

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE DRS55222-RIF-14 (02/28)

Short Title: Nat'l Gas Exploration/Bond & Study. (Public)

Sponsors: Senators Atwater and Blake (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO (1) INCREASE THE AMOUNT OF THE BOND REQUIRED UPON
3 REGISTRATION IN ORDER TO DRILL FOR OIL OR NATURAL GAS IN THE STATE
4 AND (2) DIRECT THE DEPARTMENT OF ENVIRONMENT AND NATURAL
5 RESOURCES TO STUDY THE ISSUE OF OIL AND GAS EXPLORATION IN THE
6 STATE, AND SPECIFICALLY THE USE OF HYDRAULIC FRACTURING FOR THAT
7 PURPOSE.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 113-378 reads as rewritten:

10 "**§ 113-378. Persons drilling for oil or gas to register and furnish bond.**

11 Any person, firm or corporation before making any drilling exploration in this State for oil
12 or natural gas shall register with the Department of Environment and Natural Resources or such
13 other State agency as may hereafter be established to control the conservation of oil or gas in
14 this State. To provide for such registration, the drilling operator must furnish the name and
15 address of such person, firm or corporation, and the location of the proposed drilling
16 operations, and file with the aforesaid Department a bond in the amount of ~~five-ten~~ thousand
17 dollars (~~\$5,000~~)(\$10,000) running to the State of North Carolina, conditioned that any well
18 opened by the drilling operator upon abandonment shall be plugged in accordance with the
19 rules of ~~said-the~~ Department."

20 **SECTION 2.** The Department of Environment and Natural Resources shall study
21 the issue of oil and gas exploration in the State. The Department shall report its findings and
22 recommendations, including specific legislative proposals, to the Environmental Review
23 Commission no later than October 1, 2011. At a minimum, the study shall include information
24 on the following:

- 25 (1) Oil and gas reserves present in the Triassic Basin and in any other areas of
26 the State.
27 (2) Methods of exploration and extraction of oil and gas, including hydraulic
28 fracturing.
29 (3) Environmental impacts that may result from exploration or extraction of oil
30 and gas, and regulatory requirements advisable to address potential
31 environmental impacts. In examining this issue, the Department shall gather
32 information on regulatory programs in other states where oil and gas
33 exploration or extraction is occurring, particularly with regard to the use of
34 hydraulic fracturing for that purpose.



- 1 (4) Information on possible sources of revenue that could accrue to the benefit
2 of the State in the event that drilling exploration for oil or natural gas were to
3 take place in the State, including what taxes, fees, royalties, bonds, or
4 assessments may be appropriate in connection with the activity.
5 **SECTION 3.** This act is effective when it becomes law.