Sixty-fifth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2017

HOUSE BILL NO. 1347
(Representatives D. Anderson, Boschee, C. Johnson, Mock, M. Nelson, Schmidt, Steiner)
(Senators Armstrong, Bekkedahl, Unruh, Vedaa)

AN ACT to amend and reenact section 38-08-04.5 of the North Dakota Century Code, relating to the abandoned oil and gas well plugging and site reclamation fund; to provide an appropriation; and to provide a report to the legislative management.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 38-08-04.5 of the North Dakota Century Code is amended and reenacted as follows:

38-08-04.5. Abandoned oil and gas well plugging and site reclamation fund - <u>Continuing appropriation -</u> Budget section report.

There is hereby created an abandoned oil and gas well plugging and site reclamation fund.

1. Revenue to the fund must include:
   a. Fees collected by the oil and gas division of the industrial commission for permits or other services.
   b. Moneys received from the forfeiture of drilling and reclamation bonds.
   c. Moneys received from any federal agency for the purpose of this section.
   d. Moneys donated to the commission for the purposes of this section.
   e. Moneys received from the state's oil and gas impact fund.
   f. Moneys recovered under the provisions of section 38-08-04.8.
   g. Moneys recovered from the sale of equipment and oil confiscated under section 38-08-04.9.
   h. Moneys transferred from the cash bond fund under section 38-08-04.11.
   i. Such other moneys as may be deposited in the fund for use in carrying out the purposes of plugging or replugging of wells or the restoration of well sites.
   j. Civil penalties assessed under section 38-08-16.
2. Moneys in the fund may be used for the following purposes:
   a. Contracting for the plugging of abandoned wells.
   b. Contracting for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and access roads.
   c. To pay mineral owners their royalty share in confiscated oil.
   d. Defraying costs incurred under section 38-08-04.4 in reclamation of oil and gas-related pipelines and associated facilities.

e. Reclamation and restoration of land and water resources impacted by oil and gas development, including related pipelines and facilities that were abandoned or were left in an inadequate reclamation status before August 1, 1983, and for which there is not any continuing reclamation responsibility under state law. Land and water degraded by any willful act of the current or any former surface owner are not eligible for reclamation or restoration. The commission may expend up to ~~one~~five million ~~five hundred thousand~~ dollars per biennium from the fund in the following priority:

(1) For the restoration of eligible land and water that are degraded by the adverse effects of oil and gas development including related pipelines and facilities.

(2) For the development of publicly owned land adversely affected by oil and gas development including related pipelines and facilities.

(3) For administrative expenses and cost in developing an abandoned site reclamation plan and the program.

(4) Demonstration projects for the development of reclamation and water quality control program methods and techniques for oil and gas development, including related pipelines and facilities.

f. For transfer by the office of management and budget, upon request of the industrial commission, to the environmental quality restoration fund for use by the state department of health for the purposes provided under chapter 23-31, if to address environmental emergencies relating to oil and natural gas development, including the disposal of oilfield waste and oil or natural gas production and transportation by rail, road, or pipeline. If a transfer requested by the industrial commission has been made under this subdivision, the state department of health shall request the office of management and budget to transfer from subsequent deposits in the environmental quality restoration fund an amount sufficient to restore the amount transferred from the abandoned oil and gas well plugging and site reclamation fund.

3. This fund must be maintained as a special fund and all moneys transferred into the fund are appropriated and must be used and disbursed solely for the purposes in this section.

4. The commission shall report to the budget section of the legislative management on the balance of the fund and expenditures from the fund each biennium.

SECTION 2. APPROPRIATION - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND - ONE-TIME FUNDING - EXEMPTION - BRINE POND AND SOIL REMEDIATION STUDIES - REPORT TO LEGISLATIVE MANAGEMENT.

1. Notwithstanding section 38-08-04.5, there is appropriated out of any moneys in the abandoned oil and gas well plugging and site reclamation fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, to the industrial commission for the purpose of conducting brine pond and soil remediation studies, for the biennium beginning July 1, 2017, and ending June 30, 2019. The funding provided in this section is considered a one-time funding item. The industrial commission shall conduct the following studies, during the biennium beginning July 1, 2017, and ending June 30, 2019:

a. A study of the number of brine ponds in the north central portion of this state which were active between 1951 and 1984 and which require the remediation of salt and any other contamination from the surrounding soil. The industrial commission may contract with or cooperate with research facilities in this state to conduct the study.

b. A study of the number of brine ponds in the north central portion of this state which were active between 1951 and 1984 and for which landowners received compensation due to contamination to the surrounding soil.

c. A study of the best techniques for remediating salt and any other contamination from the soil surrounding brine ponds in the north central portion of this state which were active between 1951 and 1984 as a continuation of the study conducted pursuant to section 9 of chapter 254 of the 2015 Session Laws.

d. A study of the best techniques for remediating soil compaction due to oil and gas operations on well and facility sites in this state. The industrial commission may contract with or cooperate with research facilities in this state to conduct the study.

e. A pilot project to study and to test the best techniques for remediating salt and any other contamination from the soil surrounding brine ponds in the north central portion of this state which were active between 1951 and 1984. The industrial commission may contract with or cooperate with research facilities in this state to conduct the study.

2. The industrial commission shall provide a report to the energy development and transmission committee by September 30, 2018, regarding the results of the studies conducted under this section.

SECTION 3. OIL AND GAS RESEARCH FUND - CONTINUATION OF PIPELINE LEAK DETECTION STUDY - EXEMPTION - REPORT TO THE LEGISLATIVE MANAGEMENT. The industrial commission shall use $500,000, or so much of the sum as may be necessary, from the oil and gas research fund to contract with the energy and environmental research center to continue a study regarding pipeline leak detection technology, for the biennium beginning July 1, 2017, and ending June 30, 2019. The study must include an analysis of leak detection and monitoring technology and a risk assessment of new and existing pipeline systems. Notwithstanding any oil and gas research program policies, the contract does not require matching funds. The energy and environmental research center shall provide a report to the industrial commission and the legislative management by September 30, 2018, regarding the results and recommendations of the study.

Speaker of the House	President of the Senate
Chief Clerk of the House	Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1347.

House Vote:	Yeas 86	Nays 4	Absent 4
Senate Vote:	Yeas 47	Nays 0	Absent 0

Chief Clerk of the House

Received by the Governor at _____M. on _____, 2017.

Approved at _____M. on _____, 2017.

Governor

Filed in this office this _____day of _____, 2017,

at _____ o'clock _____M.

Secretary of State