

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1070

Introduced by Haar, 21.

Read first time January 20, 2016

Committee: Natural Resources

1 A BILL FOR AN ACT relating to the Nebraska Oil and Gas Conservation
2 Commission; to amend sections 57-905 and 57-906, Reissue Revised
3 Statutes of Nebraska; to change powers and duties; to require
4 liability insurance for certain permit applicants and restrict
5 permit issuance as prescribed; and to repeal the original sections.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 57-905, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 57-905 (1) The commission shall have jurisdiction and authority over
4 all persons and property, public and private, necessary to enforce
5 effectively the provisions of sections 57-901 to 57-921.

6 (2) The commission shall have authority, and it is its duty, to make
7 such investigations as it deems proper to determine whether waste exists
8 or is imminent or whether other facts exist which justify action by the
9 commission.

10 (3) The commission shall have authority to require: (a)
11 Identification of ownership of oil or gas wells, producing leases, tanks,
12 plants, structures, and facilities for the production of oil and gas; (b)
13 the making and filing of directional surveys, and reports on well
14 location, drilling, and production within six months after the completion
15 or abandonment of the well; (c) the drilling, casing, operating, and
16 plugging of wells in such manner as to prevent the escape of oil or gas
17 out of one stratum into another, the intrusion of water into oil or gas
18 strata, the pollution of fresh water supplies by oil, gas, or salt water,
19 and to prevent blowouts, cave-ins, seepages, and fires; (d) the
20 furnishing of a reasonable bond with good and sufficient surety,
21 conditioned for the performance of the duty to comply with all the
22 provisions of the laws of the State of Nebraska and the rules,
23 regulations, and orders of the commission; (e) proof of liability
24 insurance as prescribed in section 57-906; (f e) that the production from
25 wells be separated into gaseous and liquid hydrocarbons, and that each be
26 accurately measured; (g ~~f~~) the operation of wells with efficient gas-oil
27 and water-oil ratios, and to fix these ratios; (h g) metering or other
28 measuring of oil, gas, or product in pipelines or gathering systems; (i
29 ~~h~~) that every person who produces or purchases oil or gas in this state
30 shall keep and maintain or cause to be kept and maintained for a five-
31 year period complete and accurate records of the quantities thereof,

1 which records shall be available for examination by the commission or its
2 agents at all reasonable times, and that every such person file with the
3 commission such reports as it may reasonably prescribe with respect to
4 such oil or gas or the products thereof; and (j ±) that upon written
5 request of any person, geologic information, well logs, drilling samples,
6 and other proprietary information filed with the commission in compliance
7 with sections 57-901 to 57-921, or any rule, regulation, or order of the
8 commission, may be held confidential for a period of not more than twelve
9 months.

10 (4) The commission shall have authority in order to prevent waste,
11 to regulate: (a) The drilling, producing and plugging of wells, or test
12 holes, and all other operations for the production of oil or gas; (b) the
13 shooting and chemical treatment of wells; (c) the spacing of wells; (d)
14 operations to increase ultimate recovery such as, but without limitation,
15 the cycling of gas, the maintenance of pressure, and the introduction of
16 gas, water, or other substances into producing formations; and (e)
17 disposal of oilfield wastes, including salt water.

18 (5) The commission shall not have authority to limit the production
19 of oil or gas, or both, from any pool or field except to prevent waste
20 therein.

21 (6) The commission shall have authority to classify wells as oil or
22 gas wells for purposes material to the interpretation or enforcement of
23 the provisions of sections 57-901 to 57-921.

24 (7) The commission shall have authority to promulgate and to enforce
25 rules, regulations, and orders to effectuate the purposes and the intent
26 of sections 57-901 to 57-921.

27 (8) The commission, with the approval of the Governor, shall have
28 authority to establish and maintain its principal office and its books,
29 papers, and records at such place in the state as it shall determine. The
30 commission shall not have authority to purchase its principal office
31 quarters.

1 (9) The commission shall have authority to require that all wells
2 drilled for oil and gas shall be adequately logged with mechanical-
3 electrical logging devices, and to require the filing of logs.

4 (10) The commission shall have the authority to regulate the
5 drilling and plugging of seismic and stratigraphic tests in oil and gas
6 exploration holes.

7 (11) The commission shall have the authority to act as the state
8 jurisdictional agency pursuant to the Natural Gas Policy Act of 1978,
9 Public Law 95-621, 92 Stat. 3350.

10 (12) The commission shall have the authority to have one or more
11 examiners, who are employees of the commission, conduct any of its
12 hearings, investigations, and examinations authorized by sections 57-901
13 to 57-921. Such examiner may exercise the commission's powers including,
14 but not limited to, the taking of evidence and testimony under oath,
15 resolving questions of fact and questions of law, and the entering of an
16 order. Such order shall be entered in the commission's order journal. Any
17 person having an interest in property affected by an order issued by an
18 examiner and who is dissatisfied with such order may appeal to the
19 commission by filing a petition on appeal to the commission within
20 fifteen days of the entering of the examiner's order. Such person shall
21 provide notice to all interested persons by personal service or
22 registered or certified United States mail with return receipt, requiring
23 such parties to answer within fifteen days from the date of service. Upon
24 appeal, the commission shall hear the case de novo on the record and
25 shall not be bound by any conclusions of the examiner. The commission
26 shall hold a hearing on the appeal within forty-five days of the filing
27 of an appeal to the commission and issue its order within fifteen days
28 after the hearing. The commission shall review all orders issued by an
29 examiner that are not appealed and issue an order concerning the
30 examiner's order within sixty days after the examiner's order. The
31 commission shall adopt, amend, or reject the examiner's order. Any order

1 of an examiner which is not appealed to the commission and which the
2 commission adopts shall not be appealable to the district court unless
3 the commission adopts an order before the end of the time for appeal to
4 the commission.

5 Sec. 2. Section 57-906, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 57-906 (1) It shall be unlawful to commence operations for the
8 drilling of a well for oil or gas without first giving to the commission
9 notice of intention to drill, and without first obtaining a permit from
10 the commission, under such rules and regulations as may be reasonably
11 prescribed by the commission, and by paying to the commission a fee of
12 two hundred dollars for each such permit.

13 (2) It shall be unlawful to commence operations for the abandonment
14 of a well with production casing in the hole without first giving to the
15 commission notice of intention to abandon and without first obtaining the
16 approval of the commission for such abandonment and paying to the
17 commission a fee of one hundred dollars.

18 (3) No permit shall be issued for the drilling of any underground
19 enhanced recovery injection well or disposal well, as such are defined by
20 commission rules and regulations, until the applicant has first provided
21 proof of liability insurance to the commission in an amount of not less
22 than one million dollars.

23 (4) No permit shall be issued to any commercial disposal facility,
24 as such is defined by commission rules and regulations, which disposes of
25 more than five hundred barrels per day of injection well-produced
26 wastewater until such applicant has first provided proof of liability
27 insurance to the commission in an amount of not less than five million
28 dollars. For purposes of this subsection, (a) barrel means forty-two
29 gallons and (b) wastewater means the salt water substance generated as
30 waste from an injection well.

31 (5) No permit shall be issued for the drilling of an underground

1 enhanced recovery injection well if the depth of the drinking water
2 aquifer begins less than fifty feet below the surface of the ground or if
3 the saturated depth of the drinking water aquifer extends more than one
4 hundred feet below the surface of the ground.

5 Sec. 3. Original sections 57-905 and 57-906, Reissue Revised
6 Statutes of Nebraska, are repealed.