

**HOUSE BILL NO. 1272**

Introduced by

Representatives J. Olson, Dyk, Lefor, Novak, Pyle, Rios, Timmons

Senators Kannianen, Kessel, Patten

1 A BILL for an Act to amend and reenact subdivision a of subsection 1 of section 38-08-04 of the  
2 North Dakota Century Code, relating to the jurisdiction of the industrial commission and  
3 reviewing the enhanced oil recovery potential status of a well.

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

5 **SECTION 1. AMENDMENT.** Subdivision a of subsection 1 of section 38-08-04 of the North  
6 Dakota Century Code is amended and reenacted as follows:

7 a. To require:

- 8 (1) Identification of ownership of oil or gas wells, producing leases, tanks,  
9 plants, structures, and facilities for the transportation or refining of oil and  
10 gas.
- 11 (2) The making and filing with the industrial commission of all resistivity,  
12 radioactivity, and mechanical well logs and the filing of directional surveys, if  
13 taken, and the filing of reports on well location, drilling, and production.
- 14 (3) The drilling, casing, operation, and plugging of wells in such manner as to  
15 prevent the escape of oil or gas out of one stratum into another, the  
16 intrusion of water into oil or gas strata, the pollution of freshwater supplies  
17 by oil, gas, or saltwater, and to prevent blowouts, cavings, seepages, and  
18 fires.
- 19 (4) The furnishing of a reasonable bond with good and sufficient surety,  
20 conditioned upon the full compliance with this chapter, and the rules and  
21 orders of the industrial commission, including without limitation a bond  
22 covering the operation of any underground gathering pipeline transferring oil  
23 or produced water from a production facility for disposal, storage, or sale  
24 purposes, except that if the commission requires a bond to be furnished, the

- 1 person required to furnish the bond may elect to deposit under such terms  
2 and conditions as the industrial commission may prescribe a collateral bond,  
3 self-bond, cash, or any alternative form of security approved by the  
4 commission, or combination thereof, by which an operator assures faithful  
5 performance of all requirements of this chapter and the rules and orders of  
6 the industrial commission.
- 7 (5) That the production from wells be separated into gaseous and liquid  
8 hydrocarbons, and that each be accurately measured by such means and  
9 upon such standards as may be prescribed by the commission.
- 10 (6) The operation of wells with efficient gas-oil and water-oil ratios, and to fix  
11 these ratios.
- 12 (7) Certificates of clearance in connection with the transportation or delivery of  
13 oil, gas, or any product.
- 14 (8) Metering or other measuring of oil, gas, or product related to production in  
15 pipelines, gathering systems, storage tanks, barge terminals, loading racks,  
16 refineries, or other places, by meters or other measuring devices approved  
17 by the commission.
- 18 (9) Every person who produces, sells, purchases, acquires, stores, transports,  
19 refines, disposes of, or processes oil, gas, saltwater, or other related oilfield  
20 fluids in this state to keep and maintain within this state complete and  
21 accurate records of the quantities thereof, which records must be available  
22 for examination by the commission or its agents at all reasonable times, and  
23 to file with the commission reports as the commission may prescribe with  
24 respect to oil or gas or the products thereof. An oil and gas production report  
25 need not be notarized but must be signed by the person submitting the  
26 report.
- 27 (10) The payment of fees for services performed. The amount of the fee shall be  
28 set by the commission based on the anticipated actual cost of the service  
29 rendered. Unless otherwise provided by statute, all fees collected by the  
30 commission must be deposited in the general fund of this state, according to  
31 procedures established by the state treasurer.

- 1           (11) The filing free of charge of samples and core chips and of complete cores  
2           when requested in the office of the state geologist within six months after  
3           the completion or abandonment of the well.
- 4           (12) The placing of wells in abandoned-well status which have not produced oil  
5           or natural gas in paying quantities for one year. A well in abandoned-well  
6           status must be promptly returned to production in paying quantities,  
7           approved by the commission for temporarily abandoned status, approved by  
8           the commission for enhanced oil recovery potential status, or plugged and  
9           reclaimed within six months. If none of the ~~three~~four preceding conditions  
10          are met, the industrial commission may require the well to be placed  
11          immediately on a single-well bond in an amount equal to the cost of  
12          plugging the well and reclaiming the well site. In setting the bond amount,  
13          the commission shall use information from recent plugging and reclamation  
14          operations. After a well has been in abandoned-well status for one year, the  
15          well's equipment, all well-related equipment at the well site, and salable oil  
16          at the well site are subject to forfeiture by the commission. If the commission  
17          exercises this authority, section 38-08-04.9 applies. After a well has been in  
18          abandoned-well status for one year, the single-well bond referred to above,  
19          or any other bond covering the well if the single-well bond has not been  
20          obtained, is subject to forfeiture by the commission. A surface owner may  
21          request a review of the enhanced oil recovery potential status of a well that  
22          has been on enhanced oil recovery potential status for at least twelve years.  
23          The commission shall require notice and hearing to review the enhanced oil  
24          recovery potential status. After notice and hearing, the surface owner may  
25          request a review of the enhanced oil recovery potential status every two  
26          years. A surface owner may request a review of the temporarily abandoned  
27          status of a well that has been on temporarily abandoned status for at least  
28          seven years. The commission shall require notice and hearing to review the  
29          temporarily abandoned status. After notice and hearing, the surface owner  
30          may request a review of the temporarily abandoned status every two years.