

FISCAL NOTE
Requested by Legislative Council
01/14/2015

Bill/Resolution No.: HB 1267

- 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			\$162,000		\$162,000	
Appropriations			\$162,000		\$162,000	

- 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 release of confidential well data for saltwater injection wells, and when an environmental incident report is required by law. This measure also requires access to data in the geographic information database for any abandoned gathering pipeline.

- 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.*

Sections 1 and 2 will require a full-time GIS engineering technician to process abandoned pipeline information requests, and daily monitor spill reports and confidential statuses of wells.

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 include \$162,000 per biennium for a GIS Engineering technician FTE (100% of time).

- 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 expenditures 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: 01/20/2015

2015 HOUSE ENERGY AND NATURAL RESOURCES

HB 1267

2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Pioneer Room, State Capitol

HB 1267
1/29/2015
Job # 22805

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Steph Schrader

Explanation or reason for introduction of bill/resolution:

Relating to an exception to confidentiality of well data.

Minutes:

Attachments 4

Chairman Porter opens hearing.

Representative Marvin Nelson: District 9

Written testimony #1

Rep. George Keiser: For proprietary reasons, why shouldn't it be confidential, unless there's a spill?

Representative Nelson: Salt water doesn't count as a production run. The land owner can't go to the data base and see what he should get paid for it. That's the area I'm looking at.

Rep. Glen Froseth: Who is supposed to be the responsible owner for a pipeline after its abandoned?

Representative Nelson: I'm not qualified to answer that.

Chairman Porter: The second bullet point on line 12, sub B, release of information for which oil field incident report is required by law. North Dakota laws requires any release to require a report, whether it is a tablespoon or four million gallons, it requires a report. That means that the confidential status of every well drilled would be null and void, should we get rid of confidential status?

Representative Nelson: I believe the amount is one barrel spilled, that is required to be reported. If a company does not want to give up confidentiality, they should try harder to prevent spills. I see it as way to incentivize companies to prevent spills.

Chairman Porter: The use of the term "any person" on line 16, page 1, we're setting ourselves up for which hunting. Is the intent to open it up that broadly or is the intent still to leave it with the person who owns the land?

Representative Nelson: Currently, with it being confidential, the land owner can get the information, but he can't tell anybody, it serves no purpose. How do you restrict it in such a way in which everybody who has a legitimate reason has access to it? Then the complaint is, how do we know who has a legitimate reason?

Galen Peterson, Northwest Landowners Association
Written testimony #2

Opposition:

Todd Kranda, Lobbyist for the North Dakota Petroleum Council

Written testimony #3

We have a problem with the confidentiality clause, we are proposing amendments in the written testimony I handed out.

Rep. Roger Brabandt: Do you support the bill with your amendments?

Kranda: No, there are still shortcomings.

Rep. Roger Brabandt: Where did the ten barrels come from?

Kranda: It's a federal standard.

Alison Ritter, Public Information Officer, Department of Mineral Resources- Oil and Gas Division.

Written testimony #4

Rep. Glen Froseth: Fiscal note has a 162,000 appropriation, is that for an FTE?
Are the charted pipelines confidential for six months?

Ritter: Yes, the fiscal note does apply to the full-time position, for a GIS Engineering technician.

That information on pipelines that were put into place August 1, 2011 It's considered confidential information to the general public. However, if a surface owner or tenant asks for information it may be released to them.

Rep. Dick Anderson: When did we start keeping track of the pipelines?

Ritter: April 1, 2014.

Rep. Roger Brabandt: How many abandoned pipelines are there?

Ritter: From August 1 2011, there are 11.5 miles of abandoned pipelines reported to us.

Rep. Roger Brabandt: So pipelines laid in the 60s, 70s, 80s no one knows?

Ritter: Not in our department, no.

Chairman Porter recalls Mr. Helms.

Chairman Porter: Under this, it's making the assumption that the person who is the surface owner isn't being told something about something that is actually theirs. Is that a fair look at how this works?

Helms: There is some validity to that, if the operator has purchased the property that the salt water disposal well is on then they are also the bore space owner, they would be the only person with the need to know. If they have leased the land, then they don't own the bore space. And under the rules would not get any information for six months. One of the things about a salt water disposal permit that's different, in that permit you have to reveal the sources of the water that are going to be disposed of in your well. You are providing the commission with your customer list, forty to sixty days before you get a permit to construct a well. That's one of the areas of concern of salt water disposal operators; they would like to protect their customer list for those six months.

Rep. Glen Froseth: In the permit for a salt water well, does it include the formations that they may deposit the water into. Can they get a permit for several formations in one permit?

Helms: Those formations are included and it is possible to get a permit that allows for disposal into more than one formation.

Rep. Dick Anderson: Is there a place to report abandoned pipelines?

Helms: No.

Chairman Porter closes hearing.

2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee Pioneer Room, State Capitol

HB 1267
2/3/2015
Job # 23149

☒ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to an exception to confidentiality of well data.

Minutes:

Attachments 1

Rep. Mike Nathe opens hearing.

Rep. Mike Nathe: Reviewing amendments; written testimony 1.

Lynn Helms Industrial Commission-Mineral Resources Department

The concern for salt water injection wells was that they are compared to oil and gas producing wells. Oil sold from a producing well are not held confidential. However, injected volumes on a salt water disposal well are held confidential. The surface owner, who is getting paid based on those volumes, can't get that information for 6 months.

This amendment would protect the customer list, but directs the commission to release the volume information so the person who is supposed to get paid on a per barrel basis would have that.

If there is a spill the spill report should not be confidential and information relating to the spill will be released.

This bill also standardizes ND reporting standards with the federal requirements and those of other states.

This amendment directs the commission to allow the surface owner to share with anyone they want the information regarding abandoned pipelines on their land.

Rep. Bob Hunsakor: On line 12, what is the reason for the 10 barrels threshold? Is it because under 10 barrels is such a small amount it can be handled very easily?

Helms: That was the reasoning behind the federal rule. This makes North Dakota consistent with our neighbor states and the federal.

Rep. Bob Hunsakor: sometimes what is reported and what is actual is very different, that doesn't get us into trouble with this?

Helms: I don't think so because this talks about the volume of fluid actually spilled. We know that a lot of times that initial report under reports the volume. But if a field inspector went to the site and discovered there was 10 or more barrels released or the final spill report indicated 10 or more barrels released the information would be reported and released. It doesn't tie us to that initial spill report.

Rep. Mike Lefor: On the amendment be sure that may and be are separated, it's not one word.

Rep. Mike Nathe closes hearing.

2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee

Pioneer Room, State Capitol

HB1267

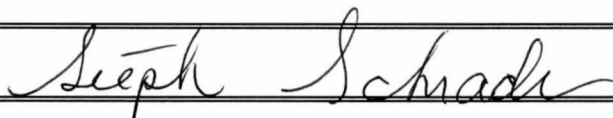
2/5/2015

Job # 23349

☒ Subcommittee

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to an exception to confidentiality of well data.

Minutes:

Attachments 1

Meeting location: Pioneer room.

Time meeting called to order: 4:00 PM.

Members present:

Rep. Mike Nathe

Rep. Bob Hunsakor

Rep. Mike Lefor

Others present:

Lynn Helms, Director- Department of Mineral Resources

Ron Ness, Petroleum Council

Representative from Northwest Landowners Association

Topics Discussed:

Discussion of proposed amendment to HB1267; Written testimony #1.

The subcommittee and Mr. Helms discussed the reasons for choosing ten barrels as the minimum amount to report.

The subcommittee discussed with Mr. Helms, Mr. Ness, and the representative from the Northwest Landowners Association line 16-18, that it allows the surface owner to obtain and share information about abandoned pipelines on their property.

All in attendance agreed that the amendments discussed go to the full committee to be voted on.

Rep. Mike Nathe ends discussion on HB 1267.

2015 HOUSE STANDING COMMITTEE MINUTES

Energy and Natural Resources Committee

Pioneer Room, State Capitol

HB 1267

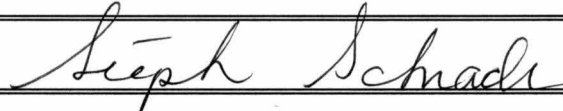
2/6/2015

Job # 23430

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to an exception to confidentiality of well data.

Minutes:

Attachments 0

Chairman Porter opens discussion.

Rep. Mike Nathe: I move a do not pass on HB 1267.

Rep. Mike Lefor: Second.

Discussion:

Rep. Bob Hunsakor: I'm going to resist the motion; I think the information in here is good. It's something that needs to be taken care of and could have been with this bill.

Vote: Yes 11, No 2, Absent 0.

Rep. Mike Nathe: Carrier

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

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1267**

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 Lefor

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) 11 No 2

Absent 0

Floor Assignment Rep Nathe

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

REPORT OF STANDING COMMITTEE

HB 1267: Energy and Natural Resources Committee (Rep. Porter, Chairman)
recommends **DO NOT PASS** (11 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING).
HB 1267 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

HB 1267

HB 1267 Confidentiality

Rep. Marvin Nelson

1

Chairman Porter, members of the House Energy and Natural Resources

Committee, HB 1267 is a bill to eliminate confidentiality of information in some situations.

From the Oil and Gas website:

What does the term confidential mean?

When an operator requests and is granted confidential (tight hole) status for a well, it restricts our ability to release information about the well. Section 43-02-03-31 of the North Dakota Administrative Code states in part:

All information furnished to the director on new permits, except the operator name, well name, location, spacing or drilling unit description, spud date, rig contractor, and any production runs, shall be kept confidential for not more than six months if requested by the operator in writing. The six-month period shall commence on the date the well is completed or the date the written request is received, whichever is earlier. If the written request accompanies the application for permit to drill or is filed after permitting but prior to spudding, the six-month period shall commence on the date the well is spudded.

All information furnished to the director on recompletions or reentries, except the operator name, well name, location, spacing or drilling unit description, spud date, rig contractor, and any production runs, shall be kept confidential for not more than six months if requested by the operator in writing. The six-month period shall commence on the date the well is completed or the date the well was approved for recompletion or reentry, whichever is earlier. Any information furnished to the director prior to approval of the recompletion or reentry shall remain public.

This means that the only information the agency may release during the confidential period is the name the operator, the well name and location, the spacing or drilling unit description, spud date (when they commenced drilling), the rig contractor, and any production runs (oil sold) from the well.

The list of wells currently on confidential status is located [here](#).

Why can't I get any information on a confidential well even if I own the mineral/surface rights?

Section 38-08-04 of the North Dakota Century Code states in part that the commission has the authority:

To provide for the confidentiality of well data reported to the commission if requested in writing by those reporting the data for a period not to exceed six months.

And Section 43-02-03-14 of the North Dakota Administrative Code states in part:

The confidentiality of any data submitted which is confidential pursuant to subsection 6 of North Dakota Century Code section 38-08-04 and section 43-02-03-31 must be maintained.

Section 38-08-16 Part 2 makes willful violation by releasing information a class C felony. The date when information can be released for a well may be found in the confidential well list once the well has been spud.

In the Section 1 a. there is the elimination of confidentiality for information about saltwater injection wells. These are not exploratory wells with the need to protect information in order to gain an advantage in a new production area or any other justifiable reason for confidentiality.

In addition, in b. is the elimination of confidentiality when there is a spill. Several times there have been spills and the media and public are told they cannot get information because the information is confidential. Information can be released if the department makes a judgment call that the public is endangered.

In Section 2, is a simple elimination of the confidentiality of pipelines after they are abandoned. Note that if you are excavating, no one marks an abandoned pipeline. You cut it and you have no idea who owns it or anything. An elimination of the confidentiality would make it easier to know the line is there and eliminate more than a little stress for excavators.

from: DAKKEN NEWS HD 1267



Oil spills: common calamity or controlled information

May 15, 2014 50 Views

a Gilbertson | Shale Plays Media

By Lydia Gilbertson | Google+

Nobody likes oil spills. Oil companies gain an irresponsible stigma from them, and environmentalists deplore them. They are bad for the environment and human health, and cost an exorbitant amount of money to clean up. Recently The United States has seen a sharp increase in energy production and along with that has come a drastic increase in oil and gas related spills and disasters. Oil and gas companies often say that they are working as hard as they can to contain, prevent, and clean up oil spills. Apart from the PR nightmare presented by Kinder Morgan last week, there is no such thing as pro-oil spill.

However, often the spills that are reported are not collected. Each state has their own system in place for dealing with spills, blowouts, leaks, or other environmental hazards caused by the oil and gas industry. Some states don't disclose oil spill reports, some don't compile them at all, some charge money for the information, and some post it freely on the internet. Each state has a different system in place for dealing with the information. The frivolity and secrecy of the structure in place for the disclosure of oil spills needs to be reformed. The statistics of oil and gas related natural disasters should be easily available to the public, because it directly affects them.

Both Louisiana and Pennsylvania, which are ranked second and fifth in natural gas production in the United States, claim that they have no list of oil spills available. Energywire recently did an indepth analysis of the oil spills that occurred in the United States in 2013. When they asked these states about their statistics, Pennsylvania provided a bulk figure with no specifics and Louisiana pointed to a database that is shut down and is no longer functioning. As a result, their analysis to have limited data on Pennsylvania gas production mishaps, and none on Louisiana.

ated: Los Angeles Oil Spill Sends 10,000 Gallons Of Crude Into City Streets

The Ron Burgundy well spill in Tioga this week showcases another way that oil spill information is kept from the public. The well was no longer spewing oil on Tuesday, but it is still leaking oil today. Little is known to civilians about this spill

because the well is under a confidentiality agreement that allows the owners of the well to not release the extent of the spill until the agreement is up on August 4. ThinkProgress interviewed Alison Ritter of the North Dakota Department of Mineral Resources about the agreement, and she stated that all that is required to be released is the well's name, owner, number, coordinates, and date that information about the size of the spill can be disclosed. She also noted that if the spill were deemed a safety hazard to the public the confidentiality agreement would be lifted. Eighteen percent of North Dakota's oil wells are confidential.

Despite Louisiana being left out of the report, Energywire concluded that spill numbers had increased by 18% in 2013 although the number of drilling operations has mostly evened out. There were 7,662 spills, blowouts, leaks, or other mishaps in the states with the highest amount of drilling activity. That is an average of 20 incidents a day in the United States. There are a few different events that are considered spills in the report. Small oil spills of over 1 barrel and fracking wastewater (brine) spills are also included. Spills are caused by many factors, not just human error. They are also commonly a result of natural disasters, frozen pipes, and flooding. 20 spills in the U.S are even attributed to Cattle.

Three quarters of last years' spills were contained on the well site of origin.

State	Number of Spills in 2013	Number of Spills in 2012
North Dakota	1,607	1,129
Texas	1,129	1,010
Oklahoma	850	994
New Mexico	777	847
Colorado	534	402
Pennsylvania	589	365
Idaho	528	487
Utah	404	193
Kansas	358	324

**** Louisiana is not included in this chart because no information about their spill amount could be obtained. Source: Energywire**

Continental Resources is company with the highest spill rate in the Bakken Shale, but they are also the largest operator in the area and saw a 39 percent increase in their production in 2013.

2013 confidentiality continental resources environmental hazard Louisiana north dakota oil spills ron burgundy tioga 2014-05-15

+Lydia Gilbertson

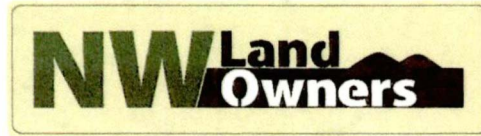
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RELATED ARTICLES

#2

HB 1267
1/29/2015



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North Dakota's resources**

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Northwest Landowners Association's Testimony in support of HB1267
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.

This is a short, simple bill. There shouldn't be any reason why a salt water injection well should be confidential. And if there is an environmental incident on site, that information should be available.

Information on abandoned pipelines needs to be available. Since they are abandoned, no one will locate them through a 811 request.

NWLA supports this bill asks for your favorable consideration.

Thank you.

#3

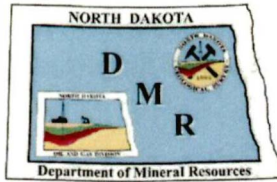
**PROPOSED AMENDMENTS TO
HOUSE BILL NO. 1267**

Mr. Kranda Lobbyist for NDPC

Page 1, line 12, after the first "which" insert "more than ten barrels of"

Page 1, line 12, after "fluid" insert "not contained on the well site"

Renumber accordingly



#4

House Bill 1267
House Energy and Natural Resources
January 29, 2015

Testimony of Alison Ritter, Public Information Officer
Department of Mineral Resources- Oil and Gas Division

The North Dakota Industrial Commission has taken a neutral position regarding House Bill 1267; however, we are asking for further clarification in order to properly interpret the law for potential rule making.

Confidentiality rules are found in N.D.A.C 43-02-03-31 which states in part, that all information except operator name, well name, location, spacing or drilling unit description, spud date, rig contractor, and any production runs (sales), shall be kept confidential for no more than six months from the date of completion or spud. The rule already provides that in the event an environmental incident occurs that poses a risk to health and human safety, the director may release confidential completion and production data to health care professionals, emergency responders, state, federal and tribal environmental and public health regulators.

Section 1 of the proposed bill suggests the commission shall now release information from all saltwater injection wells, as well as information from a well on a site at which fluid was released for which an environmental incident report is required by law. It is unclear from this bill as to when information can now be released, the timeframe to release it and who this information may be released to.

It is the recommendation of the commission that section 1 should only apply to the specific information relating to the environmental incident and only when that incident is not contained to the well location. Information such as cores, logs, formation and drilling depth are all proprietary and not applicable to the incident.

Section 2 of the proposed bill states in part, that GIS information relating to abandoned gathering pipelines be released to any person. North Dakota Century Code 38-08-26 section 3 already allows information regarding underground gathering pipelines to be released to the surface owner or tenant of that property.

It is the recommendation of the commission that section 2 should be amended to define the person who may make the request for abandoned pipeline information to any officer or official of a political subdivision.

As the bill is written the Department of Mineral Resources estimates the need for one additional FTE to monitor spill reports and confidential statuses daily, as well as process abandoned pipeline information requests.

It is for the reasons stated above that the commission asks for further clarification when considering House Bill 1267.

2/3/15

1267

#1

Amendment to House Bill 1267

Line 11 remove the word "~~information~~" and insert "Volumes injected"

Line 12 after the word "from" insert "the spill report on" and after the word "which" insert "more than ten barrels of fluid not contained on the wellsite" remove the word "fluid"

Remove lines 16 – 18 and replace with "Information contained in the geographic information systems database maybe shared by the surface owner."

Renumber Accordingly

2/5/15

1267

#1

Amendment to House Bill 1267

Line 11 remove the word "~~information~~" and insert "Volumes injected"

Line 12 after the word "from" insert "the spill report on" and after the word "which" insert "more than ten barrels of fluid not contained on the wellsite" remove the word "fluid"

Remove lines 16 – 18 and replace with "Information contained in the geographic information systems database maybe shared by the surface owner."

Renumber Accordingly