

SENATE BILL NO. 241
INTRODUCED BY C. KAUFMANN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING RECLAMATION PLANS FOR OIL AND GAS OPERATIONS; ESTABLISHING SPECIFIC REQUIREMENTS FOR RECLAMATION PLANS ON LANDS AFFECTED BY OIL AND GAS OPERATIONS; CONDITIONING PERFORMANCE BONDS FOR OIL AND GAS OPERATIONS UPON COMPLETION OF RECLAMATION PLAN REQUIREMENTS; AMENDING SECTIONS 82-11-123 AND 82-11-136, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Reclamation plan and specific reclamation requirements. (1) Taking into account the site-specific conditions and circumstances, including the uses of the area after oil and gas operations have ceased, the board shall require all land affected by oil and gas operations to be reclaimed consistent with the requirements and standards set forth in this section.

(2) An application for a drilling permit must be accompanied by a reclamation plan. The board shall approve the reclamation plan if it adequately provides for the accomplishment of the requirements and standards set forth in this section. A drilling permit may not be issued without a reclamation plan approved by the board.

(3) Except in emergency situations, any changes to a reclamation plan must be approved by the board.

(4) Reclamation activities, to the extent feasible, must be conducted simultaneously with the oil and gas operation and must be initiated within 60 days after completion or abandonment of the oil and gas operation on those portions of the affected land that will not be subject to further disturbance by oil and gas operations.

(5) Reclamation activities must commence within 2 years after completion or abandonment of the oil and gas operation unless an extension is granted by the board.

(6) A reclamation plan must include sufficient measures to ensure public safety and prevent the pollution of air or water and the degradation of areas adjacent to the oil and gas operation.

(7) All land affected by an oil and gas operation must be restored to a comparable utility and integrity as that of adjacent areas under sound management not subjected to oil and gas operations.

(8) Final grading must be made with nonnoxious, nonflammable, noncombustible solids unless the board approves a supervised sanitary fill.

(9) Vegetative cover must be appropriate to the future use of the land and must meet county standards for weed control.

(10) Vegetative cover and grading must minimize the amount of precipitation allowed to infiltrate areas used during an oil and gas operation as wastewater impoundments, land application and disposal sites, or other salt-laden areas.

(11) Provisions must be made for soil salvage and replacement, handling and disposal of drill hole cuttings, and management of wastewater, including water produced by coal bed methane operations and ground water discharges after oil and gas operations cease.

(12) To prevent saline seep, the reclamation plan must provide for permanent landscaping and contouring to minimize the amount of precipitation allowed to infiltrate into former wastewater impoundments, land application and disposal sites, or other salt-laden areas.

(13) Wastewater impoundments, disposal sites, and areas where water was applied to land must be reclaimed to a condition that:

- (a) withstands geologic and climatic conditions without significant failure;
- (b) avoids accumulation of stagnant water to the extent that it serves as a host or breeding ground for mosquitoes or other disease-bearing or noxious insect life;
- (c) is not a threat to the environment;
- (d) affords some utility to humans or the environment; and
- (e) mitigates or prevents undesirable offsite impacts.

(14) Any measures agreed to between the oil and gas developer or operator and the surface owner may be included in the reclamation plan if those measures are consistent with the requirements of this section.

Section 2. Section 82-11-123, MCA, is amended to read:

"82-11-123. Requirements for oil and gas operations. Subject to the administrative control of the department under 2-15-121, the board shall require:

- (1) identification of ownership of oil or gas wells, producing properties, and tanks;
- (2) the making and filing of acceptable well logs, including bottom-hole temperatures (in order to facilitate the discovery of potential geothermal energy sources), the making and filing of reports on well locations, and the filing of directional surveys, geological sample logs, mud logs, core descriptions, and ordinary core analysis, if made; however, logs of exploratory or wildcat wells need not be filed for a period of 6 months following completion of those wells;

(3) the drilling, casing, producing, and plugging of wells and class II injection wells in a manner that prevents the escape of oil or gas out of one stratum into another, the intrusion of water into oil or gas strata, blowouts, cave-ins, seepages, and fires, and the pollution of fresh water supplies by oil, gas, salt, or brackish water;

(4) the reclamation of land affected by oil and gas operations pursuant to [section 1], restoration of surface lands to their previous grade and productive capability after a well is plugged or a seismographic shot hole has been utilized, and necessary measures to prevent adverse hydrological effects from the well or hole, unless the surface owner agrees in writing, with the approval of the board or its representatives, to a different plan of restoration;

(5) the furnishing of a reasonable bond with good and sufficient surety, conditioned for performance of the duty to properly plug each dry or abandoned well and comply with the requirements of [section 1] and subsection (4) of this section. The bond may be forfeited in its entirety by the board for failure to ~~perform the duty to properly plug each dry or abandoned well~~ comply with the provisions of this part and may not be canceled or absolved if the well fails to produce oil or gas in commercial quantities, until:

(a) the board determines the well is properly plugged, reclaimed pursuant to [section 1], and abandoned as provided in the board's rules; or

(b) the requirements of 82-11-163 are met.

(6) proper gauging or other measuring of oil and gas produced and saved to determine the quantity and quality of oil and gas;

(7) that every person who produces, transports, or stores oil or gas or injects or disposes of water in this state shall make available within this state for a period of 5 years complete and accurate records of the quantities. The records must be available for examination by the board or its employees at all reasonable times. The person shall file with the board reports as it may prescribe with respect to quantities, transportations, and storages of the oil, gas, or water.

(8) the installation, use, and maintenance of monitoring equipment or methods in the operation of class II injection wells."

Section 3. Section 82-11-136, MCA, is amended to read:

"82-11-136. Expenditure of funds from bonds for plugging wells. The board may accept and expend all funds received by it from bonds for ~~properly plugging dry or abandoned wells~~ activities as authorized in 82-11-123(5)."

NEW SECTION. **Section 4. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 82, chapter 11, part 1, and the provisions of Title 82, chapter 11, part 1, apply to [section 1].

NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 6. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to all applications for drilling permits received but not yet acted upon by the board of oil and gas conservation on or after [the effective date of this act].

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