

Fifty-eighth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2125

Introduced by

Natural Resources Committee

(At the request of the Industrial Commission)

1 A BILL for an Act to amend and reenact subsections 1 and 2 of section 38-08-04.5 and section
2 38-08-04.9 of the North Dakota Century Code, relating to confiscation by the state of well-site
3 equipment and salable oil; and to provide an appropriation.

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

5 **SECTION 1. AMENDMENT.** Subsections 1 and 2 of section 38-08-04.5 of the North
6 Dakota Century Code are amended and reenacted as follows:

- 7 1. Revenue to the fund must include:
- 8 a. Fees collected by the oil and gas division of the industrial commission for
 - 9 permits or other services.
 - 10 b. Moneys received from the forfeiture of drilling and reclamation bonds.
 - 11 c. Moneys received from any federal agency for the purpose of this section.
 - 12 d. Moneys donated to the commission for the purposes of this section.
 - 13 e. Moneys received from the state's oil and gas impact fund.
 - 14 f. Moneys recovered under the provisions of section 38-08-04.8.
 - 15 g. Moneys recovered from the sale of equipment and oil confiscated under ~~the~~
16 ~~provisions of~~ section 38-08-04.9.
 - 17 h. Such other moneys as may be deposited in the fund for use in carrying out
18 the purposes of plugging or replugging of wells or the restoration of well sites.
- 19 2. Moneys in the fund may be used for the following purposes:
- 20 a. Contracting for the plugging of abandoned wells.
 - 21 b. Contracting for the reclamation of abandoned drilling and production sites,
22 saltwater disposal pits, drilling fluid pits, and access roads.
 - 23 c. To pay mineral owners their royalty share in confiscated oil.

1 **SECTION 2. AMENDMENT.** Section 38-08-04.9 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **38-08-04.9. Confiscation of equipment and salable oil to cover plugging costs.** ~~If~~
4 ~~the commission, its agents, employees, or contractors plugs, replugs a well, or restores a well~~
5 ~~site pursuant to sections 38-08-04.4, 38-08-04.5, 38-08-04.7, 38-08-04.8, 38-08-04.9 and~~
6 ~~38-08-04.10, the commission, after notice and hearing, may order the confiscation of any~~
7 ~~production-related equipment at the abandoned well site owned by the operator or any working~~
8 ~~interest owner for the purpose of wholly or partially compensating the state for the cost of~~
9 ~~plugging or replugging or site restoration. When the commission intends to exercise or has~~
10 ~~exercised its right to plug a well or reclaim a well site, the commission, as compensation for its~~
11 ~~costs, may confiscate any production-related equipment and salable oil at the well site. The~~
12 ~~equipment subject to confiscation is limited to that owned by the well's operator, former~~
13 ~~operator, or working interest owner. If the commission exercises its authority under this section~~
14 ~~and there is salable oil at the well, that oil must be confiscated. The commission shall pay the~~
15 ~~mineral owners the royalty interest in the oil confiscated. In determining the mineral owners~~
16 ~~and their royalty interests, the commission may rely upon the most recent division order it is~~
17 ~~able to obtain. If one is unavailable or the commission finds the order unreliable, the~~
18 ~~commission may rely upon any other source of information the commission deems reasonable~~
19 ~~to determine and pay mineral owners. A confiscation must be by an order of the commission~~
20 ~~after notice and hearing. A confiscation order transfers title to the commission.~~