

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state industrial
2 commission and the agencies under the management of the industrial commission; to authorize
3 transfers; to amend and reenact sections 38-08-04.2, 38-12-02, 38-12-03, and 38-12.1-04,
4 subsection 1 of section 38-12.1-05, sections 38-15-03, 38-19-03, and 38-19-04, subsection 10
5 of section 38-15-02, subsection 3 of section 54-17.4-01, and sections 54-17.4-05, 54-17.4-06,
6 and 54-17.4-07 of the North Dakota Century Code, relating to appointment of a director of
7 mineral resources and transferring the state geologist's functions to the director of mineral
8 resources; and to declare an emergency.

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

10 **SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this
11 section represent the base level funding component appropriated to the state industrial
12 commission and agencies under its control in section 3 of this Act as follows:

13 Subdivision 1.

14 INDUSTRIAL COMMISSION

15 Salaries and wages	\$6,244,663
16 Operating expenses	1,904,767
17 Capital assets	68,300
18 Lignite research and development	16,270,000
19 Grants - Bond payments	<u>19,830,990</u>
20 Total all funds - Base level	\$44,318,720
21 Less estimated income - Base level	<u>37,291,836</u>
22 Total general fund - Base level	\$7,026,884

23 Subdivision 2.

24 BANK OF NORTH DAKOTA - OPERATIONS

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1	Salaries and wages	\$16,527,614
2	Operating expenses	10,925,665
3	Capital assets	825,000
4	Contingencies	<u>1,500,000</u>
5	Total from Bank of North Dakota fund - Base level	\$29,778,279

6 Subdivision 3.

7 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

8	Partnership in assisting community expansion fund	\$5,700,000
9	Agriculture partnership in assisting community expansion fund	1,425,000
10	Beginning farmer revolving loan fund	<u>950,000</u>
11	Total general fund - Base level	\$8,075,000

12 Subdivision 4.

13 MILL AND ELEVATOR ASSOCIATION

14	Salaries and wages	\$16,690,956
15	Operating expenses	12,991,196
16	Contingencies	250,000
17	Agriculture promotion	<u>50,000</u>
18	Total from mill and elevator fund - Base level	\$29,982,152

19 Subdivision 5.

20 HOUSING FINANCE AGENCY

21	Salaries and wages	\$3,929,907
22	Operating expenses	2,391,480
23	Grants	27,168,380
24	HFA contingencies	<u>100,000</u>
25	Total from housing finance agency fund - Base level	\$33,589,767

26 Grand total general fund - Section 1 \$15,101,884

27 Grand total special funds - Section 1 130,642,034

28 Grand total all funds - Section 1 \$145,743,918

29 **SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The

30 amounts identified in this section represent the funding adjustments or enhancements to the

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1 base funding level for the state industrial commission and agencies under its control which are
2 included in the appropriation in section 3 of this Act as follows:

3 Subdivision 1.

4 INDUSTRIAL COMMISSION

5 Salaries and wages	(\$173,615)
6 Operating expenses	3,083
7 Capital assets	(22,800)
8 Lignite research and development	(1,070,000)
9 Grants - Bond payments	<u>7,461,422</u>
10 Total all funds - Adjustments/enhancements	\$6,198,090
11 Less estimated income - Adjustments/enhancements	<u>6,363,049</u>
12 Total general fund - Adjustments/enhancements	(\$164,959)

13 Subdivision 2.

14 BANK OF NORTH DAKOTA - OPERATIONS

15 Salaries and wages	\$1,721,983
16 Operating expenses	1,182,535
17 Capital assets	10,447,000
18 Contingencies	<u>200,000</u>
19 Total from Bank of North Dakota fund - Adjustments/enhancements	\$13,551,518

20 Subdivision 3.

21 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

22 Total general fund - Adjustments/enhancements	<u>(\$2,375,000)</u>
23 Total from beginning farmer revolving loan fund - 24 Adjustments/enhancements	\$2,375,000

25 Subdivision 4.

26 MILL AND ELEVATOR ASSOCIATION

27 Salaries and wages	\$657,285
28 Operating expenses	1,967,817
29 Contingencies	<u>50,000</u>
30 Total from mill and elevator fund - Adjustments/enhancements	\$2,675,102

31 Subdivision 5.

1		HOUSING FINANCE AGENCY	
2	Salaries and wages		\$468,942
3	Operating expenses		414,098
4	Grants		<u>(577,100)</u>
5	Total from housing finance agency fund - Adjustments/enhancements		\$305,940
6	Grand total general fund - Section 2		(\$2,539,959)
7	Grand total special funds - Section 2		<u>25,270,609</u>
8	Grand total all funds - Section 2		\$22,730,650

9 **SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the
10 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
11 treasury, not otherwise appropriated, and from special funds derived from federal funds and
12 other income, to the state industrial commission and agencies under its control for the purpose
13 of defraying the expenses of their various divisions, for the biennium beginning July 1, 2005,
14 and ending June 30, 2007, as follows:

15 Subdivision 1.

16		INDUSTRIAL COMMISSION	
17	Salaries and wages		\$6,071,048
18	Operating expenses		1,907,850
19	Capital assets		45,500
20	Lignite research and development		15,200,000
21	Grants - Bond payments		<u>27,292,412</u>
22	Total all funds		\$50,516,810
23	Less estimated income		<u>43,654,885</u>
24	Total general fund appropriation		\$6,840,444

25 Subdivision 2.

26		BANK OF NORTH DAKOTA - OPERATIONS	
27	Salaries and wages		\$18,176,480
28	Operating expenses		10,925,665
29	Capital assets		18,722,000
30	Contingencies		<u>1,700,000</u>
31	Total appropriation from Bank of North Dakota fund		\$49,524,145

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1 Subdivision 3.

2 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

3 Partnership in assisting community expansion fund	\$5,700,000
4 Agriculture partnership in assisting community expansion fund	1,425,000
5 Beginning farmer revolving loan fund	<u>950,000</u>
6 Total all funds	\$8,075,000
7 Less beginning farmer revolving loan fund	<u>2,375,000</u>
8 Total general fund	\$5,700,000

9 Subdivision 4.

10 MILL AND ELEVATOR ASSOCIATION

11 Salaries and wages	\$17,348,241
12 Operating expenses	14,959,013
13 Contingencies	300,000
14 Agriculture promotion	<u>250,000</u>
15 Total appropriation from mill and elevator fund	\$32,857,254

16 Subdivision 5.

17 HOUSING FINANCE AGENCY

18 Salaries and wages	\$4,382,167
19 Operating expenses	2,805,578
20 Grants	26,591,280
21 HFA contingencies	<u>100,000</u>
22 Total appropriation from housing finance agency fund	\$33,879,025
23 Total general fund appropriation - Section 3	\$12,540,444
24 Total special funds appropriation - Section 3	<u>162,286,824</u>
25 Total all funds appropriation - Section 3	\$174,827,268

26 **SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing
27 finance agency in subdivision 5 of section 3 of this Act, there is appropriated any additional
28 income or unanticipated income from federal or other funds which may become available to the
29 agency for the biennium beginning July 1, 2005, and ending June 30, 2007.

30 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In
31 addition to the amount appropriated to the industrial commission in subdivision 1 of section 3 of

1 this Act, there is appropriated, with the approval of the emergency commission, funds that may
2 become available to the commission from bonds authorized by law to be issued by the
3 industrial commission under chapters 4-36 and 54-17.2 and section 54-17-25, for the biennium
4 beginning July 1, 2005, and ending June 30, 2007.

5 **SECTION 6. TRANSFER.** The sum of \$68,525, or so much of the sum as may be
6 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
7 this Act, is from the North Dakota mill and elevator association. The moneys must be
8 transferred during the biennium beginning July 1, 2005, and ending June 30, 2007, upon order
9 of the industrial commission.

10 **SECTION 7. TRANSFER.** The sum of \$89,420, or so much of the sum as may be
11 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
12 this Act, is from the accumulated and undivided profits of the Bank of North Dakota. The
13 moneys must be transferred during the biennium beginning July 1, 2005, and ending June 30,
14 2007, upon order of the industrial commission.

15 **SECTION 8. TRANSFER.** The sum of \$59,602, or so much of the sum as may be
16 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
17 this Act, is from the housing finance agency fund. The moneys must be transferred during the
18 biennium beginning July 1, 2005, and ending June 30, 2007, upon order of the industrial
19 commission.

20 **SECTION 9. TRANSFER.** The sum of \$20,894, or so much of the sum as may be
21 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
22 this Act, is from the revenues of the municipal bond bank. The available moneys must be
23 transferred during the biennium beginning July 1, 2005, and ending June 30, 2007, upon order
24 of the industrial commission.

25 **SECTION 10. INCOME AUTHORIZATION - STUDENT LOAN TRUST.** There is
26 authorized the receipt of fees by the industrial commission in the sum of \$79,100, or so much of
27 the sum as is owed, included in the special funds appropriation line item in subdivision 1 of
28 section 3 of this Act, from the student loan trust for administrative services rendered by the
29 industrial commission to the extent permitted by sections 54-17-24 and 54-17-25. The fees
30 must be received during the biennium beginning July 1, 2005, and ending June 30, 2007, upon
31 order of the industrial commission.

1 **SECTION 11. TRANSFER.** The industrial commission shall transfer to the general
2 fund in the state treasury the sum of \$5,000,000 from the North Dakota mill and elevator
3 association. The moneys must be transferred in amounts and at such times as requested by
4 the director of the office of management and budget during the biennium beginning July 1,
5 2005, and ending June 30, 2007.

6 **SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING**
7 **PROGRAM - APPROPRIATION - LIGNITE MARKETING FEASIBILITY STUDY.** The amount
8 of \$1,500,000, or so much of the amount as may be necessary, included in the grants - bond
9 payments and special funds appropriation line items in subdivision 1 of section 3 of this Act, is
10 appropriated from the lignite research fund for the purpose of contracting for an independent,
11 nonmatching lignite marketing feasibility study or studies that determine those focused priority
12 areas where near-term, market-driven projects, activities, or processes will generate matching
13 private industry investment and have the most potential of preserving existing lignite production
14 and jobs or that will lead to increased development of lignite and its products and create new
15 lignite jobs and economic growth for the general welfare of this state. Moneys appropriated
16 pursuant to this section may also be used for the purpose of contracting for nonmatching
17 studies and activities in support of the lignite vision 21 project; for nonmatching externality
18 studies and activities in externality proceedings; or other marketing, environmental, or
19 transmission activities that assist with marketing of lignite-based electricity and lignite-based
20 byproducts. Moneys not needed for the purposes stated in this section are available to the
21 commission for funding projects, processes, or activities under the lignite research,
22 development, and marketing program.

23 **SECTION 13. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of
24 \$27,292,412 included in subdivision 1 of section 3 of this Act in the grants - bond payments line
25 item must be paid from the following funding sources during the biennium beginning July 1,
26 2005, and ending June 30, 2007:

27 North Dakota university system	\$14,278,141
28 Department of corrections - State penitentiary	3,038,586
29 State department of health	685,309
30 Job service North Dakota	696,650
31 Department of human services - Southeast human service center	571,731

1	Department of human services - State hospital	517,634
2	Department of human services - Developmental center at Grafton	593,231
3	Adjutant general	59,248
4	Veterans' home improvement fund	234,891
5	ITD connectND	<u>5,402,163</u>
6	Subtotal	\$26,077,584
7	University system energy conservation projects	<u>1,214,828</u>
8	Total	\$27,292,412

9 **SECTION 14. LEGISLATIVE INTENT - BANK OF NORTH DAKOTA BUILDING -**
10 **OTHER STATE AGENCIES' LEASING - BUDGET SECTION REPORT.** It is the intent of the
11 legislative assembly that if a new facility is built to house the operations of the Bank of North
12 Dakota that the facility be built to include rental space for other state agencies and that the
13 Bank of North Dakota work with the office of management and budget to identify which
14 agencies will lease space in the Bank of North Dakota building and report to the budget section
15 of the legislative council on plans for leasing to other agencies. The Bank of North Dakota in
16 conjunction with the office of management and budget shall set the rental amounts, and the
17 Bank of North Dakota shall collect the rental amounts and maintain and control the building and
18 its grounds.

19 **SECTION 15. APPROPRIATION - TRANSFER.** The funds appropriated by
20 subdivision 3 of section 3 of this Act must be transferred by the Bank of North Dakota to the
21 partnership in assisting community expansion fund established by section 6-09.14-02. The
22 Bank of North Dakota may not be construed to be a general fund agency because of the
23 appropriation made by subdivision 3 of section 3 of this Act.

24 **SECTION 16. AGRICULTURE PROMOTION - TRADE PROMOTION AUTHORITY.**
25 The mill and elevator association shall provide a grant of \$250,000 from the agriculture
26 promotion line item in subdivision 4 of section 3 of this Act to the trade promotion authority.

27 **SECTION 17. AMENDMENT.** Section 38-08-04.2 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **38-08-04.2. Director of mineral resources - Director of oil and gas - Delegation to**
30 **director of oil and gas.** ~~The industrial commission is authorized to appoint a director of oil and~~
31 ~~gas and to set the director's salary within the limits of legislative appropriations. The industrial~~

1 ~~commission may designate the state geologist as the director of oil and gas.~~ The industrial
2 commission is authorized to appoint a director of mineral resources who shall serve at the
3 pleasure of the commission. The director of mineral resources shall carry out the duties of the
4 director of oil and gas along with the duties of director of mineral resources. The commission
5 may set the salary of the director of mineral resources. The commission may delegate to the
6 director of oil and gas all powers the commission has under this title and under rules enacted
7 under this title.

8 **SECTION 18. AMENDMENT.** Section 38-12-02 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **38-12-02. Jurisdiction of commission.** The commission has jurisdiction and authority
11 over all persons and property, public and private, necessary to enforce effectively the
12 provisions of this chapter. Subject to the provisions of section 38-08-21, the ~~state geologist~~
13 director of mineral resources shall act as a supervisor charged with the duty of enforcing the
14 regulations and orders of the commission applicable to the subsurface mineral resources of this
15 state and the provisions of this chapter. The commission has authority to make such
16 investigations as it deems proper to determine whether facts exist which justify action by the
17 commission. The commission acting through the ~~office of the state geologist~~ director of mineral
18 resources has the authority:

- 19 1. To require:
- 20 a. The furnishing of a reasonable bond with good and sufficient surety,
21 conditioned upon the full compliance with the provisions of this chapter, and
22 the rules and orders of the commission prescribed to govern the exploration,
23 development, and production of subsurface minerals on state and private
24 lands within the state of North Dakota. The person required to furnish the
25 bond may elect to deposit a collateral bond, self-bond, cash, or any
26 alternative form of security approved by the commission, or combination
27 thereof, by which a permittee assures faithful performance of all requirements
28 of this chapter and the rules and orders of the industrial commission.
- 29 b. The delivery, free of charge, to the state geologist of the basic exploration
30 data collected by the operator, within thirty days of field collection of such
31 data. This data must include:

- 1 (1) Sample cuts, core chips, or whole cores.
- 2 (2) Sample logs, radioactivity logs, resistivity logs, or other types of
- 3 electrical or mechanical logs.
- 4 (3) Elevation and location information on the data collection points.
- 5 (4) Other pertinent information as may be requested by the state geologist.
- 6 The data so submitted is confidential for a period of one year when so
- 7 requested by the operator and such period may be further extended upon
- 8 approval by the commission.
- 9 c. The filing of monthly production reports in the manner prescribed by the
- 10 commission and any other reports deemed necessary by the commission.
- 11 d. The conducting of all exploration, development, and production operations in
- 12 such a manner as to prevent pollution of freshwater supplies, to provide for
- 13 the protection of the environment and public safety, and to ensure the
- 14 optimum recovery of the mineral resource.
- 15 e. The reclamation of all land disturbed by operations regulated by this chapter
- 16 to a condition consistent with prior land use and productive capacity.
- 17 2. To regulate the drilling and abandonment of exploration test holes and producing
- 18 wells and all other exploration, development, production, and reclamation
- 19 operations.
- 20 3. To promulgate and to enforce rules, regulations, and orders to effectuate the
- 21 purposes and the intent of this chapter.
- 22 4. To inspect all exploration, development, and production sites. For the purposes of
- 23 this subsection, the ~~state geologist~~ director of mineral resources or the ~~state~~
- 24 ~~geologist's~~ director's representative shall have access to all exploration,
- 25 development, or production installations for purposes of inspection and shall have
- 26 the authority to require the operator's aid if ~~same~~ it is necessary and is requested.

27 **SECTION 19. AMENDMENT.** Section 38-12-03 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **38-12-03. Permit required.** It is unlawful to commence operations for the exploration,
30 development, or production of subsurface minerals without first obtaining a permit from the
31 ~~state geologist~~ director of mineral resources, under such rules and regulations as may be

1 prescribed by the commission and paying to the commission a fee for each such permit in an
2 amount to be prescribed by the commission.

3 **SECTION 20. AMENDMENT.** Section 38-12.1-04 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **38-12.1-04. Jurisdiction of commission.** The commission has jurisdiction and
6 authority over all persons and property, both public and private, necessary to effectively enforce
7 the provisions of this chapter. The ~~state geologist~~ director of mineral resources shall act as a
8 supervisor charged with the duty of enforcing the regulations and orders of the commission
9 applicable to the provisions of this chapter. The commission has authority to make such
10 investigations as it deems proper to determine whether facts exist which justify action by the
11 commission. The commission acting through the ~~office of the state geologist~~ director of mineral
12 resources has the authority:

- 13 1. To require:
- 14 a. The furnishing of a reasonable bond with good and sufficient surety,
15 conditioned upon the full compliance with the provisions of this chapter, and
16 the rules and orders of the commission prescribed to govern the exploration
17 for coal on state and private lands and roads used in coal exploration within
18 the state of North Dakota. The person required to furnish the bond may elect
19 to deposit a collateral bond, self-bond, cash, or any alternative form of
20 security approved by the commission, or combination thereof, by which a
21 permittee assures faithful performance of all requirements of this chapter and
22 the rules and orders of the industrial commission.
- 23 b. The delivery, free of charge, to the state geologist of the basic data collected
24 during the course of the exploration within a reasonable time as may be
25 prescribed by the state geologist. The data so submitted is confidential and
26 available only to the office of the state geologist for official purposes for a
27 period of two years, and such period of confidentiality must, upon application,
28 be extended for one-year periods by the state geologist, for a total period not
29 to exceed ten years unless it is demonstrated that such period should be
30 further extended in order to prevent possible resulting harm to the person, or
31 the persons' successors and assigns, who delivered such basic data to the

1 state geologist. The basic data must include, if specifically requested by the
2 state geologist and if the information has been developed by or for a person
3 conducting the exploration:

- 4 (1) Sample cuts.
- 5 (2) Drillers' logs, sample logs, radioactivity logs, resistivity logs, or other
6 types of electrical or mechanical logs.
- 7 (3) Elevation and location information on the data collection points.
- 8 (4) Other pertinent information as may be required by the state geologist.

9 2. To require the plugging, covering, or reburial in an appropriate manner so as to
10 protect environmental quality, general health and safety, and economic values of
11 all holes, pits, or trenches excavated during the course of coal exploration.

12 3. To promulgate and enforce rules, regulations, and orders to effectuate the
13 provisions, purpose, and intent of this chapter.

14 4. To inspect all drilling or exploration sites. For the purposes of this subsection, the
15 ~~state geologist~~ director of mineral resources or the ~~state geologist's~~ the director's
16 representative shall have access to all drilling or exploration installations regulated
17 by this chapter for the purpose of inspection and sampling and shall have the
18 authority to require the operators' aid if the ~~state geologist or the state geologist's~~
19 ~~representative~~ director finds it necessary and requests it.

20 5. Notwithstanding any of the other provisions of this section, the commission acting
21 through the ~~office of the state geologist~~ director of mineral resources shall require
22 that any lands substantially disturbed in coal exploration, including excavations,
23 roads, and drill holes, and the removal of necessary facilities and equipment be
24 reclaimed in accordance with the applicable performance standards of section
25 38-14.1-24. Reclamation must be accomplished ~~so as~~ to protect environmental
26 quality, general health and safety, and economic values.

27 **SECTION 21. AMENDMENT.** Subsection 1 of section 38-12.1-05 of the North Dakota
28 Century Code is amended and reenacted as follows:

29 1. It is unlawful to commence operations for drilling for the exploration for coal without
30 first obtaining a permit from the ~~state geologist~~ director of mineral resources, under
31 such rules and regulations as may be prescribed by the commission, and paying to

1 the commission a fee of one hundred dollars for each such permit area. The
2 permit application must include a description of the exploration area and the period
3 of proposed exploration. The permit must be granted within thirty days after a
4 proper application ~~is~~ has been submitted ~~therefor~~.

5 **SECTION 22. AMENDMENT.** Section 38-15-03 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **38-15-03. Jurisdiction of commission.** The commission has continuing jurisdiction
8 and authority over all persons and property, public and private, necessary to enforce effectively
9 the provisions of this chapter. The ~~state geologist~~ director of mineral resources shall act as a
10 supervisor charged with enforcing the regulations and orders of the commission applicable to
11 the provisions of this chapter. The commission has authority to make investigations it deems
12 proper to determine whether facts exist which justify action by the commission. The
13 commission has the authority:

- 14 1. To require the furnishing of a reasonable bond with good and sufficient surety,
15 conditioned upon the full compliance with the provisions of this chapter, and the
16 rules and regulations of the commission prescribed to govern, satisfy, and resolve
17 conflicting interests among producers within North Dakota.
- 18 2. To resolve conflicting interests of producers of natural resources which cannot be
19 voluntarily concluded by them in the public interest to eliminate waste, to the end
20 that the producer, landowner, and mineral owner realize the greatest possible
21 economic advantage.
- 22 3. To promulgate and to enforce rules, regulations, and orders to effectuate the
23 purposes and intent of this chapter.

24 **SECTION 23. AMENDMENT.** Section 38-19-03 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **38-19-03. Jurisdiction of the commission.** The commission has jurisdiction and
27 authority and is charged with the responsibility to enforce the provisions of this chapter. This
28 chapter does not apply to any activity regulated under chapters 38-08, 38-12, 38-12.1, 38-14.1,
29 and 61-28. The jurisdiction granted to the commission by this chapter is not exclusive and
30 does not affect the jurisdiction of other governmental entities. The commission acting through
31 the ~~office of the state geologist~~ director of mineral resources has the authority:

- 1 1. To require:
 - 2 a. Identification of ownership of all facilities, installations, and equipment used in
 - 3 the extraction of geothermal energy.
 - 4 b. The making and filing of all logs and reports on facility location, drilling,
 - 5 boring, excavating, and construction and the filing, free of charge, of samples,
 - 6 core chips, and complete cores, when requested, in the office of the state
 - 7 geologist.
 - 8 c. The drilling, boring, casing, excavating, plugging, and construction of facilities
 - 9 in a manner to prevent contamination and pollution of surface and ground
 - 10 water sources and unnecessary environmental degradation.
 - 11 d. The furnishing of a reasonable bond with good and sufficient surety,
 - 12 conditioned upon the full compliance with this chapter and the rules and
 - 13 orders of the commission relating to the extraction of geothermal energy. The
 - 14 person required to furnish the bond may elect to deposit a collateral bond,
 - 15 self-bond, cash, or any alternative form of security approved by the
 - 16 commission, or combination thereof, by which a permittee assures faithful
 - 17 performance of all requirements of this chapter and the rules and orders of
 - 18 the industrial commission.
 - 19 e. Metering or measuring all products extracted from or by means of a facility
 - 20 regulated by this chapter.
 - 21 f. That every person who operates a geothermal energy extraction facility in this
 - 22 state shall keep and maintain complete and accurate records of the quantities
 - 23 and nature of products extracted from or by means of any facility, and the
 - 24 ultimate disposition of such products, which records must be available to the
 - 25 commission or its agents at all times, and that every such person file with the
 - 26 commission such reports as it may prescribe.
 - 27 g. That upon termination of the operation of any facility or activity regulated by
 - 28 this chapter, the operator of the facility shall restore the surface as nearly as
 - 29 possible to its original condition and productivity.
- 30 2. To regulate:

- 1 a. The drilling, boring, excavating, and construction of all geothermal energy
- 2 extraction facilities.
- 3 b. Operations to assure the optimum performance of all facilities regulated under
- 4 this chapter.
- 5 3. To limit and prescribe the nature, quantity, and source of geothermal energy to be
- 6 extracted from any facility regulated by this chapter.
- 7 4. To adopt rules and issue orders to effectuate the purposes of this chapter.

8 **SECTION 24. AMENDMENT.** Section 38-19-04 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **38-19-04. Permit or report required.** It is unlawful to commence any operations for
11 the drilling, boring, excavating, or construction of a geothermal energy extraction facility, which
12 is used for other than private residential heating and cooling purposes, without first securing a
13 permit from the ~~state geologist~~ director of mineral resources, under such rules as may be
14 adopted by the commission and after paying to the commission a fee for each such facility in an
15 amount to be prescribed by the commission by rule. The fee set must be related to the cost or
16 regulation and inspection under this chapter.

17 A report is required upon completion of any geothermal energy extraction facility used
18 solely for private residential heating or cooling purposes. The report must be prepared by the
19 geothermal energy extraction facility installer on a form provided by the state geologist and
20 must be furnished to the state geologist within thirty days after the completion of the facility.
21 The report must contain relevant information the state geologist requires relating to the
22 environmental safety of the facility, including the facility owner and location, a log of formations
23 penetrated, if any, system specifications and design, and fluids used in the facility.

24 All construction of geothermal energy extraction facilities must comply with rules
25 adopted under this chapter.

26 **SECTION 25. AMENDMENT.** Subsection 10 of section 38-15-02 of the North Dakota
27 Century Code is amended and reenacted as follows:

- 28 10. "Subsurface minerals" means all naturally occurring elements and their
- 29 compounds, volcanic ash, precious metals, carbonates, and natural mineral salts
- 30 of boron, bromine, calcium, fluorine, ~~helium~~, iodine, lithium, magnesium, ~~nitrogen~~,
- 31 phosphorus, potassium, sodium, thorium, uranium, and sulfur, and their

1 compounds, ~~occurring more than five hundred feet [152.4 meters] below the~~
2 ~~surface of the land~~ but does not include sand and gravel and rocks crushed for
3 sand and gravel.

4 **SECTION 26. AMENDMENT.** Subsection 3 of section 54-17.4-01 of the North Dakota
5 Century Code is amended and reenacted as follows:

6 3. "Survey" means the North Dakota geological survey, a division of the department
7 of mineral resources.

8 **SECTION 27. AMENDMENT.** Section 54-17.4-05 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **54-17.4-05. State geologist - Qualifications - Selection - Salary.** There is created
11 the position of state geologist.

12 1. The state geologist's qualifications must include a doctor of philosophy degree in
13 geology from an accredited university or college or equivalent geological
14 experience, demonstrated competency in administration, and five years of practical
15 experience in the field of geology ~~to qualify for direction of the survey.~~

16 2. The ~~commission~~ director of mineral resources shall either appoint the state
17 geologist or carry out the duties of the state geologist along with the duties of
18 director of mineral resources. Prior to appointment of a state geologist the
19 ~~commission~~ director of mineral resources may appoint an acting state geologist.

20 3. The state geologist is under the direction and control ~~and serves at the pleasure of~~
21 the ~~commission~~ director of mineral resources.

22 4. ~~The annual salary of the state geologist is set by the commission subject to~~
23 ~~legislative appropriation.~~

24 **SECTION 28. AMENDMENT.** Section 54-17.4-06 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **54-17.4-06. State geologist - Authority.** The state geologist is the ~~executive and~~
27 ~~administrative~~ head of the survey and shall exercise the powers of the office and be
28 responsible for the execution of its duties.

29 **SECTION 29. AMENDMENT.** Section 54-17.4-07 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **54-17.4-07. State geologist - Grants, funds, and contracts.** The state geologist,
2 with the approval of the ~~commission~~ director of mineral resources, may accept and expend
3 money from and enter into contracts with federal, state, local, or other public entities to carry
4 out the purposes of this chapter or to provide geological services. If such funds exceed
5 appropriations made by the legislative assembly, the ~~state geologist~~ director of mineral
6 resources shall seek emergency commission approval for their expenditure.

7 **SECTION 30. EMERGENCY.** The appropriation in subdivision 3 of section 3 of this
8 Act and the transfer in section 15 of this Act for the partnership in assisting community
9 expansion are declared to be emergency measures.