

MINING AND GAS AND OIL PRODUCTION

CHAPTER 249

H. B. No. 849
(Lowe, Aamoth)

SEIZURE OF MINING PROPERTY, REPEAL

AN ACT

To repeal sections 38-02-16, 38-02-17, and 38-02-18 of the North Dakota Century Code, dealing with injunctions against seizure of mining property by threats, force, or stealth, and making it a misdemeanor to form a conspiracy to seize a lode, gulch, or placer claim in the possession of another.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Repeal.) Sections 38-02-16, 38-02-17, and 38-02-18 of the North Dakota Century Code are hereby repealed.

Approved March 8, 1961.

CHAPTER 250

S. B. No. 43
(Legislative Research Committee)

MARKETING DISTRICTS

AN ACT

To amend and reenact sections 38-08-04 and 38-08-06 of the North Dakota Century Code, relating to powers of the industrial commission in regard to oil and gas conservation and authorizing oil and gas marketing districts.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 38-08-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

38-08-04. Jurisdiction of Commission.) The commission has continuing jurisdiction and authority over all persons and property, public and private, necessary to enforce effectively the provisions of this chapter. The state geologist shall act as a

supervisor charged with the duty of enforcing the regulations and orders of the commission applicable to the crude petroleum oil and natural gas resources of this state and the provisions of this chapter. The commission has authority, and it is its duty, to make such investigations as it deems proper to determine whether waste exists or is imminent or whether other facts exist which justify action by the commission. The commission acting through the office of the state geologist has the authority:

1. To require:

- a. Identification of ownership of oil or gas wells, producing leases, tanks, plants, structures, and facilities for the transportation or refining of oil and gas;
- b. The making and filing of all mechanical well logs and the filing of directional surveys if taken, and the filing of reports on well location, drilling and production, and the filing free of charge of samples and core chips and of complete cores when requested in the office of the state geologist within six months after the completion or abandonment of the well;
- c. The drilling, casing, operation, and plugging of wells in such manner as to prevent the escape of oil or gas out of one stratum into another, the intrusion of fresh water into oil or gas stratum, the pollution of fresh water supplies by oil, gas, or salt water, and to prevent blowouts, cavings, seepages, and fires;
- d. The furnishing of a reasonable bond with good and sufficient surety, conditioned upon the full compliance with the provisions of this chapter, and the rules and regulations of the industrial commission of the state of North Dakota prescribed to govern the production of oil and gas on state and private lands within the state of North Dakota;
- e. That the production from wells be separated into gaseous and liquid hydrocarbons, and that each be accurately measured by such means and upon such standards as may be prescribed by the commission;
- f. The operation of wells with efficient gas-oil and water-oil ratios, and to fix these ratios;
- g. Certificates of clearance in connection with the transportation or delivery of oil, gas, or any product;
- h. Metering or other measuring of oil, gas, or product in pipelines, gathering systems, barge terminals, loading racks, refineries, or other places; and

- i. That every person who produces, sells, purchases, acquires, stores, transports, refines, or processes oil or gas in this state shall keep and maintain within this state complete and accurate records of the quantities thereof, which records shall be available for examination by the commission or its agents at all reasonable times, and that every such person file with the commission such reports as it may prescribe with respect to such oil or gas or the products thereof.
2. To regulate:
 - a. The drilling, producing, and plugging of wells, and all other operations for the production of oil or gas;
 - b. The shooting and chemical treatment of wells;
 - c. The spacing of wells;
 - d. Operations to increase ultimate recovery such as cycling of gas, the maintenance of pressure, and the introduction of gas, water, or other substances into producing formations; and
 - e. Disposal of salt water and oil field wastes.
3. To limit and to allocate the production of oil and gas from any field, pool, or area and to establish and define as separate marketing districts those contiguous areas within the state which supply oil and gas to different markets, and to limit and allocate the production of oil and gas for each separate marketing district.
4. To classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter.
5. To promulgate and to enforce rules, regulations, and orders to effectuate the purposes and the intent of this chapter.

§ 2. Amendment.) Section 38-08-06 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

38-08-06. Commission Shall Determine Market Demand and Regulate the Amount of Production.) The commission shall determine market demand for each marketing district and regulate the amount of production as follows:

1. The commission shall limit the production of oil and gas within each marketing district to that amount which can be produced without waste, and which does not exceed the reasonable market demand.

2. Whenever the commission limits the total amount of oil or gas which may be produced in the state or a marketing district, the commission shall allocate or distribute the allowable production among the pools therein on a reasonable basis, giving, where reasonable under the circumstances to each pool with small wells of settled production, an allowable production which prevents the general premature abandonment of such wells in the pool.
3. Whenever the commission limits the total amount of oil or gas which may be produced in any pool in this state to an amount less than that amount which the pool could produce if no restriction was imposed, which limitation is imposed either incidental to, or without, a limitation of the total amount of oil or gas produced in the marketing district wherein the pool is located, the commission shall allocate or distribute the allowable production among the several wells or producing properties in the pool on a reasonable basis, preventing or minimizing reasonable avoidable drainage, so that each property will have the opportunity to produce or to receive its just and equitable share, subject to the reasonable necessities for the prevention of waste.
4. In allocating the market demand for gas as between pools within marketing districts, the commission shall give due regard to the fact that gas produced from oil pools is to be regulated in a manner as will protect the reasonable use of its energy for oil production.
5. The commission shall not be required to determine the reasonable market demand applicable to any single pool, except in relation to all other pools within the same marketing district, and in relation to the demand applicable to the marketing district. In allocating allowables to pools, the commission may consider, but shall not be bound by, nominations of purchasers to purchase from particular fields, pools, or portions thereof. The commission shall allocate the total allowable for the state in such manner as prevents undue discrimination between marketing districts, fields, pools, or portions thereof resulting from selective buying or nomination by purchasers.

Approved March 15, 1961.

CHAPTER 251

S. B. No. 45
(Legislative Research Committee)

EXAMINERS

AN ACT

To create and enact section 38-08-04.1 of the North Dakota Century Code, authorizing the industrial commission to use examiners.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1.) Section 38-08-04.1 of the North Dakota Century Code is hereby created and enacted to read as follows:

38-08-04.1. Commission May Employ Examiners.) Industrial commission may use hearing examiners under such rules and regulations as the commission may prescribe.

Approved March 16, 1961.

CHAPTER 252

S. B. No. 311
(Committee on Delayed Bills)
(Erickson)

APPLICATIONS FOR REHEARING BEFORE
INDUSTRIAL COMMISSION

AN ACT

To amend and reenact section 38-08-13 of the North Dakota Century Code, relating to applications for rehearings before the industrial commission.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 38-08-13 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

38-08-13. Person Adversely Affected May Apply for Rehearing.) Any person adversely affected by any rule, regulation, or order of commission may within thirty days after its effective date apply to the commission in writing for a rehearing. The application for rehearing shall be acted upon within fifteen days after its filing, and if granted, the rehearing shall be held without undue delay.

Approved March 16, 1961.