u>f.</u> To provide for the confidentiality of well data reported to the commission if
9		requested in writing by those reporting the data for a period not to exceed six
10		months. However, the commission may release:
11		a. (1) Volumes injected into a saltwater injection well.
12		b. (2) Information from the spill report on a well on a site at which more than ten
13		barrels of fluid, not contained on the well site, was released for which an
14		oilfield environmental incident report is required by law.
15	<u>2.</u>	A person controlling or operating a well, pipeline, receiving tank, storage tank, treating
16		plant, or other receptacle or production facility associated with oil and gas, or with
17		water production, injection, processing, or well servicing, shall report to the
18		commission any leak, spill, or release of fluid. A report to the commission is not
19		required if the leak, spill, or release is crude oil, produced water, or natural gas liquids
20		in a quantity of less than ten barrels cumulative over a fifteen-day time period and
21		remains on the facility or site and the facility or site has impermeable base material
22		and containment.
23	<u>3.</u>	Any written violation notice issued by the commission regarding the notification of a
24		fire, leak, spill, blowout, or leak and spill cleanup must be placed in the well file or
25		facility file and the files must be available for review by the surface owner.