

SENATE BILL NO. 202—SENATORS SEGERBLOM AND PARKS

MARCH 2, 2015

JOINT SPONSOR: ASSEMBLYWOMAN SWANK

Referred to Committee on Natural Resources

SUMMARY—Revises provisions relating to hydraulic fracturing in this State. (BDR 46-438)

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

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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 natural resources; prohibiting hydraulic fracturing in this State; prohibiting certain activities relating to wastewater from hydraulic fracturing; declaring void any regulations adopted by the Division of Minerals of the Commission on Mineral Resources or the Division of Environmental Protection of the State Department of Conservation and Natural Resources authorizing a person to engage in hydraulic fracturing in this State; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the Division of Minerals of the Commission on Mineral Resources to regulate wells drilled for the production of oil, gas and geothermal resources. (Chapters 522 and 534A of NRS) In 2013, the Legislature enacted Senate Bill No. 390, which requires the Division of Minerals 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 and to adopt regulations to implement the program. (NRS 522.119) A person who desires to drill a well for oil or gas, including a well for hydraulic fracturing, is required to obtain a permit from the Division of Minerals. (NRS 522.050)

Section 2 of this bill revises the provisions governing the hydraulic fracturing program in this State to prohibit any person from: (1) engaging in hydraulic fracturing in this State; (2) collecting, storing, discharging or treating in this State wastewater from hydraulic fracturing; and (3) transferring wastewater from



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hydraulic fracturing to any facility for the treatment of wastewater in this State. **Section 4** of this bill voids any regulations adopted by the Division of Minerals and the Division of Environmental Protection which authorize a person to engage in hydraulic fracturing in this State.

Section 3 of this bill provides a temporary exemption from the amendatory provisions of **section 2** relating to the storage and treatment of wastewater from hydraulic fracturing. **Section 3** provides that a person who, before the effective date of this bill, has been issued by the Division of Minerals a permit authorizing hydraulic fracturing and who is storing or disposing of wastewater from hydraulic fracturing in accordance with the provisions of the permit may, for a period of 1 year after the effective date of this bill, continue to store and dispose of such wastewater in accordance with the terms of the permit.

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

Section 1. NRS 522.040 is hereby amended to read as follows:

522.040 ~~[Except as otherwise provided in NRS 522.119:]~~

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.

Sec. 2. 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} *A person shall not:*~~

~~(a) Engage 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.} in this State.~~

(b) Collect, store, discharge or treat in this State any wastewater from hydraulic fracturing.

(c) Transfer wastewater from hydraulic fracturing to any facility for the treatment of wastewater in this State.

2. 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} , “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.~~

Sec. 3. Notwithstanding the provisions of NRS 522.119, as amended by section 2 of this act, a person who before the effective



1 date of this act stores or disposes of wastewater from hydraulic
2 fracturing pursuant to a permit issued by the Division of Minerals of
3 the Commission on Mineral Resources may continue to store and
4 dispose of such wastewater in this State for a period of 1 year after
5 the effective date of this act. As used in this section, the term
6 "hydraulic fracturing" has the meaning ascribed to it in
7 NRS 522.119.

8 **Sec. 4.** Any regulations adopted by the Division of Minerals of
9 the Commission on Mineral Resources or the Division of
10 Environmental Protection of the State Department of Conservation
11 and Natural Resources pursuant to NRS 522.119 or otherwise
12 authorizing a person to engage in hydraulic fracturing in this State
13 are void. The Legislative Counsel shall remove those regulations
14 from the Nevada Administrative Code as soon as practicable after
15 the effective date of this act.

16 **Sec. 5.** This act becomes effective upon passage and approval.

