

June 2007

## **TITLE 38**

### **Mining and Gas and Oil Production**

### **Summary of Bills Enacted by 2007 Legislative Assembly**

This memorandum summarizes 2007 legislation primarily affecting North Dakota Century Code (NDCC) Title 38. Bills primarily affecting other titles also affect this title, and relevant provisions of those bills are summarized in this memorandum.

The legislation relating to mining and gas and oil production may be classified in these subject areas: oil and gas and mineral interests.

#### **OIL AND GAS**

**House Bill No. 1229** requires a drilling permit applicant to provide notice to the owner of any permanently occupied dwelling located within one-quarter mile of the proposed oil or gas well. The bill provides that unless waived by the owner or if the Industrial Commission determines that the well location is reasonably necessary to prevent waste or to protect correlative rights, the commission may not issue a drilling permit for an oil or gas well that will be located within 500 feet of an occupied dwelling. The bill also provides that if the commission issues a drilling permit for a location within 500 feet of an occupied dwelling, the commission may impose such conditions on the permit as the commission determines reasonably necessary to minimize impact to the owner of the dwelling.

**House Bill No. 1511** provides that the Industrial Commission may place wells in abandoned-well status which have not produced oil or natural gas in paying quantities for one year. The bill provides that 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. The bill provides that if none of the three conditions is met, the 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. The bill provides that 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. The bill also provides that after a well has been in abandoned-well status for one year, the single-well bond, or any other bond covering the well if the single-well bond has not been obtained, is subject to forfeiture by the commission.

**House Bill No. 1060** removes the \$250,000 cap on the abandoned oil and gas well plugging and site reclamation fund and establishes the geophysical, geothermal, subsurface minerals, and coal exploration fund. The bill provides that the geophysical, geothermal, subsurface minerals, and coal exploration fund is to be used to pay costs and expenses incurred by the Industrial Commission to satisfy unfulfilled obligations imposed on persons regulated by the commission. The bill provides that the geophysical, geothermal, subsurface minerals, and coal exploration fund is capped at \$500,000 with any additional money collected deposited in the general fund. The bill became effective on April 13, 2007.

**House Bill No. 1014** provides that notwithstanding any other provision of law, the Industrial Commission, Department of Mineral Resources, Public Service Commission, or any other state entity that approves a carbon sequestration or storage project must give priority to an operation located in this state for the expected life of the operation.

#### **MINERAL INTERESTS**

**House Bill No. 1034** provides that the appointment of a trustee to execute a mineral lease if contingent future interests are involved or to execute a mineral lease and other documents if the owner or claimant is unknown must be done in compliance with the Uniform Trust Code.

**House Bill No. 1045** provides that an owner of the surface estate in the land in or under which the mineral interest is located on the date of abandonment under the termination of mineral interest or Dormant Minerals Act may record a statement of succession of interest indicating that the owner has succeeded to ownership of the mineral interest.

**House Bill No. 1048** creates a new chapter to NDCC Title 38 governing the creation and administration of trusts for unlocatable, mineral, leasehold, or royalty interest owners.