

**HOUSE BILL NO. 1333**

Introduced by

Representatives Schatz, Anderson, Froseth, Hunskor, Kempenich, Thoreson

Senators Armstrong, Burckhard, Hogue, Lyson, O'Connell

1 A BILL for an Act to create and enact two new subsections to section 38-08-02, a new section to  
2 chapter 38-08, and a new section to chapter 38-11.1 of the North Dakota Century Code, relating  
3 to locating, definitions for, and mediation for pipeline facilities; to amend and reenact section  
4 38-08-04.4, subsection 2 of section 38-08-04.5, and subsection 1 of section 57-51-15 of the  
5 North Dakota Century Code, relating to reclamation of pipelines facilities and oil and gas gross  
6 production tax for reclamation; and to provide for retroactive application.

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

8 **SECTION 1.** Two new subsections to section 38-08-02 of the North Dakota Century Code  
9 are created and enacted as follows:

10 "Abandoned pipeline" means an underground gathering pipeline that is no longer in  
11 service, is physically disconnected from in-service facilities, and is not intended to be  
12 reactivated for future use.

13 "Pipeline facility" means a pipeline, pump, compressor, storage, and any other facility,  
14 structure, and property incidental and necessary or useful in the interconnection of a  
15 pipeline or for the transportation, distribution, and deliver of energy-related  
16 commodities to points of sale or consumption or to the point of distribution for  
17 consumption located within or outside of this state.

18 **SECTION 2. AMENDMENT.** Section 38-08-04.4 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20 **38-08-04.4. Commission authorized to enter into contracts.**

21 The commission is hereby authorized to may enter into public and private contractual  
22 agreements for the plugging or replugging of oil and gas or injection wells, the removal or repair  
23 of related equipment, ~~and~~ the reclamation of abandoned oil and gas or injection well sites, and

1 the reclamation of oil and gas related pipelines and associated facilities, including reclamation  
2 as a result of leaks or spills from a pipeline or associated facility, if any of the following apply:

- 3 1. The person or company drilling or operating the well or equipment cannot be found,  
4 has no assets with which to properly plug or replug the well or reclaim the well site, or  
5 cannot be legally required to plug or replug the well or to reclaim the well site, pipeline,  
6 or associated pipeline facility.
- 7 2. There is no bond covering the well to be plugged or the site to be reclaimed or there is  
8 a bond but the cost of plugging or replugging the well or reclaiming the site, pipeline,  
9 or associated pipeline facility exceeds the amount of the bond.
- 10 3. The well or, equipment, pipeline, or associated pipeline facility is leaking or likely to  
11 leak oil, gas, or saltwater or is likely to cause a serious threat of pollution or injury to  
12 the public health or safety.

13 ~~Reclamation work must be limited to abandoned drilling and production sites, saltwater~~  
14 ~~disposal pits, drilling fluid pits, and access roads.~~ Sealed bids for any well plugging or  
15 reclamation work under this section must be solicited by placing a notice in the official county  
16 newspaper of the county in which the work is to be done and in such other newspapers of  
17 general circulation in the area as the commission may deem appropriate. Bids must be  
18 addressed to the commission and must be opened publicly at the time and place designated in  
19 the notice. The contract must be let to the lowest responsible bidder, but the commission may  
20 reject any or all bids submitted. If a well or equipment is leaking or likely to leak oil, gas, or  
21 saltwater or is likely to cause a serious threat of pollution or injury to the public health or safety,  
22 the commission, without notice or the letting of bids, may enter into contracts necessary to  
23 mitigate the problem.

24 The contracts for the plugging or replugging of wells or the reclamation of well sites must be  
25 on terms and conditions as prescribed by the commission, but at a minimum the contracts shall  
26 require the plugging and reclamation to comply with all statutes and rules governing the  
27 plugging of wells and reclamation of well sites.

28 **SECTION 3. AMENDMENT.** Subsection 2 of section 38-08-04.5 of the North Dakota  
29 Century Code is amended and reenacted as follows:

- 30 2. Moneys in the fund may be used for the following purposes:
  - 31 a. Contracting for the plugging of abandoned wells.

- 1           b. Contracting for the reclamation of abandoned drilling and production sites,  
2           saltwater disposal pits, drilling fluid pits, and access roads.
- 3           c. To pay mineral owners their royalty share in confiscated oil.
- 4           d. Defraying costs incurred under section 38-08-04.4 in reclamation of oil and  
5           gas-related pipelines and associated facilities.

6           **SECTION 4.** A new section to chapter 38-08 of the North Dakota Century Code is created  
7 and enacted as follows:

8           **Submission of geographic information system data on oil and gas underground**  
9 **gathering pipelines required.**

- 10          1. The commission shall create a geographic information system database for collecting  
11          pipeline shape files as submitted by each underground gathering pipeline owner or  
12          operator. The shape files and the resulting geographic information system database  
13          are exempt from any disclosure to parties outside the commission and are confidential  
14          except as provided in the section. The information may be used by the commission in  
15          furtherance of the commission's duties.
- 16          2. An owner or operator of an underground gathering pipeline shall submit to the  
17          commission, in a time period no longer than one hundred eighty days of putting any  
18          underground gathering pipeline into service, a shape file showing the centerline of the  
19          pipeline. Upon abandonment of any underground gathering pipeline, the owner or  
20          operator shall submit, in a time period no longer than one hundred eighty days of  
21          abandonment, to the commission an updated shape file reflecting the pipeline or  
22          portion of a pipeline that has been abandoned. For an oil and gas underground  
23          gathering pipeline that is in service after August 1, 2011, and before the effective date  
24          of this section, the owner or operator or most recent owner or operator shall submit,  
25          within eighteen months from the effective date for this section, shape files for all  
26          existing underground gathering pipelines, including any known abandoned pipeline.
- 27          3. Upon a written request by the owner or tenant of the real property regarding  
28          underground gathering pipelines located within the bounds of the real property owned  
29          or leased by that property owner or tenant, the commission shall provide to the owner  
30          or tenant the requested information. The commission may not include information on

1           any underground gathering pipeline that exists outside the bounds of the real property  
2           owned or leased by the requesting party.

3   **SECTION 5.** A new section to chapter 38-11.1 of the North Dakota Century Code is created and  
4           enacted as follows:

5           **Mediation of disputes.**

6           The North Dakota mediation service may mediate disputes related to easements for oil and  
7           gas-related pipelines and associated facilities.

8           **SECTION 6. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota Century  
9           Code is amended and reenacted as follows:

10          1. First the tax revenue collected under this chapter equal to one percent of the gross  
11           value at the well of the oil and one-fifth of the tax on gas must be deposited with the  
12           state treasurer who shall:

13           a. Allocate five hundred thousand dollars per fiscal year to each city in an  
14           oil-producing county which has a population of seven thousand five hundred or  
15           more and more than two percent of its private covered employment engaged in  
16           the mining industry, according to data compiled by job service North Dakota. The  
17           allocation under this subdivision must be doubled if the city has more than seven  
18           and one-half percent of its private covered employment engaged in the mining  
19           industry, according to data compiled by job service North Dakota;

20           b. Credit revenues to the oil and gas impact grant fund, but not in an amount  
21           exceeding one hundred million dollars per biennium; ~~and~~

22           c. Credit four percent of the amount available under this subsection to the  
23           abandoned oil and gas well plugging and site reclamation fund, but not in an  
24           amount exceeding five million dollars in a state fiscal year and not in an amount  
25           that would bring the balance in the fund to more than seventy-five million dollars;  
26           and

27           d. Allocate the remaining revenues under subsection 3.