

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2374

Introduced by

Senators Wardner, Warner

Representatives B. Anderson, Mock

1 A BILL for an Act to create and enact two new sections to chapter 38-08 of the North Dakota
2 Century Code, relating to regulation of gathering pipelines; to amend and reenact subdivision d
3 of subsection 1 of section 38-08-04 and subsection 3 of section 38-08-04.5 of the North Dakota
4 Century Code, relating to the abandoned oil and gas well plugging and site reclamation fund;
5 and to provide for a legislative management study.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Subdivision d of subsection 1 of section 38-08-04 of the North
8 Dakota Century Code is amended and reenacted as follows:

9 d. The furnishing of a reasonable bond with good and sufficient surety, conditioned
10 upon the full compliance with this chapter, and the rules and orders of the
11 industrial commission, including and without limitation a bond covering the
12 operation of an underground gathering pipeline carrying crude oil or produced
13 water, except that if the commission requires a bond to be furnished, the person
14 required to furnish the bond may elect to deposit under such terms and
15 conditions as the industrial commission may prescribe a collateral bond,
16 self-bond, cash, or any alternative form of security approved by the commission,
17 or combination thereof, by which an operator assures faithful performance of all
18 requirements of this chapter and the rules and orders of the industrial
19 commission.

20 **SECTION 2. AMENDMENT.** Subsection 3 of section 38-08-04.5 of the North Dakota
21 Century Code is amended and reenacted as follows:

22 3. All moneys collected under this section must be deposited in the abandoned oil and
23 gas well plugging and site reclamation fund. This fund must be maintained as a
24 special fund and all moneys transferred into the fund are appropriated and must be

1 used and disbursed solely for the purpose of defraying the costs incurred in carrying
2 out the plugging or replugging of wells; the reclamation of well sites; mitigation of gas
3 or liquid gathering pipeline leaks, including produced water pipeline leaks; and all
4 other related activities.

5 **SECTION 3.** A new section to chapter 38-08 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Controls, inspections, and engineering design on crude oil and produced water**
8 **underground gathering pipelines.**

9 The operator of any underground gathering pipeline designed for or intended to transfer oil
10 or produced water from a production facility for disposal, storage, or sale purposes and placed
11 into service after April 1, 2016, shall file with the commission engineering design drawings of the
12 underground gathering pipeline and a certificate of an independent inspection of the pipeline.
13 The commission shall set standards for the certificate of inspections. The commission shall
14 designate flow meters, overpressure protection devices, or alternative leak detection and
15 monitoring technologies that an operator of the pipeline shall install on these pipelines.

16 **SECTION 4.** A new section to chapter 38-08 of the North Dakota Century Code is created
17 and enacted as follows:

18 **Inspection of pipelines.**

19 Any person engaged in the construction, operation, or servicing of an underground
20 gathering pipeline, including a produced water pipeline, shall allow the commission, the division
21 of oil and gas of the industrial commission, and any representative of the same to enter any
22 lease, property, and pipeline right of way operated or controlled by that person and to review
23 any record and the operation of the pipeline. The person shall file any requested records with
24 the commission. If the commissioner receives data under this section which is confidential
25 under section 38-08-26, that data retains its confidential status.

26 **SECTION 5. LEGISLATIVE MANAGEMENT STUDY - PIPELINE SAFETY**

27 **TECHNOLOGY.** During the 2015-16 interim, the legislative management shall consider
28 studying technology that may be used on pipelines to detect or prevent leaks. The study must
29 include a review of flow meter technology and new advances in the industry. The legislative
30 management shall report its findings and recommendations, together with any legislation
31 required to implement the recommendations, to the sixty-fifth legislative assembly.