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A.B. 52

ASSEMBLY BILL NO. 52—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE COMMISSION ON MINERAL RESOURCES)

PREFILED NOVEMBER 17, 2016

Referred to Committee on Natural Resources,
Agriculture, and Mining

SUMMARY—Revises provisions relating to dissolved mineral resources. (BDR 48-258)

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

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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 water; defining the term “dissolved mineral resource”; setting forth certain provisions relating to drilling and operation of a dissolved mineral well and the operation of a dissolved mineral resource project; requiring the Commission on Mineral Resources to impose a fee for the issuance of a permit to drill or operate a dissolved mineral well; requiring the Commission and the Division of Water Resources of the State Department of Conservation and Natural Resources to adopt certain regulations; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law sets forth provisions governing exploration for and the ownership
2 and use of geothermal resources, including, without limitation, the permitting of
3 geothermal wells by the Administrator of the Division of Minerals of the
4 Commission on Mineral Resources. (Chapter 534A of NRS) **Section 3** of this bill
5 defines the term “dissolved mineral resource.” **Sections 6-10** of this bill provide for
6 the issuance by the Administrator of a permit to drill a dissolved mineral well or
7 operate a dissolved mineral resource project in the same manner as such permits are
8 issued for geothermal wells and geothermal resource projects. **Section 11** of this bill
9 requires the Commission, in coordination with the Division of Water Resources of
10 the State Department of Conservation and Natural Resources, to adopt regulations to
11 carry out a program for regulating the drilling of dissolved mineral resource wells.



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

Section 1. Chapter 534A of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this act.

Sec. 2. *“Administrator” means the Administrator of the Division of Minerals of the Commission on Mineral Resources.*

Sec. 3. *“Dissolved mineral resource” means all dissolved or entrained minerals that may be obtained from the medium or brine in which they are found and which are not used for purposes of recovering heat from the medium or brine, but excluding hydrocarbons and helium.*

Sec. 4. *“Geothermal resource” means the natural heat of the earth and the energy associated with that natural heat, pressure and all dissolved or entrained minerals that may be obtained from the medium used to transfer that heat, but excluding hydrocarbons and helium.*

Sec. 5. NRS 534A.010 is hereby amended to read as follows:
534A.010 As used in this chapter, unless the context otherwise requires, ~~“geothermal resource” means the natural heat of the earth and the energy associated with that natural heat, pressure and all dissolved or entrained minerals that may be obtained from the medium used to transfer that heat, but excluding hydrocarbons and helium.~~ *the words and terms defined in sections 2, 3 and 4 of this act have the meaning ascribed to them in those sections.*

Sec. 6. NRS 534A.031 is hereby amended to read as follows:
534A.031 1. Any exploration and subsurface information obtained as a result of a geothermal *or dissolved mineral resource* project must be filed with the Division of Minerals of the Commission on Mineral Resources within 30 days after it is accumulated. The information is confidential for 5 years after the date of filing and may not be disclosed during that time without the express written consent of the operator of the project, except that it must be made available by the Division to the State Engineer or any other agency of the State upon request. The State Engineer or other agency shall keep the information confidential.

2. If any information made confidential by subsection 1 is submitted to any other state or local governmental entity in connection with an application for a special use permit or any other license, permit or similar approval, the entity shall keep the information confidential during the period the information is confidential pursuant to subsection 1.



Sec. 7. NRS 534A.040 is hereby amended to read as follows:

534A.040 A consumptive use of water brought to the surface outside of a geothermal well *or dissolved mineral well* is subject to the appropriation procedures of chapters 533 and 534 of NRS, except for:

1. Water that is removed from an aquifer or geothermal reservoir to develop and obtain geothermal resources *or dissolved mineral resources* if the water is returned to or reinjected into the same aquifer or reservoir; or

2. The reasonable loss of water:

(a) During a test of a geothermal well ~~H~~ *or dissolved mineral well*; or

(b) From the temporary failure of all or part of a system that removes water from an aquifer or geothermal reservoir, transfers the heat from that water and reinjects that water into the same aquifer or reservoir.

Sec. 8. NRS 534A.060 is hereby amended to read as follows:

534A.060 1. A person may not drill or operate a geothermal well *or dissolved mineral well* or drill an exploratory well without obtaining a permit from the Administrator ~~{of the Division of Minerals of the Commission on Mineral Resources}~~ and complying with the conditions of the permit.

2. An application must set forth such information as the Administrator requires by regulation.

Sec. 9. NRS 534A.070 is hereby amended to read as follows:

534A.070 1. The Administrator ~~{of the Division of Minerals of the Commission on Mineral Resources}~~ shall approve or reject an application for a permit to drill an exploratory well within 10 days after the Administrator receives the application in proper form. The permit must not be effective for more than 2 years, but may be extended by the Administrator.

2. Upon receipt of an application for a permit to drill or operate a geothermal well ~~H~~ *or dissolved mineral well*, the Administrator of the Division of Minerals shall transmit copies of the application to the State Engineer, the Administrator of the Division of Environmental Protection of the State Department of Conservation and Natural Resources, and the Director of the Department of Wildlife. After consultation with the State Engineer, the Administrator of the Division of Environmental Protection, and the Director of the Department of Wildlife, the Administrator of the Division of Minerals may issue a permit to drill or operate a geothermal well *or dissolved mineral well* if it is determined that issuance of a permit is consistent with:

(a) The policies specified in NRS 445A.305 and 445B.100;

(b) The purposes of chapters 533 and 534 of NRS; and



(c) The purposes specified in chapter 501 of NRS.

3. The Administrator ~~{of the Division of Minerals}~~ shall approve or reject the application to drill or operate a geothermal well *or dissolved mineral well* within 90 days after the Administrator receives it in proper form, unless it is determined that a conflict exists pursuant to subsection 2 or a public hearing is necessary pursuant to subsection 4. Notice of the conflict or need for a public hearing must be provided to the applicant within the 90-day period.

4. The State Engineer and the Administrator ~~{of the Division of Minerals}~~ may hold public hearings jointly or separately to gather such evidence or information as they deem necessary for a full understanding of all the rights involved and to guard properly the public interest.

5. A permit issued pursuant to this section must include any conditions:

(a) Deemed necessary by the Administrator ~~{of the Division of Minerals}~~ to carry out the purposes of this section; and

(b) Imposed by the State Engineer consistent with the provisions of chapters 533 and 534 of NRS.

Sec. 10. NRS 534A.080 is hereby amended to read as follows:

534A.080 1. The Commission on Mineral Resources shall impose and collect a fee for examining and filing an application for a permit to drill or operate a geothermal well *or dissolved mineral well* or to drill an exploratory well. The fee must be deposited with the State Treasurer, for credit to the Account for the Division of Minerals created in the State General Fund pursuant to NRS 513.103.

2. The fee may be based in part on the number of acres of land being used by the person who holds the permit.

3. The Commission and the Division of Minerals may use the money deposited in the Account for the Division of Minerals pursuant to this section to administer the provisions of this chapter.

Sec. 11. NRS 534A.090 is hereby amended to read as follows:

534A.090 The Commission on Mineral Resources ~~{may}~~ :

1. Shall, in coordination with the Division of Water Resources of the State Department of Conservation and Natural Resources, adopt regulations to carry out a program for regulating the drilling of exploration and production wells for dissolved mineral resources; and

2. May adopt any other regulations necessary for carrying out the provisions of this chapter.

Sec. 12. This act becomes effective on July 1, 2017.

