

ADOPTED



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 76

AMENDMENT NO. A2
(to be filled in by
Principal Clerk)

S76-ARI-4 [v.12]

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Comm. Sub. [YES]
Amends Title [YES]
Third Edition

Date _____, 2013

Senator Barringer

1 moves to amend the bill on page 1, lines 15-32,
2 by rewriting those lines to read:

3
4 "CONDUCTING LANDMEN ACTIVITIES IN THE STATE; (6) CLARIFY BONDING
5 REQUIREMENTS ASSOCIATED WITH OIL AND GAS ACTIVITIES; (7) AMEND
6 THE STATUTE GOVERNING SUBSURFACE INJECTION OF FLUID; (8) PROVIDE A
7 TAX FOR THE SEVERANCE OF ENERGY MINERALS FROM THE SOIL OR
8 WATER OF THE STATE, REPEAL OUTDATED OIL AND GAS TAX STATUTES,
9 AND AUTHORIZE THE SUSPENSION OF PERMITS FOR FAILURE TO FILE A
10 RETURN FOR SEVERANCE TAXES; (9) APPROPRIATE MONIES FROM THE
11 MINERAL INTEREST FUND TO THE DEPARTMENT OF ENVIRONMENT AND
12 NATURAL RESOURCES TO OPERATE THE MINING AND ENERGY COMMISSION
13 AND FOR RELATED EXPENDITURES; (10) ASSIGN FUTURE REVENUE FROM
14 ENERGY EXPLORATION, DEVELOPMENT, AND PRODUCTION OF ENERGY
15 RESOURCES IN ORDER TO PROTECT AND PRESERVE THE STATE'S NATURAL
16 RESOURCES, CULTURAL HERITAGE, AND QUALITY OF LIFE; (11) ENCOURAGE
17 THE GOVERNOR TO DEVELOP THE REGIONAL INTERSTATE OFFSHORE
18 ENERGY POLICY COMPACT; (12) AMEND THE ENERGY POLICY ACT OF 1975
19 AND THE ENERGY POLICY COUNCIL; AND (13) DIRECT THE MEDICAL CARE
20 COMMISSION TO ADOPT RULES AUTHORIZING FACILITIES LICENSED BY THE
21 DEPARTMENT OF HEALTH AND HUMAN SERVICES TO USE COMPRESSED
22 NATURAL GAS AS AN EMERGENCY FUEL.";

23
24
25 and on page 5, line 8,
26 by rewriting that line to read:

27
28 "SECTION 3.(c) G.S. 113-378 reads as rewritten:
29 "§ 113-378. Persons drilling for oil or gas to register and furnish bond.

30 Any person, firm or corporation before making any drilling exploration in this State
31 for oil or natural gas shall register with the Department of Environment and Natural Resources.
32 To provide for such registration, the drilling operator must furnish the name and address of



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1 such person, firm or corporation, and the location of the proposed drilling operations, and file
2 with the Department a bond running to the State of North Carolina in an amount totaling the
3 sum of (i) five thousand dollars (\$5,000) plus (ii) one dollar (\$1.00) per linear foot proposed to
4 be drilled for the well. Any well opened by the drilling operator shall be plugged upon
5 abandonment in accordance with the rules of the Department."

6 **SECTION 3.(d)** G.S. 113-391(a) is amended by adding a new subdivision to read:

7 "(a) The Mining and Energy Commission, created by G.S. 143B-293.1, in conjunction
8 with rule-making authority specifically reserved to the Environmental Management
9 Commission under subsection (a3) of this section, shall establish a modern regulatory program
10 for the management of oil and gas exploration and development in the State and the use of
11 horizontal drilling and hydraulic fracturing treatments for that purpose. The program shall be
12 designed to protect public health and safety; protect public and private property; protect and
13 conserve the State's air, water, and other natural resources; promote economic development and
14 expand employment opportunities; and provide for the productive and efficient development of
15 the State's oil and gas resources. To establish the program, the Commission shall adopt rules for
16 all of the following purposes:

17 ...
18 (13a) Criteria to set the amount of a bond required pursuant to G.S. 113-421(a3),
19 including, at a minimum, the number of wells proposed at a site, the
20 pre-drilling condition of the property, the amount of acreage that would be
21 impacted by the proposed oil and gas activities, and other factors designed to
22 enable establishment of bonds on a site-by-site basis."

23 **SECTION 3.(e)** G.S. 113-421(a3) reads as rewritten:

24 "**§ 113-421. Presumptive liability for water contamination; compensation for other**
25 **damages; responsibility for reclamation.**

26 ...
27 (a3) Reclamation of Surface Property Required. – An oil or gas developer or operator
28 shall reclaim all surface areas affected by its operations no later than two years following
29 completion of the operations. If the developer or operator is not the surface owner of the
30 property, prior to commencement of activities on the property, the oil or gas developer or
31 operator shall provide a bond running to the surface owner sufficient to cover reclamation of
32 the surface owner's property. Upon registration with the Department pursuant to G.S. 113-378,
33 a developer shall request that the Mining and Energy Commission set the amount of the bond
34 required by this subsection. As part of its request, the developer shall provide supporting
35 documentation, including information about the proposed oil and gas activities to be conducted,
36 the site on which they are to occur, and any additional information required by the
37 Commission. The Commission shall set the amount of the bond in accordance with the criteria
38 adopted by the Commission pursuant to G.S. 113-391(a)(13a), and notify the developer and
39 surface owner of the amount within 30 days of setting the amount of a bond. A surface owner
40 or developer may appeal the amount of a bond set pursuant to this subsection to the
41 Commission within 60 days after receipt of notice from the Commission of the amount
42 required. After evaluation of the appeal and issuance of written findings, the Commission may
43 order that the amount of the bond be modified. Parties aggrieved by a decision of the

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- 1 Commission pursuant to this subsection may appeal the decision as provided under Article 4 of
- 2 Chapter 150B of the General Statutes, within 30 days of the date of the decision."
- 3

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

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and vote information, is available in the
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