

Introduced by

Senator Patten

Representative Longmuir

1 A BILL for an Act to amend and reenact sections 38-08-04.8 and 38-08-04.9 of the North
2 Dakota Century Code, relating to confiscation of equipment and recovery for costs of plugging
3 and reclamation of sites with bonds held by the North Dakota industrial commission.

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

5 **SECTION 1. AMENDMENT.** Section 38-08-04.8 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **38-08-04.8. Recovery for costs of plugging and reclamation.**

8 If the commission, its agents, employees, or contractors, plugs or replugs a well or reclaims
9 a well site, pipeline facility, production facility, saltwater handling facility, or treating plant under
10 the provisions of sections 38-08-04.4, 38-08-04.5, 38-08-04.7, 38-08-04.8, 38-08-04.9, and
11 38-08-04.10, the state has a cause of action for all reasonable expenses incurred in the
12 plugging, replugging, or reclamation against the operator of the well at the time the well is
13 required to be plugged and the well or facility is required to be abandoned or any or all persons
14 who own a working interest in the well, pipeline facility, production facility, saltwater handling
15 facility, or treating plant at the time the well is required to be plugged and the well, pipeline
16 facility, production facility, saltwater handling facility, or treating plant abandoned as a result of
17 the ownership of a lease or mineral interest in the property on which the well, pipeline facility,
18 production facility, saltwater handling facility, or treating plant is located. The term "working
19 interest owner" does not mean a royalty owner or an overriding royalty interest owner. The
20 commission shall seek reimbursement for all reasonable expenses incurred in plugging any well
21 or reclaiming any well site, pipeline facility, production facility, saltwater handling facility, or
22 treating plant through an action instituted by the attorney general. The liability of any working
23 interest owner under this section shall be limited to that proportion of the reasonable expenses
24 incurred by the commission that the interest of any such working interest owner bears to the

1 entire working interest in the well. Any money collected in a suit under this section must be
2 deposited in the state abandoned oil and gas well plugging and site reclamation fund. Any suit
3 brought by the commission for reimbursement under this section may be brought in the district
4 court for Burleigh County, the county in which the plugged well or reclaimed well site, pipeline
5 facility, production facility, saltwater handling facility, or treating plant is located, or the county in
6 which any defendant resides.

7 **SECTION 2. AMENDMENT.** Section 38-08-04.9 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **38-08-04.9. Confiscation of equipment and salable oil to cover plugging and**
10 **reclamation costs.**

11 When the commission intends to exercise or has exercised its right to plug a well or reclaim
12 a well site, pipeline facility, production facility, saltwater handling facility, or treating plant, the
13 commission, as compensation for its costs, may confiscate any ~~production-related~~ equipment
14 and salable oil at the well site, pipeline facility, production facility, saltwater handling facility, or
15 treating plant. The equipment subject to confiscation is limited to that owned by the well's-
16 operator, former operator, or working interest owner. If the commission exercises its authority
17 under this section and there is salable oil at the well site, that oil must be confiscated. The
18 commission shall pay the mineral owners the royalty interest in the oil confiscated at the well
19 site. In determining the mineral owners and their royalty interests, the commission may rely
20 upon the most recent division order it is able to obtain. If one is unavailable or the commission
21 finds the order unreliable, the commission may rely upon any other source of information the
22 commission deems reasonable to determine and pay mineral owners. A confiscation must be by
23 an order of the commission after notice and hearing. A confiscation order transfers title to the
24 commission.