

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.