

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1511

2007 HOUSE NATURAL RESOURCES

HB 1511

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1511

House Natural Resources Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2558

Committee Clerk Signature

Shirley Porter

Minutes:

Chairman Porter opened the hearing on HB 1511 and asked the clerk to read the title.

Representative Shirley Meyer came forward as a sponsor of this bill. This bill will make it more efficient to enforce the obligation that every oil company has already made to secure all of their wells. If the oil company drills a dry well, they have an obligation to take care of it. Under this bill they have one year to decide what to do with it. At the end of that year they must plug the well or if they want to keep it, put it back in production or temporarily abandon it or place a single well bond equal to the full cost of plugging and reclamation. If after one year in abandoned well status a well has not been returned to production, plugged or reclaimed, or properly temporarily abandoned, the bond for that well and title to all equipment and salable oil on the well site are immediately forfeited to the commission. She asked the Oil and Gas Commission how many wells are idol in North Dakota right now and there are 135 with an average of 31 months and one well has been idol for 10 years. 29 if these wells are considered high risk. This bill simplifies the process and makes it more efficient to enforce what every oil company is already obligated to do. See written testimony marked as Item #1.

Representative Keiser said that line 10 does not read correctly. Maybe he just doesn't understand that.

Representative Meyer said she thought it was a typographical error.

Representative Drovdal asked if there were amendments on this bill.

Representative Meyer said they were not her amendments and she said that whoever sponsored them would explain.

Mary Mitchell and she they were in support of this bill. They wanted to thank the legislators for sponsoring this bill. She read testimony from Cindy Klein marked as item #2. They are using a do pass on HB 1511.

Representative Keiser asked her if she had seen the amendments on this bill.

Ms. Mitchell said no.

Representative Onstad came forward in support of this bill. This bill is important as the oil fields develop and it becomes a much larger reason. The surface owner and the mineral owners are not the same. This becomes very important to the surface owner. They are paid money up front for this well. As the well is abandoned it becomes a problem to the surface owner. They are not adhering to the time period but this issue needs to be dealt with. There is a reasonable time that this should be done.

Mr. Bruce Hicks, Assistant Director of the Oil and Gas Division of the Industrial Commission came forward on this bill. He went through the fiscal note on this. The amendments came out of the attorney general's office. After reading the amendments he thinks there will be some amendments to the attorney generals office. See written testimony marked as Item #3. The attorney general offices thought a new subdivision should be created and stand alone on the issue of abandonment.

Chairman Porter asked if we do nothing with this bill, how does the Oil and Gas Division see what they are going to do in the next few years.

Mr. Hicks said they will continue operating the way they have. There will be a hearing process and basically it might be a little easier to go through the process but this bill will not really change the way we do business. We may have to plug some wells that we would not normally have to do.

Representative Keiser said that if this bill passes you have a lot of activity over the next two years that you have done up to now but you are going to do business as usual, what is the difference?

Mr. Hicks said he was referring to normal business if the other amendments are attached to this. If we are forced to go in and take over these wells and we are going to have a lot more staff working on this and less staff working on other things.

Representative Keiser said one of the other things is being attempted here and he would like the oil and gas division's position on this is the blanket bonding issue. We are giving you the authority to set the bonding appropriately. What is your position on blanket bonding?

Mr. Hicks said we have two funds that have approximately seven hundred thousand dollars in them. In the past the hundred thousand dollar bonds that have numerous wells on them have not been a problem. The most prudent operators are the ones that can obtain the surety bonds. If we had additional bonding it would be very advantageous to us to have that but we do have fees and administrative fees that go in from our cash bond funds. It is feeding itself and we are maintaining it for now.

Representative Keiser asked if we were playing games with fees rather than using bonding to bond risk appropriately. Is that what you are saying?

Mr. Hicks said not necessarily. Most of the time we try to work with operators that can take over wells and in a lot of cases we will bid out every thing with the equipment on it and in a lot

of cases it is a wash. A third party will come in and plug the well and sell the equipment and we are done. We may have to pay them a little bit and the bond usually covers that.

Representative Solberg asked what the present timeline was for an abandoned well before it is reclaimed with a bond.

Mr. Hicks said if a well is shutdown for one year and it hasn't produced, then it goes on an abandoned status. We then start with an operator to try to get them to do something.

Representative Meyer said the object of this bill was just to get the bond on the wells that fell into this and it goes back to the testimony on HB 1060. It was my understanding at that time that the state was going to have to cover 6.6 million dollars because of these wells or is that not correct.

Mr. Hicks said he thought the 6.6 million was all the wells on the list. This is 135 wells. We categorized them into a high, medium and low risk. The majority of these wells are a low risk and we don't feel that we are going to have to go in and plug those wells. When we did the fiscal note we wanted to take a realistic approach to it. A number of these wells are high risk operators where they don't want to go in and do anything. Those are the ones that we are concentrating on because the operators do not want their bonds revoked. If there bonds are revoked they cannot operate in ND. They diligently try to take care of the problems. We are concentrating on the 30 wells.

Representative Meyer said this bill was not intended to put a greater penalty on your division or on oil companies that are operating diligently. The intent was to make sure that they were at least bonded for the amount it would cost to reclaim that site. Do you think it accomplishes that?

Mr. Hicks said he believes that the bill has a lot of merit. We are actually neutral on this. It would be nice to have the extra bonding on it. We tried to increase the bonding in our rules a

year ago and we ran into some opposition. The prices of crude are up and a lot of wells have been returned to production. If we see a drastic drop in crude prices, we will probably get some of these wells back. You have to have an environment out there that is attractive to the industry.

Representative Meyer said you can get a bond for twenty thousand dollars on one well. Two to ten wells would be fifty thousand and over ten wells would be one hundred thousand. Is that correct?

Mr. Hicks said yes.

Chairman Porter asked him to explain what would happen if one of the larger wells was taken out of the pool of ten.

Mr. Hicks said if the well becomes abandoned on any of the blanket bonds the fifty thousand dollar bond can have up to ten wells on it. If it has two wells on it and one of them becomes abandoned, we do not allow any more wells on that bond because they are in violation and have an abandoned well. We then concentrate on bringing that well into compliance. There are some liabilities and we do have some checks and balances on the bonds.

Chairman Porter asked for testimony in opposition to HB 1511.

Mr. Ron Ness of the ND Petroleum Council came forward in opposition to HB 1511. He had some suggestions on the amendments by the attorney generals office. He wanted to removing plugged and reclaimed on line 4 and moving that down to line 5 after the word status and inserting thereafter or plugged and reclaimed in 6 months. The reason for this specific change is because we don't generally plug and reclaim wells in the winter months in North Dakota.

Line 5 after the word met "the industrial commission has the authority to require the well to be immediately placed on a single well" and that should work.

Representative Nottestad asked the intern to get a copy for everyone of this amendment.

Mr. Ness also said on line 11 which would be six lines up from the bottom of page 1 on the attorney general's amendments, it says after the well has been in the abandoned well status for eighteen months which gets us through the winter season. Actually I think we can scratch that one. I think we can remove this and move it up top. This bill with the changes is not going to impact the companies that I represent. Until we stop people from willing oil wells to someone who cannot operate them, that is where the commission needs to have the broad authority and these wells are left like this for a reason. That reason is that there is value there to reenter them. One of the concerns I have about this bill is that if right now someone does will a well to someone and we all know that he cannot post the bond and is not going to be able to get a bond anywhere, the reality he is going to walk away from that well and the state is going to own that property. There is an asset there than hopefully one else in the industry will come and purchase. We have 29 wells at high risk in this state. If other states only had 29 wells in this status they would be thrilled. We can fix this bill so that we that it doesn't really affect our people. Let the commission and the oil and gas division have the flexibility and don't tie their hands on valuable assets out there.

Representative Solberg asked if he would be in agreement with the bill if your suggested amendments were adopted.

Mr. Ness said no because I don't think it is really addressing the problem out there. Let the industry try to take care of those situations out there.

Representative Meyer asked what is the cost of a fifty thousand dollar bond.

Mr. Ness said that if you don't have financial backing I think it is fifty thousand dollars.

Representative Meyer asked what if you had financial backing.

Mr. Ness said thought it was about five hundred dollars per year.

Chairman Porter asked for further opposition. Seeing none the hearing was closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1511

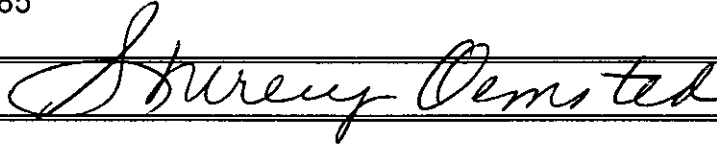
House Natural Resources Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2585

Committee Clerk Signature



Minutes:

Chairman Porter asked the committee to consider HB 1511. He asked if everyone got the proposed amendments that have been revised. He had asked the intern to put the recommendations from Mr. Hicks and Mr. Ness back in these amendments.

Representative Keiser moved to adopt the amendments.

Representative Hofstad seconded the motion.

Chairman Porter asked for discussion. Hearing none a voice vote was taken. The motion carried.

Representative Nottestad asked about the amendments from Mr. Hicks. Were they included?

Chairman Porter said it was his understanding that it did.

Representative Drovdal asked if this took care of the concerns of Representative Meyer.

Representative Meyer said if it passes that would be fine. I think we have a concern with this as we have to start addressing the situation as we get more and more of wells out there. The bonds are so incredibly low for this and we would not accept that on any highway or construction project. The fifty thousand dollar bond requirement or your blanket hundred thousand dollar bond for 43 wells and it costs fifty thousand each to reclaim these sites.

Taking it back to the bill we heard earlier in the session, it is a concern for everyone including the Oil and Gas Division.

Chairman Porter asked said the oil well compliance within this system only allows for so many abandoned wells before the bond is frozen so there are some safety guards in place that allows them to work with the industry and keep the costs low but yet still have a level of safety and concern for problem wells. I think it is working now.

Representative Keiser said this if you fail to meet one of the three conditions above the commission has the authority to require immediately a single bond to be issued so that you would have a little bit more leverage. It is not complete, but it will send a message. They should maybe utilize this section and we can revisit it two years from now. I think we want to have some flexibility in this.

Representative Drovdal made a motion for a **do pass as amended**.

Representative Meyer seconded the motion.

Chairman Porter asked for discussion. Hearing none, the clerk called the roll call. Let the record show 13 yes, 1 no, with all present. **Representative Drovdal** will carry the bill to the floor. The motion prevails.

FISCAL NOTE
 Requested by Legislative Council
 02/05/2007

Amendment to: HB 1511

1A. **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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0		\$750,000		\$750,000
Expenditures	\$0	\$0		\$500,000		\$1,000,000
Appropriations						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

Requires bonding or a return to production of idle wells. If not returned to production or plugged in one year, the bond and equipment are forfeited to the Industrial Commission.

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.*

The forfeiture of bonds are reflected as income and the expenditures reflect the costs of plugging and reclaiming abandoned wells.

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.*

2007-2009 Special fund income reflects forfeited bonds on 1/2 of the high risk wells in mid-2008.

2009-2011 Special fund income reflects forfeited bonds on high risk wells.

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.*

2007-2009 Special fund expenses reflects \$500,000 plugging and reclaiming of 10 wells in late 2008 and 2009.

2009-2011 Special fund expenses reflect \$1,000,000 for plugging and reclaiming of 10 wells each year.

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 is also included in the executive budget or relates to a continuing appropriation.*

Name:	Karlene K.Fine	Agency:	Industrial Commission
Phone Number:	328-3722	Date Prepared:	02/05/2007

FISCAL NOTE
 Requested by Legislative Council
 01/17/2007

Bill/Resolution No.: HB 1511

1A. **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.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0		\$750,000		\$750,000
Expenditures	\$0	\$0		\$500,000		\$1,000,000
Appropriations						

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

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

Requires bonding or a return to production of idle wells. If not returned to production or plugged in one year, the bond and equipment are forfeited to the Industrial Commission.

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.*

The forfeiture of bonds are reflected as income and the expenditures reflect the costs of plugging and reclaiming abandoned wells.

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.*

2007-2009 Special fund income reflects forfeited bonds on 1/2 of the high risk wells in mid-2008.

2009-2011 Special fund income reflects forfeited bonds on high risk wells.

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.*

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2009-2011 Special fund expenses reflect \$1,000,000 for plugging and reclaiming of 10 wells each year.

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 is also included in the executive budget or relates to a continuing appropriation.*

Name:	Karlene K. Fine	Agency:	Industrial Commission
Phone Number:	328-3722	Date Prepared:	01/30/2007

Date: 2-1-07
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1511

House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken MV Amendment

Motion Made By Keiser Seconded By Hofstad

Representatives	Yes	No	Representatives	Yes	No
Chairman – Rep. Porter			Rep. Hanson		
Vice-Chairman – Rep Damschen			Rep. Hunskor		
Rep. Charging			Rep. Kelsh		
Rep. Clark			Rep. Meyer		
Rep. DeKrey			Rep. Solberg		
Rep. Drovdal					
Rep. Hofstad					
Rep. Keiser					
Rep. Nottestad					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

Date: 9-1-07
 Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1511

House Natural Resources Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken To pass as amended

Motion Made By Drovdal Seconded By Meek

Representatives	Yes	No	Representatives	Yes	No
Chairman - Rep. Porter		✓	Rep. Hanson	✓	
Vice-Chairman - Rep Damschen	✓		Rep. Hunskor	✓	
Rep. Charging	✓		Rep. Kelsh	✓	
Rep. Clark	✓		Rep. Meyer	✓	
Rep. DeKrey	✓		Rep. Solberg	✓	
Rep. Drovdal	✓				
Rep. Hofstad	✓				
Rep. Keiser	✓				
Rep. Nottestad	✓				

Total Yes 13 No 1

Absent 0

Floor Assignment Drovdahl

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

REPORT OF STANDING COMMITTEE

HB 1511: Natural Resources Committee (Rep. Porter, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1511 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "amend and reenact subdivision d of" with "create and enact a new subdivision to"

Page 1, line 4, replace "Subdivision d of" with "A new subdivision to"

Page 1, line 5, replace "amended and reenacted" with "created and enacted"

Page 1, replace lines 6 through 22 with:

"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. 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."

Renumber accordingly

2007 HOUSE APPROPRIATIONS

HB 1511

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1511**

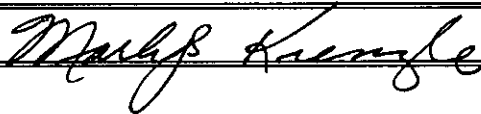
House Appropriations Committee

Check here for Conference Committee

Hearing Date: 2/08/07

Recorder Job Number: 3248

Committee Clerk Signature



Minutes:

Chairman Svedjan opened the hearing for HB 1511.

Rep Porter: From District 34 in Mandan. This bill is from Natural Resources again and if you would notice by the FN there really isn't a spending of any new money that FN reflects what would happen as the bonds are taken in and then spend out. It is a 1.5 million dollars in and 1.5 million dollars out through that 0911 biennium. What the bill basically does is takes high risk oil wells that have been deemed non-producing and unable to come back into production and it speeds up the process of vacating them. The bond is seized and when that happens, (They have multiple bonds out there. There are different levels of bonding, you can have up to 6 wells on a bond or 10 wells on a different type of bond) and a well is bad inside of that groups bond, then that bond is taken and they have to re-bond for the other wells that are left. According to the testimony, there are currently 29 high risk wells that are out there and those high risks wells are in need of re-plugging. If we don't do this they will get worked on in a period of time. By doing this we are expediting that process up a little bit on those 29 high risk wells.

There are numerous reasons out there and one of them happens to be the Bakken Field of why you would keep a well in a temporary status. As long as that casing is tested and is still holding they can keep them indefinite as non-operating wells. In today's technology they can

go back down into that well to the bottom and turn the bit and go horizontally into the Bakken and make it a producing well.

Oil and Gas Division came in and they supported the bill.

Chairman Svedjan: Why is it bonded? How you seize the bond and turn that into revenue?

How the expenses are generated.

Mr: Helms: I am Lynn Helms Director of the Department of Mineral Resource. The 29 wells that this bill really is addressing are on blanket bonds. Those bonds are designed for plugging and reclamation in the case the company is unable or unwilling to do that in the future. Blanket bonds usually are \$100,000 with a large number of other wells. It puts you into a situation that if you have a abandoned well out there for a good deal of time the only leverage you have with that company is to stop issuing permits on that bond or take that \$100,000 bond. If you do this you would end up with all of their wells being unbonded. This is designed to zero in on a specific well and say this well is a problem put it on a single well bond or temporarily abandoned it and at the end of 2 years time, if you have put it on a single well bond and haven't dealt with it, we'll take that bond and do the plugging and reclamation.

If the company is unable to take care of the well how are they going to be capable to posting a bond? In that case the commission would have to look at their whole financial situation and make the decision are we going to just seize everything they have or are we going seize the blanket bond that it is on or what approach are we going to take.

Chairman Svedjan: When you seize the bond, do you somehow redeem it.

Lynn Helm: The bond is with an insurance company or it cash deposit setting in the Bank of ND. To seize that we have to do a complaint, we have to have a public hearing with all the proper notices and we have to go through District Court.

Chairman Svedjan: So when that happens is you generate the revenue which you use to plug and reclaim.

Rep Wald: What we are basically doing is going to the original ag of the bond.

Lynn Helms: Just to give you some idea here, these 29 wells that we are concerned about, these are not companies that are members of the Petroleum Council or the Northern Alliance. These are folks that are long term problem and we are just trying to find a solution to that problem.

Rep Wald made a motion for a "Do pass as engrossed" and seconded by Rep Metcalf.

A Roll Call Vote was take 23 yes, 0 No and 1 absent.

The carrier was Rep Drovdal.

Date: 2/8/07
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1511

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as proposed

Motion Made By Wald Seconded By Metcalf

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Gulleon	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	✓		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	✓		Representative Kerzman	✓	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 23 No 0

Absent 1

Floor Assignment Approved

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

REPORT OF STANDING COMMITTEE (410)
February 8, 2007 8:29 p.m.

Module No: HR-27-2630
Carrier: Drovdal
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1511, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)
recommends **DO PASS** (23 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed HB 1511 was placed on the Eleventh order on the calendar.

2007 SENATE NATURAL RESOURCES

HB 1511

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1511

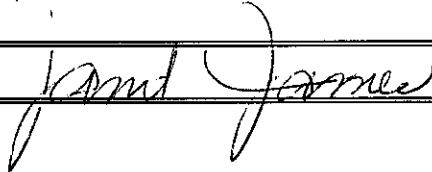
Senate Natural Resources Committee

Check here for Conference Committee

Hearing Date: March 9, 2007

Recorder Job Number: # 4765, 4770

Committee Clerk Signature



Minutes:

Senator Stanley Lyson, Chairman of the Senate Natural Resources Committee opened the hearing on HB 1511 relating to bonding requirements for idle oil and gas wells.

All members of the committee were present.

Representative Shirley Meyer of District 36 as cosponsor of HB 1511 introduced it as a simple bill (see attachment #1).

Don Nelson, a rancher and member of the Dakota Resource Council testified in support of HB 1511 (see attachment #2).

Senator Joel Heitkamp: what is the mind set – is there some kind of war going on?

Don Nelson: this does not affect a lot of people, just those involved with the oil and gas fields, so other people do not understand.

Senator Lyson: companies are trying to do good things, but there just is not enough contractors out there to do the work.

Don Nelson: those contractors are drilling new wells which will just make things even worse down the road.

Senator Herbert Urlacher: how many acres are involved?

Don Nelson: did not know, but each sight is 2-5 acres per sight.

Tom Irgens, a member of the Dakota Resource Council testified in support of HB 1511 (see attachment #3).

Senator Herbert Urlacher: you made some reference to reclamation, do they reclaim the road ways as well.

Tom Irgens: they can do that, but if they are on the section line, they probably don't have to, but they do on private property. A landowner could waive that if they so wish.

Mary Mitchell representing the Dakota Resource Council testified in support of HB 1511 stating there are more pictures available in the house sub-committee testimony.

Senator Lyson asked for testimony in opposition to HB 1511.

Ron Ness of the North Dakota Petroleum Council testified in opposition to HB 1511 stating the bill will not negatively impact one of the companies he associates with because they all have bonds or can afford single well bonds. My concern about the bill is that anyone can be an oil company. If someone is willed an old well, under this bill they have a choice. There is no insurance company that will write a bond for a well that is producing two barrels of oil a day and fifty barrels of water a day. Under this bill a single well bond is required or post a \$50,000 in cash or it will be turned back over to the state. That well is an asset and someone might buy it in its current form. There was a cap in HB 1060 that the industry pays. My concern is not so much for what it will do to the operators.

Senator Urlacher: is it possible to get a contractor to get the job done with all the old wells.

Ron Ness: there are wells that can be used for other things; there are many reasons why a well might be sitting there.

Senator Lyson asked for neutral testimony of HB 1511.

