

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2344**

Introduced by

Senators Unruh, Cook, Schaible

Representatives Kempenich, Porter

1 A BILL for an Act to create and enact section 47-31-09 of the North Dakota Century Code,
2 relating to injection or migration of substances into pore space and contract obligations; and to
3 amend and reenact sections 38-08-25, 38-11.1-01, and 38-11.1-03 of the North Dakota Century
4 Code, relating to pore space and oil and gas production.

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

6 **SECTION 1. AMENDMENT.** Section 38-08-25 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **38-08-25. Hydraulic fracturing - Temporary storage of natural gas - Use of carbon**
9 **dioxide - Designated as acceptable recovery processprocesses.**

- 10 1. Notwithstanding any other provision of law, the legislative assembly designates
11 hydraulic fracturing, a mechanical method of increasing the permeability of rock to
12 increase the amount of oil and gas produced from the rock, ~~an~~; the temporary
13 underground storage of natural gas; and the use of carbon dioxide for enhanced
14 recovery of oil, gas, and other minerals acceptable recovery processprocesses in this
15 state.
- 16 2. It is a valid exercise of the state's police powers to discourage the flaring of natural
17 gas without hindering the continued exploration and production of oil and gas
18 resources in the state. The temporary underground storage of natural gas is in the
19 public interest because underground storage promotes conservation of natural gas.
- 20 3. It is in the public interest to promote the use of carbon dioxide to benefit the state and
21 the global environment by reducing greenhouse gas emissions, to help ensure the
22 viability of the state's coal and power industries, and to benefit the state economy.
23 Carbon dioxide is a potentially valuable commodity, and increasing its availability is

1 important for commercial, industrial, or other uses, including enhanced recovery of oil,
2 gas, and other minerals.

3 4. It is in the public interest to encourage and authorize cycling, recycling, pressure
4 maintenance, secondary recovery operations, and enhanced recovery operations
5 utilizing carbon dioxide for the greatest possible economic recovery of oil and gas.

6 5. It is in the public interest for a person conducting operations authorized by the
7 commission under this chapter to use as much of a subsurface geologic formation as
8 reasonably necessary to allow for the temporary storage of natural gas, unit
9 operations for enhanced oil recovery, utilization of carbon dioxide for enhanced
10 recovery of oil, gas, and other minerals, disposal operations, or any other operation
11 authorized by this chapter.

12 6. Notwithstanding any other provision of law, a person conducting operations for
13 temporary storage of natural gas, unit operations for enhanced oil recovery, utilization
14 of carbon dioxide for enhanced recovery of oil, gas, and other minerals, disposal
15 operations, or any other operation authorized by the commission under this chapter
16 may utilize subsurface geologic formations in the state for such operations or any
17 other permissible purpose under this chapter. Any other provision of law may not be
18 construed to entitle the owner of a subsurface geologic formation to prohibit or
19 demand payment for the use of the formation for temporary storage of natural gas;
20 unit operations for enhanced oil recovery; utilization of carbon dioxide for enhanced
21 recovery of oil, gas, and other minerals; disposal operations; or any other operation
22 conducted under this chapter. As used in this section, "subsurface geologic formation"
23 means any cavity or void, whether natural or artificially created, in a subsurface
24 sedimentary stratum.

25 7. The commission may adopt and enforce rules and orders to effectuate the purposes of
26 this section.

27 **SECTION 2. AMENDMENT.** Section 38-11.1-01 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **38-11.1-01. Legislative findings.**

30 The legislative assembly finds the following:

- 1 1. It is necessary to exercise the police power of the state to protect the public welfare of
2 North Dakota which is largely dependent on agriculture and to protect the economic
3 well-being of individuals engaged in agricultural production, while at the same time
4 preserving and facilitating exploration through the utilization of subsurface pore space
5 in accordance with an approved unitization or similar agreement, an oil and gas lease,
6 or as otherwise permitted by law.
- 7 2. Exploration for and development of oil and gas reserves in this state interferes with the
8 use, agricultural or otherwise, of the surface of certain land.
- 9 3. Owners of the surface estate and other persons should be justly compensated for
10 injury to their persons or property and interference with the use of their property
11 occasioned by oil and gas development.
- 12 4. This chapter may not be construed to alter, amend, repeal, or modify the law
13 concerning title to pore space under section 47-31-03.

14 **SECTION 3. AMENDMENT.** Section 38-11.1-03 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **38-11.1-03. Definitions.**

17 In this chapter, unless the context or subject matter otherwise requires:

- 18 1. "Agricultural production" means the production of any growing grass or crop attached
19 to the surface of the land, whether or not the grass or crop is to be sold commercially,
20 and the production of any farm animals, including farmed elk, whether or not the
21 animals are to be sold commercially.
- 22 2. "Drilling operations" means the drilling of an oil and gas well and the production and
23 completion operations ensuing from the drilling which require entry upon the surface
24 estate and which were commenced after June 30, 1979, and oil and gas geophysical
25 and seismograph exploration activities commenced after June 30, 1983.
- 26 3. "Land" means the solid material of earth, regardless of ingredients, but excludes pore
27 space.
- 28 4. "Mineral developer" means the person who acquires the mineral estate or lease for the
29 purpose of extracting or using the minerals for nonagricultural purposes.
- 30 4-5. "Mineral estate" means an estate in or ownership of all or part of the minerals
31 underlying a specified tract of land.

1 ~~5-6.~~ "Minerals" means oil and gas.

2 7. "Pore space" means a cavity or void, naturally or artificially created, in a subsurface
3 sedimentary stratum.

4 ~~6-8.~~ "Surface estate" means an estate in or ownership of the surface of a particular tract of
5 land.

6 ~~7-9.~~ "Surface owner" means any person who holds record title to the surface of the land as
7 an owner estate on which a drilling operation occurs or is conducted.

8 **SECTION 4.** Section 47-31-09 of the North Dakota Century Code is created and enacted as
9 follows:

10 **47-31-09. Injection of substances to facilitate production of oil, gas, or other**
11 **minerals - Contracts.**

12 This chapter may not be construed to limit the rights or dominance of a mineral estate to
13 drill or recomplete a well under chapter 38-08. Injection or migration of substances into pore
14 space for disposal operations, for secondary or tertiary oil recovery operations, or otherwise to
15 facilitate production of oil, gas, or other minerals is not unlawful and, by itself, does not
16 constitute trespass, nuisance, or other tort. This section and chapter 38-08 may not be
17 construed to impair the obligations in a contract between parties who have entered an
18 agreement for the use of the surface estate for disposal operations.