

HOUSE BILL NO.

Introduced by

Representatives Onstad, S. Meyer

1 A BILL for an Act to amend and reenact section 38-08-06.4 of the North Dakota Century Code,
2 relating to the flaring of gas.

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

4 **SECTION 1. AMENDMENT.** Section 38-08-06.4 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **38-08-06.4. Flaring of gas restricted - Imposition of tax - Payment of royalties -**
7 **Industrial commission authority.** ~~As permitted~~ Except as provided in this section and as
8 regulated under rules of the industrial commission, gas produced with crude oil from an oil well
9 may not be flared ~~during a one-year period from the date of first production from the well, or~~
10 ~~until June 30, 1986, for wells in production prior to July 1, 1985. Thereafter, flaring of gas from~~
11 ~~the well must cease~~ and the well must either be capped or connected to a gas gathering line.
12 Under rules adopted by the industrial commission, gas produced with crude oil from an oil well
13 may be used for light or fuel, efficient manufacture of chemicals, reinjection to increase the
14 ultimate recovery of hydrocarbons or for storage, extraction of liquid hydrocarbons from the gas
15 if the gas is not wasted, or artificial lifting of oil from a pool if all gas returned to the surface is
16 then used without waste. For a well operated in violation of this section, the producer shall pay
17 royalties to royalty owners upon the value of the flared gas and shall also pay gross production
18 tax on the flared gas at the rate imposed under section 57-51-02.2. The industrial commission
19 may enforce this section and, for each well operator found to be in violation of this section, may
20 determine the value of flared gas for purposes of payment of royalties under this section and its
21 determination is final. ~~A producer may obtain an exemption from this section from the industrial~~
22 ~~commission upon application and a showing that connection of the well to a natural gas~~
23 ~~gathering line is economically infeasible at the time of the application or in the foreseeable~~
24 ~~future or that a market for the gas is not available.~~