

Amendment No. 179

Assembly Amendment to Assembly Bill No. 159	(BDR 46-593)
Proposed by: Assembly Committee on Natural Resources, Agriculture, and Mining	
Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	☐	Lost	☐	_____	Adopted	☐	Lost	☐	_____
Concurred In	☐	Not	☐	_____	Concurred In	☐	Not	☐	_____
Receded	☐	Not	☐	_____	Receded	☐	Not	☐	_____

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.

JRS/JWP



Date: 4/21/2017

A.B. No. 159—Prohibits hydraulic fracturing in this State. (BDR 46-593)



ASSEMBLY BILL NO. 159—ASSEMBLYMEN WATKINS,
SWANK AND BROOKS

PREFILED FEBRUARY 13, 2017

JOINT SPONSOR: SENATOR RATTI

Referred to Committee on Natural Resources,
Agriculture, and Mining

SUMMARY—Prohibits hydraulic fracturing in this State. (BDR 46-593)

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;
and providing other matters properly relating thereto.**Legislative Counsel's Digest:**

Existing law requires 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 certain purposes in this State. The Commission is required to adopt regulations to implement the program. (NRS 522.119) If a person wishes to drill and operate an oil or gas well, including a well that is intended to be hydraulically fractured, the person must first obtain a permit from the Division of Minerals. (NRS 522.050)

Section 1 of this bill prohibits any person from engaging in hydraulic fracturing in this State, and **section 5** of this bill repeals provisions relating to the hydraulic fracturing program. **Sections 2 and 3** of this bill make conforming changes. **Section 4** of this bill provides that any permit issued by the Division of Minerals before the effective date of this bill, authorizing a person to drill and operate an oil or gas well that is or is intended to be hydraulically fractured, ~~expires on that date.~~ remains valid for the period for which the Division of Minerals issued the permit. Section 4 also authorizes the Administrator of the Division to extend the date of expiration of the permit by not more than 1 year upon application by the holder of the permit.

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:

A person shall not engage in hydraulic fracturing in this State. As used in this section, "hydraulic fracturing" means the process of pumping 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. 2. 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 of 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. 3. NRS 522.050 is hereby amended to read as follows:

522.050 1. A person shall not drill or operate an oil or gas well unless he or she first obtains a permit from the Division 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 proper application and fee, issue to the person a permit or change the terms of an existing permit, as applicable, unless the drilling or operation of the well is prohibited by any law or regulation or order of the Division.

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. 4. 1. ~~Any~~ Notwithstanding the provisions of section 1 of this act, any permit issued before the effective date of this act by the Division of Minerals of the Commission on Mineral Resources that authorizes a person to drill and operate an oil or gas well in this State that is or is intended to be hydraulically fractured ~~expires on the effective date of this act,~~ remains valid for the period for which the Division issued the permit if the holder of the permit is otherwise qualified to hold the permit during that period.

2. The Administrator of the Division may, upon application by the holder of a permit described in subsection 1, extend the date of expiration of the permit by not more than 1 year. The Administrator may grant more than one extension of a permit pursuant to this subsection, but the date of expiration of the permit may not be extended in any case to a date more than 5 years after the original date of expiration. Any extension granted pursuant to this subsection:

(a) Must be determined in accordance with any applicable laws or regulations in effect on January 1, 2017.

(b) Does not authorize the holder of the permit for which the Administrator grants the extension to hydraulically fracture the oil or gas well more than once.

(c) Is invalid if the permit for which the Administrator grants the extension is revoked.

3. As used in this section, “hydraulically ~~fractured~~ fracture” has the meaning ascribed to “hydraulic fracturing” in section 1 of this act.

Sec. 5. NRS 522.0275 and 522.119 are hereby repealed.

Sec. 6. This act becomes effective upon passage and approval.

TEXT OF REPEALED SECTIONS

522.0275 “Hydraulic fracturing” and “hydraulically fractured” defined. “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.

522.119 Development of program; regulations.

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, "Division of Environmental Protection" means the Division of Environmental Protection of the State Department of Conservation and Natural Resources.