

HOUSE BILL NO. 1355

Introduced by

Representatives Keiser, Drovdal, Hunskor, Boe

Senators Andrist, Laffen

1 A BILL for an Act to create and enact a new section to chapter 47-16 of the North Dakota
2 Century Code, relating to definition of commencement of drilling operations.

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

4 **SECTION 1.** A new section to chapter 47-16 of the North Dakota Century Code is created
5 and enacted as follows:

6 **Commencement of drilling operations - Definition.**

7 ~~— For purposes of an oil and gas lease, commencement of drilling operations, engaged in~~
8 ~~drilling operations, or engaged in reworking operations means activity must have commenced~~
9 ~~on the leasehold before the expiration of the primary term of the lease, the well location must be~~
10 ~~completed and capable of accepting a drilling rig that can complete the well to its permitted~~
11 ~~depth within fifteen days of the expiration of the primary term of the lease, and a drilling rig~~
12 ~~capable of completing the well to its permitted depth must be on location within thirty days of the~~
13 ~~expiration of the primary term of the lease.~~

14 1. This section applies to an oil and gas lease executed after July 31, 2013. As used in
15 an oil and gas lease, unless otherwise expressly provided in the oil and gas lease, the
16 terms "engaged in drilling or reworking operations" or "commence drilling or reworking
17 operations" mean:

18 a. Well site preparation, staking, and surveying in connection with the drilling of a
19 well on the leased premises or lands pooled must occur before the expiration of
20 the primary term.

21 b. The drill site must be substantially completed and in a condition that a drilling rig
22 can be moved on the location within fifteen days of the expiration of the primary
23 term.

- 1 c. For one well located on a single well drilling pad, a drilling rig capable of drilling to
2 at least the total vertical depth permitted must be located at the site within
3 forty-five days of the expiration of the primary term.
- 4 d. For multiple wells located on a drilling pad constructed for two or more wells, a
5 drilling rig capable of drilling to at least the total vertical depth must be located at
6 the site within ninety days of the expiration of the primary term.
- 7 2. If the activities required under this section are delayed or interrupted by event of force
8 majeure, the time of such delay or interruption during the force majeure event must be
9 added to the deadlines set forth in this section.