

Fifty-fifth  
Legislative Assembly  
of North Dakota

**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 well is abandoned or the date on which the  
20 commission enters a plugging or reclamation contract, whichever date occurs first.
- 21 3. The commission may foreclose the lien by entering into a plugging or reclamation  
22 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 plugging  
3                   or reclamation contract.
- 4           5.   Well-site equipment, the contents of well-site equipment, and hydrocarbons subject  
5                   to the lien created by this section may be disposed of by the commission in a  
6                   commercially reasonable manner, including:
- 7               a.   A plugging or reclamation contract may provide that the person with whom the  
8                   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.