

Amendment No. 120

Senate Amendment to Senate Bill No. 44	(BDR 46-344)
Proposed by: Senate Committee on Natural Resources	
Amends: Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	
Adoption of this amendment will MAINTAIN the 2/3s majority vote requirement for final passage of S.B. 44 (§§ 1.5, 2).	

ASSEMBLY ACTION			Initial and Date	SENATE ACTION			Initial and Date		
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

MSN/JWP



Date: 3/31/2015

S.B. No. 44—Makes various changes to provisions related to oil and natural gas.
(BDR 46-344)



SENATE BILL NO. 44—COMMITTEE ON NATURAL RESOURCES

(ON BEHALF OF THE DIVISION OF MINERALS)

PREFILED DECEMBER 20, 2014

Referred to Committee on Natural Resources

SUMMARY—Makes various changes to provisions related to oil and natural gas.
(BDR 46-344)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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

AN ACT relating to minerals; ~~removing the statutory limits on~~ revising provisions relating to certain fees ~~relating to~~ for permits to drill and operate oil and natural gas ~~and wells~~ and wells; making various other changes to provisions relating to oil and natural gas; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Commission on Mineral Resources to prescribe by regulation a fee, not to exceed \$200, for a permit to drill a well in search of oil or gas. (NRS 522.050) **Section 1.5** of this bill ~~removes the \$200~~ ;(1) revises the statutory limit on the fee for such a permit ;(2) establishes a statutory limit on the fee for a request to change the terms of an existing permit; and (3) authorizes the Commission to include in the fee such fees the reasonable administrative costs of the Division of Minerals of the Commission relating to the filing and examination of applications for such permits ~~and requests~~.

Existing law requires the Commission to prescribe by regulation a fee, not to exceed 20 cents for each barrel of oil or each 50,000 cubic feet of natural gas produced from a well in this State, which must be assessed against the producer of the oil or natural gas. (NRS 522.150) **Section 2** of this bill raises the statutory limit on the fee from 20 cents to ~~150~~ 30 cents.

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:

“Hydraulic fracturing” or “hydraulically fractured” 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.

Sec. 1.3. NRS 522.020 is hereby amended to read as follows:

522.020 As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 522.021 to 522.0395, inclusive, and section 1 of this act have the meanings ascribed to them in those sections.

~~Section 1.~~ **Sec. 1.5.** NRS 522.050 is hereby amended to read as follows:

522.050 1. A person ~~desiring to drill a well in search of~~ shall not drill or operate an oil or gas well unless he or she first obtains a permit from the Division of that intent on a form prescribed by the Division and shall pay a fee in an amount established pursuant to subsection 2 for a permit for each well. Upon receipt of pursuant to this section.

2. Every person desiring to drill and operate an oil or gas well or requesting a change in the terms of an existing permit to drill and operate an oil or gas well must:

(a) Submit an application for a permit or for a request to change the terms of an existing permit, as applicable, to the Division on the form prescribed by the Division; and

(b) Pay the applicable fee prescribed pursuant to subsection 3.

3. The Commission on Mineral Resources shall prescribe by regulation the fees for a permit to drill and operate an oil or gas well and for a request to change the terms of an existing permit. The amount of each fee prescribed by the Commission may include the reasonable administrative costs of the Division relating to the filing and examination of applications for such permits or for requests for changes in the terms of such existing permits, as applicable, but the amount of the fee must not exceed:

(a) For a permit to drill and operate an oil or gas well that is not intended to be hydraulically fractured, \$2,000.

(b) For a permit to drill and operate an oil or gas well that is intended to be hydraulically fractured, \$5,000.

(c) For a request to change the terms of an existing permit to drill and operate an oil or gas well, \$400.

4. The Division shall, as soon as practicable after receiving the notification and fee, the Division shall promptly proper application and fee, issue to the person a permit or change the terms of an existing permit, to drill, as applicable, unless the drilling or operation of the well is contrary to prohibited by any law or regulation or order of the Division. The drilling of a well is prohibited until a permit to drill is obtained in accordance with the provisions of this chapter.

~~2. The Commission on Mineral Resources shall, by regulations, establish the fee required pursuant to subsection 1 in an amount not to exceed \$200 per permit.~~

5. The Division shall deposit with the State Treasurer, for credit to the Account for the Division of Minerals created pursuant to NRS 513.103, all money received pursuant to subsection 2.

Sec. 1.7. NRS 522.119 is hereby amended to read as follows:

522.119 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, +

1 ~~—(a)~~ “Division of Environmental Protection” means the Division of
2 Environmental Protection of the State Department of Conservation and Natural
3 Resources.

4 ~~[(b) “Hydraulic fracturing” means the process of pumping a fluid into or under
5 the surface of the ground to create fractures in the rock to facilitate the production
6 or recovery of oil or gas.]~~

7 **Sec. 2.** NRS 522.150 is hereby amended to read as follows:

8 522.150 1. Any expenses in connection with Nevada’s affiliation with the
9 Interstate Oil *and Gas* Compact Commission must be paid from the Account for the
10 Division of Minerals created pursuant to NRS 513.103.

11 2. ~~[To pay]~~ *For the purpose of paying* the expenses of the Division, ~~[every]~~
12 *each* producer of oil or natural gas in this state shall, on or before the last day of
13 each month, report to the Division and the State Treasurer ~~[this or her]~~ *the*
14 *producer’s* production in this state of oil in barrels and of natural gas in thousands
15 of cubic feet during the *immediately* preceding month, and ~~[at the same time]~~ shall
16 pay to the Division , *concurrently with the submission of the report*, a fee in an
17 amount established pursuant to subsection 3 on each barrel of oil and each 50,000
18 cubic feet of natural gas produced and marketed by the producer during the
19 *immediately* preceding month. The Division shall deposit with the State Treasurer,
20 for credit to the Account for the Division of Minerals, all money received pursuant
21 to this subsection. ~~[Every]~~ *Each* person purchasing such oil or natural gas is liable
22 for the payment of the fee for each barrel of oil or each 50,000 cubic feet of natural
23 gas, unless ~~[if]~~ *the fee* has been paid by the producer.

24 3. The Commission on Mineral Resources shall, by regulation, establish the
25 administrative fee required pursuant to subsection 2 in an amount not to exceed
26 ~~[20]~~ *150* ~~30~~ cents for each barrel of oil or each 50,000 cubic feet of natural gas.

27 **Sec. 3.** This act becomes effective on July 1, 2015.