

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 615

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

Sponsors: Senators Atwater, Blake; and Brock.

Referred to: Finance.

April 19, 2011

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A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

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

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

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

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

- (1) Oil and gas reserves present in the Triassic Basin and in any other areas of the State.
- (2) Methods of exploration and extraction of oil and gas, including hydraulic fracturing.
- (3) Environmental impacts that may result from exploration or extraction of oil and gas, and regulatory requirements advisable to address potential environmental impacts. In examining this issue, the Department shall gather information on regulatory programs in other states where oil and gas exploration or extraction is occurring, particularly with regard to the use of hydraulic fracturing for that purpose.
- (4) Information on possible sources of revenue that could accrue to the benefit of the State in the event that drilling exploration for oil or natural gas were to



1 take place in the State, including what taxes, fees, royalties, bonds, or
2 assessments may be appropriate in connection with the activity.
3 **SECTION 3.** This act is effective when it becomes law.