

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1266

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$12,117,000		\$12,117,000	
Appropriations			\$12,117,000		\$12,117,000	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This measure requires the Industrial Commission Oil & Gas division to oversee the release of well plugging/reclamation bonds based on a 3 year holding period and proper vegetation growth.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The measure requires the Oil & Gas division to create forms and manage reports filed; provide site inspections of vegetation growth; oversee the operator reclamation process; oversee payment of surface damages; and hire qualified individuals to provide site assessments and reclamation plans until such a time as the bond can be released.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

This measure has no revenue effects.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures per biennium include \$52,000 for RBDMS technician to revise and maintain database (25% of time); \$65,000 for Admin. Assistant (50% of time) to manage reports and surface damage records; and \$12,000,000 for qualified individuals to prepare site assessments and reclamation plans on approximately 50% of bond releases (estimate 400 releases per biennium at \$30,000 each).

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Oil & Gas Division expenditures as mentioned in 3B are general fund expenses, and are not included in the executive budget.

Name: Robyn Loumer

Agency: Industrial Commission

Telephone: 701-328-8011

Date Prepared: 01/17/2015

2015 HOUSE ENERGY AND NATURAL RESOURCES

HB 1266

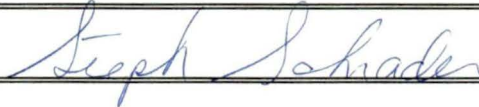
2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Pioneer Room, State Capitol

HB1266
1/29/2015
Job # 22804

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the reclamation, landowner inspection, and bond release for well sites.

Minutes:

Attachments 5

Chairman Porter opens hearing.

Representative Marvin Nelson, District 9
(Written testimony #1)

Chairman Porter: In the first picture, is that a producing area, is that a Legacy area, what are we looking at?

Representative Nelson: it's an older area, but not all wells are very old. About two thirds of the way to left you'll notice this little line. That's a road, at the end of it there would have been an oil well. In that case you really don't see any adverse effects from the air. There's one of those sites that it really won't have paid for us to do a bunch of evaluation on beforehand. The age of the wells in both the Manitoba and the North Dakota side is comparable. Most of these wells are older.

Chairman Porter: So they're in the Legacy category?

Representative Nelson: Some would be, some would not be.

Chairman Porter: In the bill, the word "qualified Individual" is used, and in the fiscal note that generates a vast majority of the expense of the fiscal note. Maybe you want to go onto a little bit as to who this qualified individual could be and what their qualifications would be to be called a qualified individual?

Representative Nelson: I wanted to leave some flexibility to the department because it can be difficult to find qualified individuals. Based on the 30,000 dollars per site, I'm thinking that they're taking engineers. I don't know if I would take most engineering firms to be the best qualified. But, most of these sites are going to need is for an electromagnetic

conductivity machine, such as an ohm mapper or an em3, or something like that to be run back and forth over the site. Originally, a magnetometer would be used and then for that to be graphed and mapped to show where the contamination likely is. Then directed sampling in order to see how severe it is and such. What tends to happen is someone shows up with a drill truck and drill a lot of holes and take a lot of samples. That's very expensive. I don't know the engineering firms that are really doing the electromagnetic surveys beforehand. I really think that you could do a very good site server for about 10,000 dollars per site. That would be a very complete survey.

Chairman Porter: With the mandate inside of the bill, where was the money coming from?

Representative Nelson: The general fund. I did not do a funding source. It certainly could be charged back onto the oil companies because again we're only looking when there's contamination there. As we wrote it we didn't know what we were going to come up with for a fiscal note. The way I wrote it up they are taking it that the oil and gas division is paying for the site evaluation, but not the reclamation.

Rep. George Keiser: You used the term in a couple of places, "growing normally" that has a lot of potential for disagreement between you and I and what's the normal growth from one year to the next, etc. Did you look at addressing this problem rather than on growing normally to look at like taking reasonable small soil sample from that spot and going fifty feet beyond that location and taking a soil sample and comparing the two? Then, if there's a difference proceed with action. This would be done by the land owner.

Representative Nelson: Yes, I've certainly thought about that. The problem comes back to what is normal. Coal avoids this problem by creating the baselines beforehand. That wasn't done on these sites. Having done some work on the area you have to be a little careful just because you go a little ways from the site, doesn't mean you're into normal soil. The USGS did an extensive airborne survey of Sheridan County, MT, basically they developed a computer model for would a wet land be contaminated or not. Basically, it came down to if the well was 30 years old and the wetland was within a half mile of the well, it was contaminated. So, on some of these sites to find comparable unaffected soil, you have to actually move to the area, but out of the oil field. We do have soil surveys for this. Productivity index is soil by soil. Normally growth we are looking at unaffected soils of similar type in the close area, to document yields there to yields in contaminated soil. There's no base line, it is an area of expertise.

Galen Peterson, Secretary, Northwest Land Owners
Written testimony 2A-2D

Chairman Porter: Are there dates on when the wells were drilled?

Peterson: First picture, the spill occurred on July of 2011. It's not a well, it's a flow line that goes to a disposal well.

Chairman Porter: The second picture?

Peterson: That is a site was plugged in September of 2013 and reclaimed during the late fall and early winter of that period through the next spring.

Chairman Porter: The third picture?

Peterson: That well was drilled in August 2009, it has not produced anything, the current status of that well is "still drilling".

Rep. George Keiser: What is the rational for the three years to recognize damage from a spill? Wouldn't the land owner know there was a potential problem within the first planting?

Peterson: Yes,

Rep. George Keiser: Why, to design legislation that says the landowner can file within the first year of recognizing issues? Only in those cases do we hold it for three years?

Peterson: There are cases of unreported spills that occur on well sites. If you're not out there monitoring you do not know if there are spills, how much contamination would be on the site, until reclamation is done on that site. You don't have any idea of what you have until you try to crop it.

Rep. George Keiser: My point being that there should be some responsibility on the person that owns the land.

Peterson: If the landowner does know that there's an obvious problem they should make sure that site is dealt with.

Rep. Dick Anderson: Doesn't that have a lot to do with the rain fall that you would have during that three year period?

Peterson: Yes, it does.

Tom Wheeler reading Vawnita Best's written testimony.
Vawnita Best, Mackenzie County Commissioner
Written testimony #3

Chairman Porter: How can we consider the foot print larger than in the seventies, when sites today are 1/16th the size.

Wheeler: I've seen some of the wells from the seventies, I've noticed they are bigger today.

Chairman Porter: Recalls Representative Nelson

Nelson: The reason for the three years is because you can miss years of planting, due to wet conditions, types of crops vary; you may plant one type one year and another type another year, and perennial crops are very slow to develop.

Opposition:

Todd D Kranda, Kelsch, Kelsch, Ruff, and Kranda Lawfirm; lobbyist on behalf of ND Petroleum Council.

Written testimony #4

Roger Kelly, Continental Resources

Ditto what Mr. Kranda said.

I've been working on oil and gas locations for about 30 years. Recently, there have been new technologies developed that can get crops growing in less than a growing season, that can be used on these areas. I think we can come up with a good solution working with all involved.

Lynn Helms, Director of Department of Mineral Resources

Written testimony #5

Rep. Mike Nathe: Who has jurisdiction of surface damages?

Helms: District courts.

Chairman Porter closes hearing.

2015 HOUSE STANDING COMMITTEE MINUTES

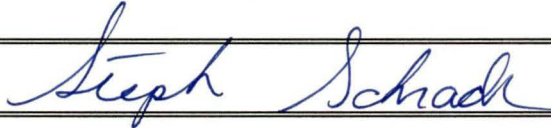
Energy and Natural Resources Committee

Pioneer Room, State Capitol

HB1266
2/3/2015
Job # 23148

☒ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the reclamation, landowner inspection, and bond release for well sites.

Minutes:

Attachments 0

Rep. Mike Nathe opens hearing.

Rep. Mike Nathe: This doesn't fit 1358, this is fraught with problems.

Ron Ness: Petroleum Counsel

We oppose this bill, we think these things are already contained in the Industrial Commission Reclamation provisions. And some of the items are in 1358.

Rep. Bob Hunsakor: Are there any parts that are good that we might want to keep?

Ness: It's troubling to us because of the term "qualified individual" and there's lots of duplication.

Lynn Helms, State Industrial Commission

We didn't find anything useful in this bill; we don't release bonds in under three years anyway. The term, "qualified individual" is not defined. Additionally, damages are not under our jurisdiction.

Rep. Mike Nathe closes hearing.

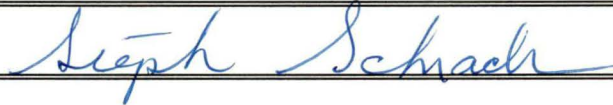
2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Pioneer Room, State Capitol

HB 1266
2/6/2015
Job # 23424

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the reclamation, landowner inspection, and bond release for well sites.

Minutes:

Attachments 0

Chairman Porter: We have 1266 before us.

Rep. Mike Nathe: I move a Do Not Pass.

Rep. Bob Hunsakor: Second.

Discussion:

None.

Vote: Yes 12, No 1, Absent 0.

Carrier: Rep. Mike Nathe

Date: 2/6/15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1266

House Energy and Natural Resources Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep Nathe Seconded By Rep HunsKor

Representatives	Yes	No	Representatives	Yes	No
Chairman Porter	✓		Rep HunsKor	✓	
Vice Chairman Damschen	✓		Rep Mock		✓
Rep D Anderson	✓		Rep Muscha	✓	
Rep Brabandt	✓				
Rep Devlin	✓				
Rep Froseth	✓				
Rep Hofstad	✓				
Rep Keiser	✓				
Rep Lefor	✓				
Rep Nathe	✓				

Total (Yes) 12 No 1

Absent 0

Floor Assignment Rep Nathe

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1266: Energy and Natural Resources Committee (Rep. Porter, Chairman)
recommends **DO NOT PASS** (12 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING).
HB 1266 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

HB 1266

1

HB 1266

Rep. Marvin Nelson

Good Morning Chairman Porter and members of the House Energy and Natural Resources Committee, HB1266 is intended to correct a problem for landowners that occurs when oil well are abandoned.

As things currently work, when the company gets the equipment from the site and it is basically ready to be farmed, at that point the bond is released.

Problem is nothing is growing there then and generally the site is not evaluated for contamination by the Oil and Gas Division or the State Health Department. I am told the Health Department will sometime investigate when there have been reported spills on the site. You can ask them.

Well along comes the farmer and he tries to get an annual crop or perennial forages to establish. Often he has troubles, and with the bond already released, this makes it more difficult to get companies to do something. I believe there will be testimony about experiences.

Compare this to the coal reclamation laws. Coal reclamation starts before the coal is ever mined. A site survey is done, along with more accurate soil surveys. Then up to 5 feet of soil is saved. After mining, the topography is restored and the soil is replaced. Then a decade long process of reclamation is done to restore the productivity and the restoration of the productivity is done before the bond is released. The first coal reclamation law was passed in 1969 with the current law in 1979. Why is oil treated so differently than coal? I haven't heard anyone in years say the coal reclamation law isn't a good thing, yet thousands of acres of land are allowed to be destroyed by oil production with little if any regulatory help to protect the state's land and landowners.

Oil reclamation now requires a few inches of topsoil be stockpiled and returned. Older sites do not even have that. Certainly that is an improvement but still does not assure the landowner that crops will grow like they did before oil extraction or saltwater injection. Crops may even now sprout okay in the topsoil and then die as they hit the subsoils.

Result is that landowners are often left with blighted land and crops and it is difficult to get the productivity of the land restored. You can see that the Oil and Gas Division recognizes it as a common problem from the fiscal note that they give. They estimate that one half of the sites will require evaluation and remediation. Plus there must be quite a backlog of plugging wells since they are estimating 800 will be capped per biennium, over one per day. Note the Department estimates 12 million dollars just to inspect the sites. If we don't pass HB1266 think how big of a liability we are leaving the producers to face on their own.

How does the Oil and Gas Division allow by their own estimate half of the oil well sites to become impacted by problems for crop production?

Not wanting to require a complete evaluation of every site due to the cost, I settled on give the producer time to see how his crops grow or to establish perennial forages. The grower must take action to notify the Department if there is a problem and then the Department has the site evaluated and if there is a problem a reclamation plan is developed. Once plant growth is normal the reclamation ends if it is the desired crop of the producer. If it is something else grown to reclaim the land, then the producer again gets three years to evaluate growth at the end of the reclamation plan.

During the time of reclamation the owner and tenant are paid for their losses by the oil company.

If the losses are caused by salt contamination, the oil company has the burden of proof to show it was a preexisting condition. They have every chance to do a complete and thorough survey just like coal companies before they drill.

Note that while salt may be a common cause of poor growth it could be other things too. Hydrocarbons, soil compaction or herbicide residues would be other causes of poor growth.

I am including a couple of pictures from Google Earth to show a contrast. The first one is a field near Antler, ND. Notice how many of the pads seem fuzzy due to dead areas around them, a few have large dead areas. So it isn't reasonable when

a pad is surrounded by dead land that the pad itself is in perfect shape. Note though that not all pads are problems. A road is still shown by a line out to an old pad and you don't see any serious problems there, so not everything is a problem, but problems are common.

For contrast I took another north of Antler in Manitoba. Notice there how sharp the pads appear and how little salt is around wetlands and such. One can always argue that it's just one shot, but I would encourage the committee to go ahead and inspect the Antler areas north and south of the border, the differences are striking.

Please pass HB 1266 to give landowners assistance in having their land returned to them in a condition approximating what it was when it was taken from them.



Google earth

feet
meters

1000
400





Google earth

feet
meters

1000

500



HB 1266

1/29/2015

2 A



6050 Old Hwy 2
Berthold, ND 58718

**For responsible development of
North Dakota's resources**

Troy Coons
Tom Wheeler
Bob Grant
Galen Peterson
Website
Contact Us

President
Vice President
Treasurer
Secretary
nwlandowners.com
gpete72@gmail.com

Donnybrook, ND
Ray, ND
Berthold, ND
Maxbass, ND

Northwest Landowners Association's Testimony in support of HB1266
House Natural Resources Committee
January 29, 2015

Chairman Porter and members of the House Natural Resources Committee,

I am Galen Peterson from Northwest Landowners Association (NWLA). We currently have 450 members--farmers, ranchers, and landowners, mostly from north central, northwest, and west central North Dakota. We strive for responsible development of our natural resources.

I have handed out 3 pictures to demonstrate why this legislation is needed.

The first, is one of the largest brine spill to happen in the state. For reference, the distance to the road to the first tree row is a quarter mile. This spill was officially reported to be 300 barrels, about 12,500 gallons, but to cover the area it did, several million gallons must have leaked from the pipeline. Approximately 25 acres of cropland are now unproductive and will be for a very long time. Results of reclamation efforts are very minimal and there are no guarantees the land will ever restored. Evidence indicates the contamination has spread to the adjacent land across the road. Although, this is not a well site, the spill report ties it to a site that is bonded.

The second picture is of a reclaimed well site in cropland. The lack of black topsoil is quite evident, as are areas of brine contamination. Without further reclamation, this land is unproductive and will be for the foreseeable future. The surface owner should have assurances that this site will be reclaimed before the bond is released.

The third picture is of a well site in pasture land. As you can see, there is very little vegetative growth on the site and the path that was used to access the site. Nothing has been done to this site for almost five years.

This bill defines what reclamation of a well site is. Currently, there are no reclamation standards. A bond on one well site was released with a statement from an oil and gas division inspector "Has adequate growth, am releasing it" All the vegetative growth on that site was foxtail barley and other sporadic weeds.

All three pictures show that much more reclamation is needed or that the site is deemed to be reclaimed before the bonds are released. This bill helps to ensure this. The landowner should not be left with unproductive land because of inadequate reclamation.

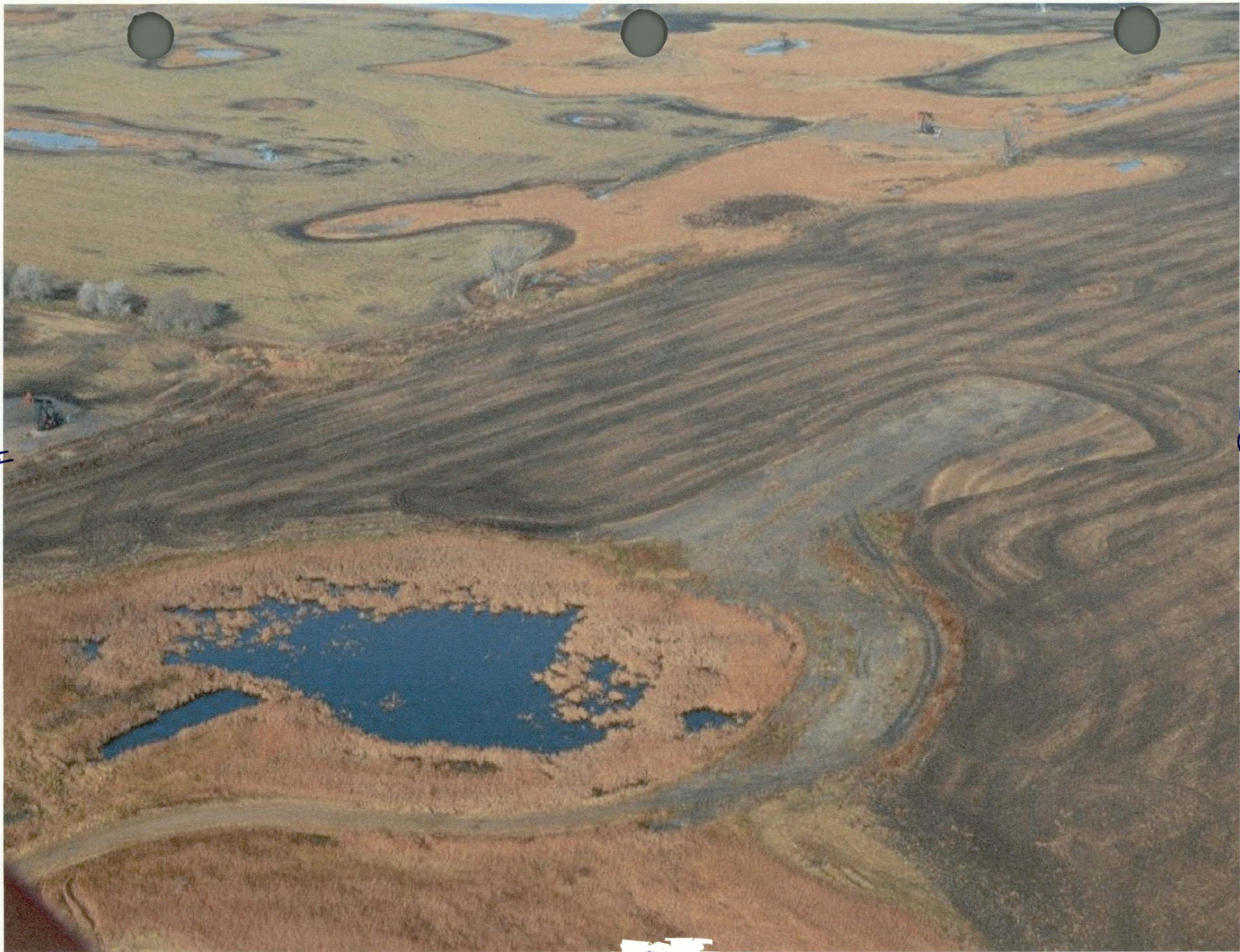
NWLA supports this bill and asks for your favorable consideration.

Thank you.



2.B

3



2C

2C

2D

#2D



h

3

HB 1266
1/29/15

1/29/15 - Testimony in support of HB 1266

Chairman Porter, Vice Chairman Damschen, members of the House Energy and Natural Resources Committee:

My name is Vawnita Best. Along with my family, we ranch in southeast McKenzie County. Today, I offer support for House Bill 1266.

In southeast McKenzie County (where cows still outnumber people and pumping units) our ranch requires roughly 8,000 acres of native and tame grass (on a combination of privately owned, privately leased, and USDA Forest Service leased land) to run our 275 animal units of Angus cows and Quarter horses. Within that holding, currently there are seven multi-well production locations that have been developed and four more that have been staked and await development. We currently deal with five different mineral operators and the number of midstream and pipeline operators continues to grow.

In addition to what we have today and will have tomorrow, we have the footprint (on a ranch that we lease) of a vertical well pad drilled during the late 70's that was for all intents and purposes, reclaimed. The 2 to 3 acres of that existing footprint grows next to no vegetation while the rest of the field does. It is absent of soil with red scoria rock still showing through. You can see evidence of the drill cuttings pit, which eventually contaminated the shallow board well 200 yards down the ravine from the location. That board well, which at one time produced potable water used by the ranch family that used to live there, now produces water with a petroleum odor and sheen, which livestock would rather not drink.

In accessing first hand what our past well site reclamation process has provided us in terms of natural resources that are clean and productive, we need to do better. The footprint is much larger today then it was during the 70's and 80's. North Dakota needs to do better this time around on all oil and energy reclamation including well site reclamation.

Again, I stand in support of HB 1266 and I thank you so very much for your time and your consideration.
Vawnita Best

HB 1266
1/29/2015

44

**Testimony in Opposition to
HOUSE BILL NO. 1266
House Energy and Natural Resources Committee
January 29, 2015**

Chairman Porter, House Energy and Natural Resources Committee members, for the record my name is Todd D. Kranda. I am an attorney with the law firm of Kelsch Kelsch Ruff & Kranda in Mandan and I appear before you today as a lobbyist on behalf of the North Dakota Petroleum Council to oppose HB 1266.

As you know, the NDPC represents more than 550 companies involved in all aspects of the oil and gas industry including oil and gas production, refining, pipeline, transportation, mineral leasing, consulting, legal work, & oilfield service activities in North Dakota and has been representing the industry since 1952.

The NDPC is opposed to HB 1266 because it is completely unnecessary and is a duplication of reclamation regulations that are already existing as will be further explained hereafter.

Attached is a copy of Section 43-02-03-34.1 of the ND Administrative Code with a rule which covers reclamation of surface for well sites. This specific rule was adopted a few years ago (April 2012) and amended this past year (April 2014). The reclamation procedure requires the operator to develop a reclamation plan, provide notice to the surface owners, if applicable a re-seeding plan, and so

forth. Well site reclamation has not been a major issue in many years for the most part, although there may be some isolated locations with some concerns in the legacy fields that were reclaimed many years ago. Otherwise, NDPC is not aware of any issues with well site reclamation in the last two years or since this administrative procedure was adopted.

If there is something about the ND Administrative Code, Section 43-02-03-35, that isn't working, it could be presented, discussed and amended through proper rule making. Accordingly, the current reclamation procedure offers sufficient safeguards and is working. HB 1266 is an unnecessary burden and expense.

HB 1266 also has some ambiguous and troublesome language as to surface owners and tenants. A tenant, who is not even the owner, could potentially drag an operator through several years of complaining whether legitimate or not. HB 1266 is ambiguous as to who is the "qualified individual" that would be making the assessments. If the real issue is whether salt water contamination may show up two or three years later on the site, perhaps that should be addressed separately by identifying when the Bond would be released after the reclamation of the well site and the ND Industrial Commission has determined there exists no salt water contamination.

In conclusion, HB 1266 should be given a **Do Not Pass** recommendation. I would be happy to try to answer any questions.

**NORTH DAKOTA ADMINISTRATIVE CODE
CHAPTER 43-02-03
OIL AND GAS CONSERVATION**

43-02-03-34.1. Reclamation of surface.

1. Within a reasonable time, but not more than one year, after a well is plugged, or if a permit expires, has been canceled or revoked, or a treating plant is decommissioned, the site, access road, and other associated facilities constructed shall be reclaimed as closely as practicable to original condition. Prior to site reclamation, the operator or the operator's agent shall file a sundry notice (form 4) with the director and obtain approval of a reclamation plan. The operator or operator's agent shall provide a copy of the proposed reclamation plan to the surface owner at least ten days prior to commencing the work unless waived by the surface owner. Verbal approval to reclaim the site may be given. The notice shall include:

- a. The name and address of the reclamation contractor;
- b. The name and address of the surface owner and the date when a copy of the proposed reclamation plan was provided to the surface owner;
- c. A description of the proposed work, including topsoil redistribution and reclamation plans for the access road and other associated facilities; and
- d. Reseeding plans, if applicable.

The commission will mail a copy of the approved notice to the surface owner.

All equipment, waste, and debris shall be removed from the site. Flow lines shall be purged in a manner approved by the director. Flow lines

shall be removed if buried less than three feet [91.44 centimeters] below final contour.

2. Gravel or other surfacing material shall be removed, stabilized soil shall be remediated, and the well site, access road, and other associated facilities constructed for the well shall be reshaped as near as practicable to original contour.
3. The stockpiled topsoil shall be evenly distributed over the disturbed area and, where applicable, the area revegetated with native species or according to the reasonable specifications of the appropriate government land manager or surface owner.
4. Within thirty days after completing any reclamation, the operator shall file a sundry notice with the director reporting the work performed.
5. The director, with the consent of the appropriate government land manager or surface owner, may waive the requirement of reclamation of the site and access road after a well is plugged and shall record documentation of the waiver with the recorder of the county in which the site or road is located.

History: Effective April 1, 2012; amended effective April 1, 2014.

General Authority: NDCC 38-08-04

Law Implemented: NDCC 38-08-04



SUNDRY NOTICES AND REPORTS ON WELLS - FORM 4

INDUSTRIAL COMMISSION OF NORTH DAKOTA
OIL AND GAS DIVISION
600 EAST BOULEVARD DEPT 405
BISMARCK, ND 58505-0840
SFN 5749 (09-2006)

Well File No.

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT FORM.
PLEASE SUBMIT THE ORIGINAL AND ONE COPY.

☐ Notice of Intent

Approximate Start Date

☐ Report of Work Done

Date Work Completed

☐ Notice of Intent to Begin a Workover Project that may Qualify
for a Tax Exemption Pursuant to NDCC Section 57-51.1-03.

Approximate Start Date

☐ Drilling Prognosis

☐ Spill Report

☐ Redrilling or Repair

☐ Shooting

☐ Casing or Liner

☐ Acidizing

☐ Plug Well

☐ Fracture Treatment

☐ Supplemental History

☐ Change Production Method

☐ Temporarily Abandon

☐ Reclamation

☐ Other

Well Name and Number

Footages

F

L

F

L

Qtr-Qtr

Section

Township

N

Range

W

Field

Pool

County

24-HOUR PRODUCTION RATE

Before

After

Oil	Bbls	Oil	Bbls
Water	Bbls	Water	Bbls
Gas	MCF	Gas	MCF

Name of Contractor(s)

Address

City

State

Zip Code

DETAILS OF WORK

Company

Telephone Number

Address

City

State

Zip Code

Signature

Printed Name

Title

Date

Email Address

FOR STATE USE ONLY

☐ Received

☐ Approved

Date

By

Title

SUNDRY NOTICES AND REPORTS ON WELLS - FORM 4
SFN 5749

1. Approval shall be obtained prior to performing or recompleting a well in a reservoir other than the reservoir in which the well is currently completed, prior to plug back of a well, prior to temporary abandonment of a well, prior to abandonment of a well, prior to reclamation of a well site, prior to reclamation of a reserve pit, and prior to beginning a workover project, which may qualify for a tax exemption pursuant to NDCC Section 57-51.1-03. Please refer to Section 43-02-03-16 of the North Dakota Administrative Code (NDAC) regarding recompleting a well in a reservoir other than the reservoir in which the well is currently completed or plugging back of a well, to Section 43-02-03-55 NDAC regarding temporary abandonment of a well, to Section 43-02-03-33 or Section 43-02-05-08 NDAC regarding abandonment of wells, to Section 43-02-03-19 NDAC regarding reclamation, and to Section 43-02-09-03 NDAC regarding workover projects.

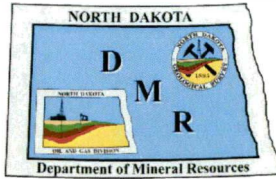
2. Upon the completion of any remedial work, or attempted remedial work such as plugging back, drilling deeper, acidizing, shooting, formation fracturing, squeezing operations, setting liner, fishing operations, repair work, perforating, reperforating, or other similar operations not specifically covered herein, a report on the operation shall be filed on a Sundry Notice - Form 4 (SFN 5749) with the Director. The report shall present a detailed account of all work done and the date of such work; the daily production of oil, gas, and water both prior to and after the operation; the shots per foot, size, and depth of perforations; the quantity of sand, crude, chemical, or other materials employed in the operation; and any other pertinent information or operations which affect the original status of the well and are not specifically covered herein. Please refer to Section 43-02-03-31 NDAC.

3. Upon the completion of a workover project, which may qualify for a tax exemption pursuant to NDCC Section 57-51.1-03, a report on the operation shall be filed on a Sundry Notice - Form 4 (SFN 5749) detailing the work done. Include the dates during which the workover rig was in service actually performing work on the workover project and the date the workover was completed, a detailed list identifying all labor, services, and materials used and equipment replaced during the workover project, the cost of each item, and whether the replacement equipment was new or used. The value of all equipment removed from service must be listed. The average daily oil production from the well during the first two months after completion of the project must be included if the costs of the project did not exceed sixty-five thousand dollars. All gauge tickets of oil produced in incomplete months during the first two months after completion of the workover and the volume of oil stored on the well premises immediately prior to commencement of the workover project must also be included. Please refer to Section 43-02-09-04 NDAC.

4. Upon the initial installation of pumping equipment, or change in type or depth of pumping equipment designed to increase productivity in a well, the operator shall file a Sundry Notice - Form 4 (SFN 5749) of such installation. The notice shall include all pertinent information on the pump and the operation thereof including the date of such installation, and the daily production of the well prior to and after the pump has been installed. Please refer to Section 43-02-03-31 NDAC.

5. The well file number, well name and number, well location, field, pool, and county shall coincide with the official records on file with the Commission.

6. The original and one copy of this report shall be filed with the Industrial Commission of North Dakota, Oil and Gas Division, 600 East Boulevard, Dept. 405, Bismarck, ND 58505-0840.



HB 1266
1/29/2015

#5A
House Bill 1266
House Energy and Natural Resources
January 29, 2015

Testimony of Lynn D. Helms, Director

The North Dakota Industrial Commission – Department of Mineral Resources – Oil and Gas Division has had jurisdiction over oil and gas bonding and site reclamation since 1981.

This bill presents three significant problems for the Oil and Gas Division programs:

Problem 1

The first problem presented by HB 1266 is the new requirement of inspection, assessment, and planning of reclamation by a “qualified individual”. This undefined term is a huge litigation target for operators, surface owners, and environmental services contractors.

Problem 2

The second problem created by HB 1266 is the requirement to plant vegetation previously planted on the site. Often sites are reclaimed 40 or more years after construction and the type of vegetation desired is completely different than that planted 40 or more years ago.

Problem 3

The third problem created by HB 1266 is the requirement to hold the bond until surface damages are settled. Surface damages are controlled by a statute outside the jurisdiction of the Commission and NDCC 38-08-04 is very clear that the purpose of the bond is to ensure compliance with the statutes, rules, and orders of the Commission.

Mr. Chairman and members of House Energy and Natural Resources the North Dakota Industrial Commission urges a DO NOT PASS for HB 1266 as introduced.