

HOUSE BILL NO. 1358

Introduced by

Representatives D. Anderson, Hatlestad, J. Nelson, Porter, Weisz

Senators Bekkedahl, O'Connell

1 A BILL for an Act amend and reenact section 38-08-04.5 of the North Dakota Century Code,
2 relating to the uses of the abandoned oil and gas well plugging and site reclamation fund; and
3 to provide an appropriation.

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

5 **SECTION 1. AMENDMENT.** Section 38-08-04.5 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **38-08-04.5. Abandoned oil and gas well plugging and site reclamation fund -**
8 **Continuing appropriation - Budget section report.**

9 There is hereby created an abandoned oil and gas well plugging and site reclamation fund.

- 10 1. Revenue to the fund must include:
- 11 a. Fees collected by the oil and gas division of the industrial commission for permits
 - 12 or other services.
 - 13 b. Moneys received from the forfeiture of drilling and reclamation bonds.
 - 14 c. Moneys received from any federal agency for the purpose of this section.
 - 15 d. Moneys donated to the commission for the purposes of this section.
 - 16 e. Moneys received from the state's oil and gas impact fund.
 - 17 f. Moneys recovered under the provisions of section 38-08-04.8.
 - 18 g. Moneys recovered from the sale of equipment and oil confiscated under section
 - 19 38-08-04.9.
 - 20 h. Moneys transferred from the cash bond fund under section 38-08-04.11.
 - 21 i. Such other moneys as may be deposited in the fund for use in carrying out the
 - 22 purposes of plugging or replugging of wells or the restoration of well sites.
 - 23 j. Civil penalties assessed under section 38-08-16.

- 1 2. Moneys in the fund ~~may be used~~ are appropriated on a continuing basis for the
2 following purposes:
- 3 a. Contracting for the plugging of abandoned wells.
- 4 b. Contracting for the reclamation of abandoned drilling and production sites,
5 saltwater disposal pits, drilling fluid pits, and access roads.
- 6 c. To pay mineral owners their royalty share in confiscated oil.
- 7 d. Defraying costs incurred under section 38-08-04.4 in reclamation of oil and
8 gas-related pipelines and associated facilities.
- 9 e. Reclamation and restoration of land and water resources adversely affected by
10 oil and gas development including related pipelines and facilities which were
11 abandoned or were left in an inadequate reclamation status before August 1,
12 1983, and for which there is not any continuing reclamation responsibility under
13 state law. The commission may expend up to three million dollars per biennium
14 from the fund in the following priority:
- 15 (1) For administrative expenses and cost in developing an abandoned site
16 reclamation plan and the program.
- 17 (2) For the protection of public health, safety, and general welfare.
- 18 (3) For the restoration of eligible land and water that are degraded by the
19 adverse effects of oil and gas development including related pipelines and
20 facilities. The restoration may include measures for the conservation and
21 development of soil, water, wildlife, recreational opportunities, and
22 agricultural productivity.
- 23 (4) Research and demonstration projects for the development of reclamation
24 and water quality control program methods and techniques for oil and gas
25 development including related pipelines and facilities.
- 26 (5) For the protection, repair, replacement, construction, or enhancement of
27 public facilities including utilities, roads, recreational facilities, and
28 conservation facilities adversely affected by oil and gas development
29 including related pipelines and facilities.
- 30 (6) For the development of publicly owned land adversely affected by oil and
31 gas development including related pipelines and facilities.

1 3. All moneys collected under this section must be deposited in the abandoned oil and
2 gas well plugging and site reclamation fund. This fund must be maintained as a
3 special fund and all moneys transferred into the fund are appropriated and must be
4 used and disbursed solely for the purpose of defraying the costs incurred in carrying
5 out the plugging or replugging of wells, the reclamation of well sites, and all other
6 related activities.

7 4. The commission shall report to the budget section of the legislative management on
8 the balance of the fund and expenditures from the fund each biennium.

9 **SECTION 2. APPROPRIATION.** Notwithstanding section 38-08-04.5, there is appropriated
10 out of any moneys in the abandoned oil and gas well plugging and site reclamation fund in the
11 state treasury, not otherwise appropriated, the sum of \$2,500,000, or so much of the sum as
12 may be necessary, to the industrial commission for the purpose of conducting a pilot program
13 involving the oil and gas research council in conjunction with research facilities in this state to
14 determine the best techniques for removing salt from the soil surrounding waste pits reclaimed
15 by trenching between 1951 and 1984 in the north central portion of this state, for the biennium
16 beginning July 1, 2015, and ending June 30, 2017.