

**FIRST ENGROSSMENT
with Conference Committee Amendments**

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state industrial
2 commission and the agencies under the management of the industrial commission; to provide
3 for approval of alternate bids by the emergency commission and budget section; to authorize
4 transfers; to amend and reenact sections 38-08-04.2, 38-12-02, 38-12-03, and 38-12.1-04,
5 subsection 1 of section 38-12.1-05, sections 38-15-03, 38-19-03, and 38-19-04, subsection 10
6 of section 38-15-02, section 54-17-03, subsection 3 of section 54-17.4-01, and sections
7 54-17.4-05, 54-17.4-06, and 54-17.4-07 of the North Dakota Century Code, relating to
8 appointment of a director of mineral resources, transfer of the state geologist's functions to the
9 director of mineral resources, and the secretary of the industrial commission; to repeal
10 section 3 of chapter 491 of the 2003 Session Laws, relating to the expiration of the
11 authorization for the state to purchase oil put options; to provide for a report to the legislative
12 council; to provide a section of legislative intent; and to declare an emergency.

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

14 **SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this
15 section represent the base level funding component appropriated to the state industrial
16 commission and agencies under its control in section 3 of this Act as follows:

17 Subdivision 1.

18 INDUSTRIAL COMMISSION	
19 Salaries and wages	\$6,244,663
20 Operating expenses	1,904,767
21 Capital assets	68,300
22 Lignite research and development	16,270,000
23 Grants - Bond payments	<u>19,830,990</u>
24 Total all funds - Base level	\$44,318,720

Fifty-ninth
Legislative Assembly

1	Less estimated income - Base level	<u>37,291,836</u>
2	Total general fund - Base level	\$7,026,884
3	Subdivision 2.	
4	BANK OF NORTH DAKOTA - OPERATIONS	
5	Salaries and wages	\$16,527,614
6	Operating expenses	10,925,665
7	Capital assets	825,000
8	Contingencies	<u>1,500,000</u>
9	Total from Bank of North Dakota fund - Base level	\$29,778,279
10	Subdivision 3.	
11	BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT	
12	Partnership in assisting community expansion fund	\$5,700,000
13	Agriculture partnership in assisting community expansion fund	1,425,000
14	Beginning farmer revolving loan fund	<u>950,000</u>
15	Total general fund - Base level	\$8,075,000
16	Subdivision 4.	
17	MILL AND ELEVATOR ASSOCIATION	
18	Salaries and wages	\$16,690,956
19	Operating expenses	12,991,196
20	Contingencies	250,000
21	Agriculture promotion	<u>50,000</u>
22	Total from mill and elevator fund - Base level	\$29,982,152
23	Subdivision 5.	
24	HOUSING FINANCE AGENCY	
25	Salaries and wages	\$3,929,907
26	Operating expenses	2,391,480
27	Grants	27,168,380
28	HFA contingencies	<u>100,000</u>
29	Total from housing finance agency fund - Base level	\$33,589,767
30	Grand total general fund - Section 1	\$15,101,884

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1	Salaries and wages	\$641,435
2	Operating expenses	1,967,817
3	Contingencies	50,000
4	Agriculture promotion	<u>200,000</u>
5	Total from mill and elevator fund - Adjustments/enhancements	\$2,859,252

6 Subdivision 5.

7 HOUSING FINANCE AGENCY

8	Salaries and wages	\$446,894
9	Operating expenses	414,098
10	Grants	<u>(577,100)</u>
11	Total from housing finance agency fund - Adjustments/enhancements	\$283,892
12	Grand total general fund - Section 2	(\$2,567,055)
13	Grand total special funds - Section 2	<u>24,395,111</u>
14	Grand total all funds - Section 2	\$21,828,056

15 **SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the
16 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
17 treasury, not otherwise appropriated, and from special funds derived from federal funds and
18 other income, to the state industrial commission and agencies under its control for the purpose
19 of defraying the expenses of their various divisions, for the biennium beginning July 1, 2005,
20 and ending June 30, 2007, as follows:

21 Subdivision 1.

22 INDUSTRIAL COMMISSION

23	Salaries and wages	\$6,060,092
24	Operating expenses	1,907,850
25	Capital assets	45,500
26	Lignite research and development	15,200,000
27	Grants - Bond payments	27,292,412
28	Oil and gas division contingency	<u>225,000</u>
29	Total all funds	\$50,730,854
30	Less estimated income	<u>43,896,025</u>
31	Total general fund appropriation	\$6,834,829

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1 Subdivision 2.

2 BANK OF NORTH DAKOTA - OPERATIONS

3	Salaries and wages	\$18,153,392
4	Operating expenses	10,925,665
5	Capital assets	11,272,000
6	Contingencies	<u>1,700,000</u>
7	Total appropriation from Bank of North Dakota fund	\$42,051,057

8 Subdivision 3.

9 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

10	Partnership in assisting community expansion fund	\$5,700,000
11	Agriculture partnership in assisting community expansion fund	1,425,000
12	Beginning farmer revolving loan fund	<u>950,000</u>
13	Total all funds	\$8,075,000
14	Less beginning farmer revolving loan fund	<u>2,375,000</u>
15	Total general fund	\$5,700,000

16 Subdivision 4.

17 MILL AND ELEVATOR ASSOCIATION

18	Salaries and wages	\$17,332,391
19	Operating expenses	14,959,013
20	Contingencies	300,000
21	Agriculture promotion	<u>250,000</u>
22	Total appropriation from mill and elevator fund	\$32,841,404

23 Subdivision 5.

24 HOUSING FINANCE AGENCY

25	Salaries and wages	\$4,376,801
26	Operating expenses	2,805,578
27	Grants	26,591,280
28	HFA contingencies	<u>100,000</u>
29	Total appropriation from housing finance agency fund	\$33,873,659
30	Total general fund appropriation - Section 3	\$12,534,829

1 Total special funds appropriation - Section 3 155,037,145
2 Total all funds appropriation - Section 3 \$167,571,974

3 **SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing
4 finance agency in subdivision 5 of section 3 of this Act, there is appropriated any additional
5 income or unanticipated income from federal or other funds which may become available to the
6 agency for the biennium beginning July 1, 2005, and ending June 30, 2007.

7 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In
8 addition to the amount appropriated to the industrial commission in subdivision 1 of section 3 of
9 this Act, there is appropriated, with the approval of the emergency commission, funds that may
10 become available to the commission from bonds authorized by law to be issued by the
11 industrial commission under chapters 4-36 and 54-17.2 and section 54-17-25, for the biennium
12 beginning July 1, 2005, and ending June 30, 2007.

13 **SECTION 6. ALTERNATE BIDS - EMERGENCY COMMISSION AND BUDGET**
14 **SECTION APPROVAL - APPROPRIATION.** The industrial commission shall advertise for bids
15 for a new building for the Bank of North Dakota. Alternate bids must be solicited which would
16 allow footings to be installed for up to three additional floors. The industrial commission may
17 proceed with the construction of additional footings upon approval by the emergency
18 commission and budget section. Any additional funds required for the footings in excess of the
19 \$11,000,000 appropriated in subdivision 2 of section 3 of this Act are hereby appropriated to
20 the Bank of North Dakota for the biennium beginning July 1, 2005, and ending June 30, 2007.

21 **SECTION 7. TRANSFER.** The sum of \$73,650, or so much of the sum as may be
22 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
23 this Act, is from the North Dakota mill and elevator association. The moneys must be
24 transferred during the biennium beginning July 1, 2005, and ending June 30, 2007, upon order
25 of the industrial commission.

26 **SECTION 8. TRANSFER.** The sum of \$94,545, or so much of the sum as may be
27 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
28 this Act, is from the accumulated and undivided profits of the Bank of North Dakota. The
29 moneys must be transferred during the biennium beginning July 1, 2005, and ending June 30,
30 2007, upon order of the industrial commission.

1 **SECTION 9. TRANSFER.** The sum of \$64,727, or so much of the sum as may be
2 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
3 this Act, is from the housing finance agency fund. The moneys must be transferred during the
4 biennium beginning July 1, 2005, and ending June 30, 2007, upon order of the industrial
5 commission.

6 **SECTION 10. TRANSFER.** The sum of \$26,019, or so much of the sum as may be
7 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
8 this Act, is from the revenues of the municipal bond bank. The available moneys must be
9 transferred during the biennium beginning July 1, 2005, and ending June 30, 2007, upon order
10 of the industrial commission.

11 **SECTION 11. INCOME AUTHORIZATION - STUDENT LOAN TRUST.** There is
12 authorized the receipt of fees by the industrial commission in the sum of \$79,100, or so much of
13 the sum as is owed, included in the special funds appropriation line item in subdivision 1 of
14 section 3 of this Act, from the student loan trust for administrative services rendered by the
15 industrial commission to the extent permitted by sections 54-17-24 and 54-17-25. The fees
16 must be received during the biennium beginning July 1, 2005, and ending June 30, 2007, upon
17 order of the industrial commission.

18 **SECTION 12. TRANSFER.** The industrial commission shall transfer to the general
19 fund in the state treasury the sum of \$5,000,000 from the North Dakota mill and elevator
20 association. The moneys must be transferred in amounts and at such times as requested by
21 the director of the office of management and budget during the biennium beginning July 1,
22 2005, and ending June 30, 2007.

23 **SECTION 13. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING**
24 **PROGRAM - APPROPRIATION - LIGNITE MARKETING FEASIBILITY STUDY.** The amount
25 of \$1,500,000, or so much of the amount as may be necessary, included in the grants - bond
26 payments and special funds appropriation line items in subdivision 1 of section 3 of this Act, is
27 appropriated from the lignite research fund for the purpose of contracting for an independent,
28 nonmatching lignite marketing feasibility study or studies that determine those focused priority
29 areas where near-term, market-driven projects, activities, or processes will generate matching
30 private industry investment and have the most potential of preserving existing lignite production
31 and jobs or that will lead to increased development of lignite and its products and create new

1 lignite jobs and economic growth for the general welfare of this state. Moneys appropriated
2 pursuant to this section may also be used for the purpose of contracting for nonmatching
3 studies and activities in support of the lignite vision 21 project; for nonmatching externality
4 studies and activities in externality proceedings; or other marketing, environmental, or
5 transmission activities that assist with marketing of lignite-based electricity and lignite-based
6 byproducts. Moneys not needed for the purposes stated in this section are available to the
7 commission for funding projects, processes, or activities under the lignite research,
8 development, and marketing program.

9 **SECTION 14. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of
10 \$27,292,412 included in subdivision 1 of section 3 of this Act in the grants - bond payments line
11 item must be paid from the following funding sources during the biennium beginning July 1,
12 2005, and ending June 30, 2007:

13 North Dakota university system	\$14,278,141
14 Department of corrections - State penitentiary	3,038,586
15 State department of health	685,309
16 Job service North Dakota	696,650
17 Department of human services - Southeast human service center	571,731
18 Department of human services - State hospital	517,634
19 Department of human services - Developmental center at Grafton	593,231
20 Adjutant general	59,248
21 Veterans' home improvement fund	234,891
22 ITD connectND	<u>5,402,163</u>
23 Subtotal	\$26,077,584
24 University system energy conservation projects	<u>1,214,828</u>
25 Total	\$27,292,412

26 **SECTION 15. LEGISLATIVE INTENT - FIRSHOME PARK GRANT.** It is the intent of
27 the fifty-ninth legislative assembly that the housing finance agency provide a \$100,000 grant
28 from funds appropriated in the grants line item in subdivision 5 of section 3 of this Act to the
29 Dickinson park district for park improvements at the west river community center complex to be
30 named the firshome park.

1 **SECTION 16. APPROPRIATION - TRANSFER.** The funds appropriated by
2 subdivision 3 of section 3 of this Act must be transferred by the Bank of North Dakota to the
3 partnership in assisting community expansion fund established by section 6-09.14-02. The
4 Bank of North Dakota may not be construed to be a general fund agency because of the
5 appropriation made by subdivision 3 of section 3 of this Act.

6 **SECTION 17. UNOBLIGATED MONEYS IN PARTNERSHIP FOR COMMUNITY**
7 **EXPANSION FUND - TRANSFER TO THE GENERAL FUND.** Notwithstanding section
8 6-09.14-02, any unobligated moneys, up to \$2,200,000, in the partnership in assisting
9 community expansion fund as of June 30, 2005, must be returned to the general fund and
10 considered general fund turnback.

11 **SECTION 18. CONTINGENT OIL AND GAS DIVISION FUNDING - EMERGENCY**
12 **COMMISSION APPROVAL.** The funds appropriated in the oil and gas division contingency
13 line item in subdivision 1 of section 3 of this Act are from the land and minerals trust fund. If
14 funds are required due to the average drilling rig count exceeding thirty active rigs for each
15 month in any consecutive three-month period, the oil and gas division may spend moneys from
16 this line item upon emergency commission approval. The oil and gas division may hire up to
17 two full-time equivalent positions with the contingency funds.

18 **SECTION 19. AGRICULTURE PROMOTION - INTERNATIONAL BUSINESS AND**
19 **TRADE OFFICE.** The mill and elevator association shall provide a grant of \$200,000 from the
20 agriculture promotion line item in subdivision 4 of section 3 of this Act to the international
21 business and trade office upon proof of the international business and trade office securing \$1
22 of matching funds from other public or private sources for every \$2 from the mill and elevator
23 association.

24 **SECTION 20. AMENDMENT.** Section 38-08-04.2 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **38-08-04.2. Director of mineral resources - Director of oil and gas - Delegation to**
27 **director of oil and gas.** ~~The industrial commission is authorized to appoint a director of oil and~~
28 ~~gas and to set the director's salary within the limits of legislative appropriations. The industrial~~
29 ~~commission may designate the state geologist as the director of oil and gas. The industrial~~
30 ~~commission is authorized to appoint a director of mineral resources who shall serve at the~~
31 ~~pleasure of the commission. The director of mineral resources shall carry out the duties of the~~

1 director of oil and gas along with the duties of director of mineral resources. The commission
2 may set the salary of the director of mineral resources. The commission may delegate to the
3 director of oil and gas all powers the commission has under this title and under rules enacted
4 under this title.

5 **SECTION 21. AMENDMENT.** Section 38-12-02 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **38-12-02. Jurisdiction of commission.** The commission has jurisdiction and authority
8 over all persons and property, public and private, necessary to enforce effectively the
9 provisions of this chapter. Subject to the provisions of section 38-08-21, the ~~state geologist~~
10 director of mineral resources shall act as a supervisor charged with the duty of enforcing the
11 regulations and orders of the commission applicable to the subsurface mineral resources of this
12 state and the provisions of this chapter. The commission has authority to make such
13 investigations as it deems proper to determine whether facts exist which justify action by the
14 commission. The commission acting through the ~~office of the state geologist~~ director of mineral
15 resources has the authority:

- 16 1. To require:
- 17 a. The furnishing of a reasonable bond with good and sufficient surety,
18 conditioned upon the full compliance with the provisions of this chapter, and
19 the rules and orders of the commission prescribed to govern the exploration,
20 development, and production of subsurface minerals on state and private
21 lands within the state of North Dakota. The person required to furnish the
22 bond may elect to deposit a collateral bond, self-bond, cash, or any
23 alternative form of security approved by the commission, or combination
24 thereof, by which a permittee assures faithful performance of all requirements
25 of this chapter and the rules and orders of the industrial commission.
- 26 b. The delivery, free of charge, to the state geologist of the basic exploration
27 data collected by the operator, within thirty days of field collection of such
28 data. This data must include:
- 29 (1) Sample cuts, core chips, or whole cores.
30 (2) Sample logs, radioactivity logs, resistivity logs, or other types of
31 electrical or mechanical logs.

- 1 (3) Elevation and location information on the data collection points.
- 2 (4) Other pertinent information as may be requested by the state geologist.
- 3 The data so submitted is confidential for a period of one year when so
- 4 requested by the operator and such period may be further extended upon
- 5 approval by the commission.
- 6 c. The filing of monthly production reports in the manner prescribed by the
- 7 commission and any other reports deemed necessary by the commission.
- 8 d. The conducting of all exploration, development, and production operations in
- 9 such a manner as to prevent pollution of freshwater supplies, to provide for
- 10 the protection of the environment and public safety, and to ensure the
- 11 optimum recovery of the mineral resource.
- 12 e. The reclamation of all land disturbed by operations regulated by this chapter
- 13 to a condition consistent with prior land use and productive capacity.
- 14 2. To regulate the drilling and abandonment of exploration test holes and producing
- 15 wells and all other exploration, development, production, and reclamation
- 16 operations.
- 17 3. To promulgate and to enforce rules, regulations, and orders to effectuate the
- 18 purposes and the intent of this chapter.
- 19 4. To inspect all exploration, development, and production sites. For the purposes of
- 20 this subsection, the ~~state geologist~~ director of mineral resources or the ~~state~~
- 21 ~~geologist's~~ director's representative shall have access to all exploration,
- 22 development, or production installations for purposes of inspection and shall have
- 23 the authority to require the operator's aid if ~~same~~ it is necessary and is requested.

24 **SECTION 22. AMENDMENT.** Section 38-12-03 of the North Dakota Century Code is

25 amended and reenacted as follows:

26 **38-12-03. Permit required.** It is unlawful to commence operations for the exploration,

27 development, or production of subsurface minerals without first obtaining a permit from the

28 ~~state geologist~~ director of mineral resources, under such rules and regulations as may be

29 prescribed by the commission and paying to the commission a fee for each such permit in an

30 amount to be prescribed by the commission.

1 **SECTION 23. AMENDMENT.** Section 38-12.1-04 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **38-12.1-04. Jurisdiction of commission.** The commission has jurisdiction and
4 authority over all persons and property, both public and private, necessary to effectively enforce
5 the provisions of this chapter. The ~~state geologist~~ director of mineral resources shall act as a
6 supervisor charged with the duty of enforcing the regulations and orders of the commission
7 applicable to the provisions of this chapter. The commission has authority to make such
8 investigations as it deems proper to determine whether facts exist which justify action by the
9 commission. The commission acting through the ~~office of the state geologist~~ director of mineral
10 resources has the authority:

11 1. To require:

12 a. The furnishing of a reasonable bond with good and sufficient surety,
13 conditioned upon the full compliance with the provisions of this chapter, and
14 the rules and orders of the commission prescribed to govern the exploration
15 for coal on state and private lands and roads used in coal exploration within
16 the state of North Dakota. The person required to furnish the bond may elect
17 to deposit a collateral bond, self-bond, cash, or any alternative form of
18 security approved by the commission, or combination thereof, by which a
19 permittee assures faithful performance of all requirements of this chapter and
20 the rules and orders of the industrial commission.

21 b. The delivery, free of charge, to the state geologist of the basic data collected
22 during the course of the exploration within a reasonable time as may be
23 prescribed by the state geologist. The data so submitted is confidential and
24 available only to the office of the state geologist for official purposes for a
25 period of two years, and such period of confidentiality must, upon application,
26 be extended for one-year periods by the state geologist, for a total period not
27 to exceed ten years unless it is demonstrated that such period should be
28 further extended in order to prevent possible resulting harm to the person, or
29 the persons' successors and assigns, who delivered such basic data to the
30 state geologist. The basic data must include, if specifically requested by the

- 1 state geologist and if the information has been developed by or for a person
2 conducting the exploration:
- 3 (1) Sample cuts.
 - 4 (2) Drillers' logs, sample logs, radioactivity logs, resistivity logs, or other
5 types of electrical or mechanical logs.
 - 6 (3) Elevation and location information on the data collection points.
 - 7 (4) Other pertinent information as may be required by the state geologist.
- 8 2. To require the plugging, covering, or reburial in an appropriate manner so as to
9 protect environmental quality, general health and safety, and economic values of
10 all holes, pits, or trenches excavated during the course of coal exploration.
 - 11 3. To promulgate and enforce rules, regulations, and orders to effectuate the
12 provisions, purpose, and intent of this chapter.
 - 13 4. To inspect all drilling or exploration sites. For the purposes of this subsection, the
14 ~~state geologist~~ director of mineral resources or ~~the state geologist's~~ the director's
15 representative shall have access to all drilling or exploration installations regulated
16 by this chapter for the purpose of inspection and sampling and shall have the
17 authority to require the operators' aid if the ~~state geologist or the state geologist's~~
18 ~~representative~~ director finds it necessary and requests it.
 - 19 5. Notwithstanding any of the other provisions of this section, the commission acting
20 through the ~~office of the state geologist~~ director of mineral resources shall require
21 that any lands substantially disturbed in coal exploration, including excavations,
22 roads, and drill holes, and the removal of necessary facilities and equipment be
23 reclaimed in accordance with the applicable performance standards of section
24 38-14.1-24. Reclamation must be accomplished ~~so as~~ to protect environmental
25 quality, general health and safety, and economic values.

26 **SECTION 24. AMENDMENT.** Subsection 1 of section 38-12.1-05 of the North Dakota
27 Century Code is amended and reenacted as follows:

- 28 1. It is unlawful to commence operations for drilling for the exploration for coal without
29 first obtaining a permit from the ~~state geologist~~ director of mineral resources, under
30 such rules and regulations as may be prescribed by the commission, and paying to
31 the commission a fee of one hundred dollars for each such permit area. The

1 permit application must include a description of the exploration area and the period
2 of proposed exploration. The permit must be granted within thirty days after a
3 proper application ~~is~~ has been submitted ~~therefor~~.

4 **SECTION 25. AMENDMENT.** Section 38-15-03 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **38-15-03. Jurisdiction of commission.** The commission has continuing jurisdiction
7 and authority over all persons and property, public and private, necessary to enforce effectively
8 the provisions of this chapter. The ~~state geologist~~ director of mineral resources shall act as a
9 supervisor charged with enforcing the regulations and orders of the commission applicable to
10 the provisions of this chapter. The commission has authority to make investigations it deems
11 proper to determine whether facts exist which justify action by the commission. The
12 commission has the authority:

- 13 1. To require the furnishing of a reasonable bond with good and sufficient surety,
14 conditioned upon the full compliance with the provisions of this chapter, and the
15 rules and regulations of the commission prescribed to govern, satisfy, and resolve
16 conflicting interests among producers within North Dakota.
- 17 2. To resolve conflicting interests of producers of natural resources which cannot be
18 voluntarily concluded by them in the public interest to eliminate waste, to the end
19 that the producer, landowner, and mineral owner realize the greatest possible
20 economic advantage.
- 21 3. To promulgate and to enforce rules, regulations, and orders to effectuate the
22 purposes and intent of this chapter.

23 **SECTION 26. AMENDMENT.** Section 38-19-03 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **38-19-03. Jurisdiction of the commission.** The commission has jurisdiction and
26 authority and is charged with the responsibility to enforce the provisions of this chapter. This
27 chapter does not apply to any activity regulated under chapters 38-08, 38-12, 38-12.1, 38-14.1,
28 and 61-28. The jurisdiction granted to the commission by this chapter is not exclusive and
29 does not affect the jurisdiction of other governmental entities. The commission acting through
30 the ~~office of the state geologist~~ director of mineral resources has the authority:

- 31 1. To require:

- 1 a. Identification of ownership of all facilities, installations, and equipment used in
2 the extraction of geothermal energy.
- 3 b. The making and filing of all logs and reports on facility location, drilling,
4 boring, excavating, and construction and the filing, free of charge, of samples,
5 core chips, and complete cores, when requested, in the office of the state
6 geologist.
- 7 c. The drilling, boring, casing, excavating, plugging, and construction of facilities
8 in a manner to prevent contamination and pollution of surface and ground
9 water sources and unnecessary environmental degradation.
- 10 d. The furnishing of a reasonable bond with good and sufficient surety,
11 conditioned upon the full compliance with this chapter and the rules and
12 orders of the commission relating to the extraction of geothermal energy. The
13 person required to furnish the bond may elect to deposit a collateral bond,
14 self-bond, cash, or any alternative form of security approved by the
15 commission, or combination thereof, by which a permittee assures faithful
16 performance of all requirements of this chapter and the rules and orders of
17 the industrial commission.
- 18 e. Metering or measuring all products extracted from or by means of a facility
19 regulated by this chapter.
- 20 f. That every person who operates a geothermal energy extraction facility in this
21 state shall keep and maintain complete and accurate records of the quantities
22 and nature of products extracted from or by means of any facility, and the
23 ultimate disposition of such products, which records must be available to the
24 commission or its agents at all times, and that every such person file with the
25 commission such reports as it may prescribe.
- 26 g. That upon termination of the operation of any facility or activity regulated by
27 this chapter, the operator of the facility shall restore the surface as nearly as
28 possible to its original condition and productivity.
- 29 2. To regulate:
 - 30 a. The drilling, boring, excavating, and construction of all geothermal energy
31 extraction facilities.

1 b. Operations to assure the optimum performance of all facilities regulated under
2 this chapter.

3 3. To limit and prescribe the nature, quantity, and source of geothermal energy to be
4 extracted from any facility regulated by this chapter.

5 4. To adopt rules and issue orders to effectuate the purposes of this chapter.

6 **SECTION 27. AMENDMENT.** Section 38-19-04 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **38-19-04. Permit or report required.** It is unlawful to commence any operations for
9 the drilling, boring, excavating, or construction of a geothermal energy extraction facility, which
10 is used for other than private residential heating and cooling purposes, without first securing a
11 permit from the ~~state geologist~~ director of mineral resources, under such rules as may be
12 adopted by the commission and after paying to the commission a fee for each such facility in an
13 amount to be prescribed by the commission by rule. The fee set must be related to the cost of
14 regulation and inspection under this chapter.

15 A report is required upon completion of any geothermal energy extraction facility used
16 solely for private residential heating or cooling purposes. The report must be prepared by the
17 geothermal energy extraction facility installer on a form provided by the state geologist and
18 must be furnished to the state geologist within thirty days after the completion of the facility.
19 The report must contain relevant information the state geologist requires relating to the
20 environmental safety of the facility, including the facility owner and location, a log of formations
21 penetrated, if any, system specifications and design, and fluids used in the facility.

22 All construction of geothermal energy extraction facilities must comply with rules
23 adopted under this chapter.

24 **SECTION 28. AMENDMENT.** Subsection 10 of section 38-15-02 of the North Dakota
25 Century Code is amended and reenacted as follows:

26 10. "Subsurface minerals" means all naturally occurring elements and their
27 compounds, volcanic ash, precious metals, carbonates, and natural mineral salts
28 of boron, bromine, calcium, fluorine, ~~helium~~, iodine, lithium, magnesium, ~~nitrogen~~,
29 phosphorus, potassium, sodium, thorium, uranium, and sulfur, and their
30 compounds, ~~occurring more than five hundred feet [152.4 meters] below the~~

1 ~~surface of the land~~ but does not include sand and gravel and rocks crushed for
2 sand and gravel.

3 **SECTION 29. AMENDMENT.** Section 54-17-03 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **54-17-03. Chairman and attorney - Secretary - Employees - Compensation -**
6 **Bonds.** The governor is the chairman of the industrial commission, and its attorney is the
7 attorney general. ~~In the transaction of its general business, the~~ The commission shall appoint
8 a secretary and may employ other subordinate officers, employees, and agents, on such terms
9 as ~~it may deem~~ the commission determines proper and ~~as, in its judgment, the public interests~~
10 ~~may require.~~ The commission may require suitable bonds of its secretary or other subordinate
11 officers, employees, or agents. ~~‡ The commission~~ shall fix the amount of the compensation of
12 ~~each person so engaged~~ the commission's secretary, officers, employees, and agents and the
13 secretary's salary may exceed the maximum salary in the grade established for the
14 classification assigned under chapter 54-44.3. The compensation, together with other
15 expenditures for operation and maintenance of the general business of the commission, must
16 remain within the appropriation available in each year for such purpose.

17 **SECTION 30. AMENDMENT.** Subsection 3 of section 54-17.4-01 of the North Dakota
18 Century Code is amended and reenacted as follows:

19 3. "Survey" means the North Dakota geological survey, a division of the department
20 of mineral resources.

21 **SECTION 31. AMENDMENT.** Section 54-17.4-05 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **54-17.4-05. State geologist - Qualifications - Selection - Salary.** There is created
24 the position of state geologist.

- 25 1. The state geologist's qualifications must include a doctor of philosophy degree in
26 geology from an accredited university or college or equivalent geological
27 experience, demonstrated competency in administration, and five years of practical
28 experience in the field of geology ~~to qualify for direction of the survey.~~
- 29 2. The ~~commission~~ director of mineral resources shall either appoint the state
30 geologist or carry out the duties of the state geologist along with the duties of

- 1 director of mineral resources. Prior to appointment of a state geologist the
2 ~~commission~~ director of mineral resources may appoint an acting state geologist.
3 3. The state geologist is under the direction and control ~~and serves at the pleasure of~~
4 the ~~commission~~ director of mineral resources.
5 4. ~~The annual salary of the state geologist is set by the commission subject to~~
6 ~~legislative appropriation.~~

7 **SECTION 32. AMENDMENT.** Section 54-17.4-06 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **54-17.4-06. State geologist - Authority.** The state geologist is the ~~executive and~~
10 ~~administrative~~ head of the survey and shall exercise the powers of the office and be
11 responsible for the execution of its duties.

12 **SECTION 33. AMENDMENT.** Section 54-17.4-07 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **54-17.4-07. State geologist - Grants, funds, and contracts.** The state geologist,
15 with the approval of the ~~commission~~ director of mineral resources, may accept and expend
16 money from and enter into contracts with federal, state, local, or other public entities to carry
17 out the purposes of this chapter or to provide geological services. If such funds exceed
18 appropriations made by the legislative assembly, the ~~state geologist~~ director of mineral
19 resources shall seek emergency commission approval for their expenditure.

20 **SECTION 34. REPEAL.** Section 3 of chapter 491 of the 2003 Session Laws is
21 repealed.

22 **SECTION 35. STATE MILL AND ELEVATOR ASSOCIATION - REPORT TO**
23 **BUDGET SECTION.** The manager of the state mill and elevator association shall present an
24 annual report to the budget section of the legislative council. The report must include the
25 current role and mission of the state mill and elevator association and short-term and long-term
26 plans for acquisitions, construction, renovation, equipment upgrading, sales and marketing,
27 personnel, and all financial matters. The report also must include a description of efforts by the
28 state mill and elevator association to inform legislators about the role, mission, and operations
29 of the state mill and elevator association.

- 1 **SECTION 36. EMERGENCY.** The appropriation in subdivision 3 of section 3 of this
- 2 Act and the transfer in section 16 of this Act for the partnership in assisting community
- 3 expansion are declared to be emergency measures.