

Senate Bill No. 390—Senators Segerblom; and Jones

Joint Sponsors: Assemblymen Bobzien and Daly

CHAPTER.....

AN ACT relating to natural resources; requiring the Division of Minerals of the Commission on Mineral Resources and the Division of Environmental Protection of the State Department of Conservation and Natural Resources, jointly, to develop a hydraulic fracturing program for the State of Nevada; requiring the adoption of regulations to implement the program; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires persons desiring to drill a well in search of oil or gas to obtain a permit from the Division of Minerals of the Commission on Mineral Resources. (NRS 522.050) **Section 1** of this bill requires the Division of Minerals, jointly, with the Division of Environmental Protection of the State Department of Conservation and Natural Resources, to develop a program concerning hydraulic fracturing to: (1) assess the effects of hydraulic fracturing on the waters of the State of Nevada; (2) require a person who engages in hydraulic fracturing to disclose each chemical used to engage in hydraulic fracturing; and (3) provide for notice to members of the general public concerning activities relating to hydraulic fracturing in this state. **Section 1** also requires the Commission on Mineral Resources, in consultation with the Division of Environmental Protection, to adopt regulations to implement the program.

Section 10 of this bill requires the program to be developed by July 1, 2014, and the regulations to implement the program to be adopted by January 1, 2015.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 522 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The Division of Minerals and the Division of Environmental Protection shall, jointly, develop a hydraulic fracturing program to:

(a) Assess the effects of hydraulic fracturing on the waters of the State of Nevada;

(b) Require a person who engages in hydraulic fracturing to disclose each chemical used to engage in hydraulic fracturing; and

(c) Provide for notice to members of the general public concerning activities relating to hydraulic fracturing in this state.



2. The Commission on Mineral Resources shall adopt regulations to implement the hydraulic fracturing program required by subsection 1.

3. As used in this section:

(a) "Division of Environmental Protection" means the Division of Environmental Protection of the State Department of Conservation and Natural Resources.

(b) "Hydraulic fracturing" means the process of pumping a fluid into or under the surface of the ground to create fractures in the rock to facilitate the production or recovery of oil or gas.

Secs. 2-6 (Deleted by amendment.)

Sec. 7. NRS 522.040 is hereby amended to read as follows:

522.040 *Except as otherwise provided in section 1 of this act:*

1. The Division has jurisdiction and authority over all persons and property, public and private, necessary to effectuate the purposes and intent of this chapter.

2. The Division shall make investigation to determine whether waste exists or is imminent, or whether other facts exist which justify or require action by it.

3. The Division shall adopt regulations, make orders and take other appropriate action to effectuate the purposes of this chapter.

4. The Division may:

(a) Require:

(1) Identification or ownership of wells, producing leases, tanks, plants and drilling structures.

(2) The making and filing of reports, well logs and directional surveys. Logs of exploratory or "wildcat" wells marked "confidential" must be kept confidential for 6 months after the filing thereof, unless the owner gives written permission to release those logs at an earlier date.

(3) The drilling, casing and plugging of wells in such a manner as to prevent the escape of oil or gas out of one stratum into another, the intrusion of water into an oil or gas stratum, the pollution of fresh water supplies by oil, gas or salt water, and to prevent blowouts, cavings, seepages and fires.

(4) The furnishing of a reasonable bond with good and sufficient surety conditioned for the performance of the duty to plug each dry or abandoned well or the repair of wells causing waste.

(5) The operation of wells with efficient gas-oil and water-oil ratios, and to fix these ratios.

(6) The gauging or other measuring of oil and gas to determine the quality and quantity thereof.



(7) That every person who produces oil or gas in this State keep and maintain for a period of 5 years within this State complete and accurate record of the quantities thereof, which must be available for examination by the Division or its agents at all reasonable times.

(b) Regulate, for conservation purposes:

- (1) The drilling, producing and plugging of wells.
- (2) The shooting and chemical treatment of wells.
- (3) The spacing of wells.
- (4) The disposal of salt water, nonpotable water and oil field wastes.

(5) The contamination or waste of underground water.

(c) Classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter.

Secs. 8 and 9. (Deleted by amendment.)

Sec. 10. 1. This act becomes effective upon passage and approval.

2. The Division of Minerals of the Commission on Mineral Resources and the Division of Environmental Protection of the State Department of Conservation and Natural Resources shall develop the program required by section 1 of this act on or before July 1, 2014.

3. The Commission on Minerals shall adopt the regulations to implement the program required by section 1 of this act on or before January 1, 2015.

