

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; to repeal section 3 of chapter 491 of the 2003 Session Laws, relating to expiration of
9 the authorization for the state to purchase oil put options; to provide for a report to the
10 legislative council; and to declare an emergency.

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

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

15 Subdivision 1.

| 16 INDUSTRIAL COMMISSION | |
|---------------------------------------|-------------------|
| 17 Salaries and wages | \$6,244,663 |
| 18 Operating expenses | 1,904,767 |
| 19 Capital assets | 68,300 |
| 20 Lignite research and development | 16,270,000 |
| 21 Grants - Bond payments | <u>19,830,990</u> |
| 22 Total all funds - Base level | \$44,318,720 |
| 23 Less estimated income - Base level | <u>37,291,836</u> |
| 24 Total general fund - Base level | \$7,026,884 |

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| | | |
|----|---|---|
| 1 | Subdivision 2. | |
| 2 | | BANK OF NORTH DAKOTA - OPERATIONS |
| 3 | Salaries and wages | \$16,527,614 |
| 4 | Operating expenses | 10,925,665 |
| 5 | Capital assets | 825,000 |
| 6 | Contingencies | <u>1,500,000</u> |
| 7 | Total from Bank of North Dakota fund - Base level | \$29,778,279 |
| 8 | Subdivision 3. | |
| 9 | | BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT |
| 10 | Partnership in assisting community expansion fund | \$5,700,000 |
| 11 | Agriculture partnership in assisting community expansion fund | 1,425,000 |
| 12 | Beginning farmer revolving loan fund | <u>950,000</u> |
| 13 | Total general fund - Base level | \$8,075,000 |
| 14 | Subdivision 4. | |
| 15 | | MILL AND ELEVATOR ASSOCIATION |
| 16 | Salaries and wages | \$16,690,956 |
| 17 | Operating expenses | 12,991,196 |
| 18 | Contingencies | 250,000 |
| 19 | Agriculture promotion | <u>50,000</u> |
| 20 | Total from mill and elevator fund - Base level | \$29,982,152 |
| 21 | Subdivision 5. | |
| 22 | | HOUSING FINANCE AGENCY |
| 23 | Salaries and wages | \$3,929,907 |
| 24 | Operating expenses | 2,391,480 |
| 25 | Grants | 27,168,380 |
| 26 | HFA contingencies | <u>100,000</u> |
| 27 | Total from housing finance agency fund - Base level | \$33,589,767 |
| 28 | Grand total general fund - Section 1 | \$15,101,884 |
| 29 | Grand total special funds - Section 1 | <u>130,642,034</u> |
| 30 | Grand total all funds - Section 1 | \$145,743,918 |

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| | | |
|---|--|---------------|
| 1 | Contingencies | <u>50,000</u> |
| 2 | Total from mill and elevator fund - Adjustments/enhancements | \$2,659,252 |

3 Subdivision 5.

4 HOUSING FINANCE AGENCY

| | | |
|----|---|-------------------|
| 5 | Salaries and wages | \$446,894 |
| 6 | Operating expenses | 414,098 |
| 7 | Grants | <u>(577,100)</u> |
| 8 | Total from housing finance agency fund - Adjustments/enhancements | \$283,892 |
| 9 | Grand total general fund - Section 2 | (\$2,567,055) |
| 10 | Grand total special funds - Section 2 | <u>13,174,611</u> |
| 11 | Grand total all funds - Section 2 | \$10,607,556 |

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

18 Subdivision 1.

19 INDUSTRIAL COMMISSION

| | | |
|----|----------------------------------|-------------------|
| 20 | Salaries and wages | \$6,039,592 |
| 21 | Operating expenses | 1,907,850 |
| 22 | Capital assets | 45,500 |
| 23 | Lignite research and development | 15,200,000 |
| 24 | Grants - Bond payments | 27,292,412 |
| 25 | Oil and gas division contingency | <u>225,000</u> |
| 26 | Total all funds | \$50,710,354 |
| 27 | Less estimated income | <u>43,875,525</u> |
| 28 | Total general fund appropriation | \$6,834,829 |

29 Subdivision 2.

30 BANK OF NORTH DAKOTA - OPERATIONS

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| | | |
|----|---|--------------------|
| 1 | Salaries and wages | \$18,153,392 |
| 2 | Operating expenses | 10,925,665 |
| 3 | Capital assets | 272,000 |
| 4 | Contingencies | <u>1,700,000</u> |
| 5 | Total appropriation from Bank of North Dakota fund | \$31,051,057 |
| 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 all funds | \$8,075,000 |
| 12 | Less beginning farmer revolving loan fund | <u>2,375,000</u> |
| 13 | Total general fund | \$5,700,000 |
| 14 | Subdivision 4. | |
| 15 | MILL AND ELEVATOR ASSOCIATION | |
| 16 | Salaries and wages | \$17,332,391 |
| 17 | Operating expenses | 14,959,013 |
| 18 | Contingencies | 300,000 |
| 19 | Agriculture promotion | <u>50,000</u> |
| 20 | Total appropriation from mill and elevator fund | \$32,641,404 |
| 21 | Subdivision 5. | |
| 22 | HOUSING FINANCE AGENCY | |
| 23 | Salaries and wages | \$4,376,801 |
| 24 | Operating expenses | 2,805,578 |
| 25 | Grants | 26,591,280 |
| 26 | HFA contingencies | <u>100,000</u> |
| 27 | Total appropriation from housing finance agency fund | \$33,873,659 |
| 28 | Total general fund appropriation - Section 3 | \$12,534,829 |
| 29 | Total special funds appropriation - Section 3 | <u>143,816,645</u> |
| 30 | Total all funds appropriation - Section 3 | \$156,351,474 |

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

5 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In
6 addition to the amount appropriated to the industrial commission in subdivision 1 of section 3 of
7 this Act, there is appropriated, with the approval of the emergency commission, funds that may
8 become available to the commission from bonds authorized by law to be issued by the
9 industrial commission under chapters 4-36 and 54-17.2 and section 54-17-25, for the biennium
10 beginning July 1, 2005, and ending June 30, 2007.

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

16 **SECTION 7. TRANSFER.** The sum of \$89,420, or so much of the sum as may be
17 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
18 this Act, is from the accumulated and undivided profits of the Bank of North Dakota. The
19 moneys must be transferred during the biennium beginning July 1, 2005, and ending June 30,
20 2007, upon order of the industrial commission.

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

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

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

8 **SECTION 11. TRANSFER.** The industrial commission shall transfer to the general
9 fund in the state treasury the sum of \$5,000,000 from the North Dakota mill and elevator
10 association. The moneys must be transferred in amounts and at such times as requested by
11 the director of the office of management and budget during the biennium beginning July 1,
12 2005, and ending June 30, 2007.

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

30 **SECTION 13. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of
31 \$27,292,412 included in subdivision 1 of section 3 of this Act in the grants - bond payments line

1 item must be paid from the following funding sources during the biennium beginning July 1,
2 2005, and ending June 30, 2007:

| | |
|--|------------------|
| 3 North Dakota university system | \$14,278,141 |
| 4 Department of corrections - State penitentiary | 3,038,586 |
| 5 State department of health | 685,309 |
| 6 Job service North Dakota | 696,650 |
| 7 Department of human services - Southeast human service center | 571,731 |
| 8 Department of human services - State hospital | 517,634 |
| 9 Department of human services - Developmental center at Grafton | 593,231 |
| 10 Adjutant general | 59,248 |
| 11 Veterans' home improvement fund | 234,891 |
| 12 ITD connectND | <u>5,402,163</u> |
| 13 Subtotal | \$26,077,584 |
| 14 University system energy conservation projects | <u>1,214,828</u> |
| 15 Total | \$27,292,412 |

16 **SECTION 14. APPROPRIATION - TRANSFER.** The funds appropriated by
17 subdivision 3 of section 3 of this Act must be transferred by the Bank of North Dakota to the
18 partnership in assisting community expansion fund established by section 6-09.14-02. The
19 Bank of North Dakota may not be construed to be a general fund agency because of the
20 appropriation made by subdivision 3 of section 3 of this Act.

21 **SECTION 15. UNOBLIGATED MONEYS IN PARTNERSHIP FOR COMMUNITY**
22 **EXPANSION FUND - TRANSFER TO THE GENERAL FUND.** Notwithstanding section
23 6-09.14-02, any unobligated moneys, up to \$2,200,000, in the partnership in assisting
24 community expansion fund as of June 30, 2005, shall be returned to the general fund and
25 considered general fund turnback.

26 **SECTION 16. CONTINGENT OIL AND GAS DIVISION FUNDING - EMERGENCY**
27 **COMMISSION APPROVAL.** The funds appropriated in the oil and gas division contingency
28 line item in subdivision 1 of section 3 of this Act are from the land and minerals trust fund. If
29 funds are required due to the average drilling rig count exceeding thirty active rigs for each
30 month in any consecutive three-month period, the oil and gas division may spend moneys from

1 this line item upon emergency commission approval. The oil and gas division may hire up to
2 two full-time equivalent positions with the contingency funds.

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

5 **38-08-04.2. Director of mineral resources - Director of oil and gas - Delegation to**
6 **director of oil and gas.** ~~The industrial commission is authorized to appoint a director of oil and~~
7 ~~gas and to set the director's salary within the limits of legislative appropriations. The industrial~~
8 ~~commission may designate the state geologist as the director of oil and gas. The industrial~~
9 commission is authorized to appoint a director of mineral resources who shall serve at the
10 pleasure of the commission. The director of mineral resources shall carry out the duties of the
11 director of oil and gas along with the duties of director of mineral resources. The commission
12 may set the salary of the director of mineral resources. The commission may delegate to the
13 director of oil and gas all powers the commission has under this title and under rules enacted
14 under this title.

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

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

- 26 1. To require:
- 27 a. The furnishing of a reasonable bond with good and sufficient surety,
28 conditioned upon the full compliance with the provisions of this chapter, and
29 the rules and orders of the commission prescribed to govern the exploration,
30 development, and production of subsurface minerals on state and private
31 lands within the state of North Dakota. The person required to furnish the

- 1 bond may elect to deposit a collateral bond, self-bond, cash, or any
2 alternative form of security approved by the commission, or combination
3 thereof, by which a permittee assures faithful performance of all requirements
4 of this chapter and the rules and orders of the industrial commission.
- 5 b. The delivery, free of charge, to the state geologist of the basic exploration
6 data collected by the operator, within thirty days of field collection of such
7 data. This data must include:
- 8 (1) Sample cuts, core chips, or whole cores.
9 (2) Sample logs, radioactivity logs, resistivity logs, or other types of
10 electrical or mechanical logs.
11 (3) Elevation and location information on the data collection points.
12 (4) Other pertinent information as may be requested by the state geologist.
- 13 The data so submitted is confidential for a period of one year when so
14 requested by the operator and such period may be further extended upon
15 approval by the commission.
- 16 c. The filing of monthly production reports in the manner prescribed by the
17 commission and any other reports deemed necessary by the commission.
- 18 d. The conducting of all exploration, development, and production operations in
19 such a manner as to prevent pollution of freshwater supplies, to provide for
20 the protection of the environment and public safety, and to ensure the
21 optimum recovery of the mineral resource.
- 22 e. The reclamation of all land disturbed by operations regulated by this chapter
23 to a condition consistent with prior land use and productive capacity.
- 24 2. To regulate the drilling and abandonment of exploration test holes and producing
25 wells and all other exploration, development, production, and reclamation
26 operations.
- 27 3. To promulgate and to enforce rules, regulations, and orders to effectuate the
28 purposes and the intent of this chapter.
- 29 4. To inspect all exploration, development, and production sites. For the purposes of
30 this subsection, the ~~state geologist~~ director of mineral resources or the ~~state~~
31 ~~geologist's~~ director's representative shall have access to all exploration,

1 development, or production installations for purposes of inspection and shall have
2 the authority to require the operator's aid if ~~same~~ it is necessary and is requested.

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

5 **38-12-03. Permit required.** It is unlawful to commence operations for the exploration,
6 development, or production of subsurface minerals without first obtaining a permit from the
7 ~~state geologist~~ director of mineral resources, under such rules and regulations as may be
8 prescribed by the commission and paying to the commission a fee for each such permit in an
9 amount to be prescribed by the commission.

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

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

20 1. To require:

21 a. The furnishing of a reasonable bond with good and sufficient surety,
22 conditioned upon the full compliance with the provisions of this chapter, and
23 the rules and orders of the commission prescribed to govern the exploration
24 for coal on state and private lands and roads used in coal exploration within
25 the state of North Dakota. The person required to furnish the bond may elect
26 to deposit a collateral bond, self-bond, cash, or any alternative form of
27 security approved by the commission, or combination thereof, by which a
28 permittee assures faithful performance of all requirements of this chapter and
29 the rules and orders of the industrial commission.

30 b. The delivery, free of charge, to the state geologist of the basic data collected
31 during the course of the exploration within a reasonable time as may be

1 prescribed by the state geologist. The data so submitted is confidential and
2 available only to the office of the state geologist for official purposes for a
3 period of two years, and such period of confidentiality must, upon application,
4 be extended for one-year periods by the state geologist, for a total period not
5 to exceed ten years unless it is demonstrated that such period should be
6 further extended in order to prevent possible resulting harm to the person, or
7 the persons' successors and assigns, who delivered such basic data to the
8 state geologist. The basic data must include, if specifically requested by the
9 state geologist and if the information has been developed by or for a person
10 conducting the exploration:

- 11 (1) Sample cuts.
 - 12 (2) Drillers' logs, sample logs, radioactivity logs, resistivity logs, or other
13 types of electrical or mechanical logs.
 - 14 (3) Elevation and location information on the data collection points.
 - 15 (4) Other pertinent information as may be required by the state geologist.
- 16 2. To require the plugging, covering, or reburial in an appropriate manner so as to
17 protect environmental quality, general health and safety, and economic values of
18 all holes, pits, or trenches excavated during the course of coal exploration.
 - 19 3. To promulgate and enforce rules, regulations, and orders to effectuate the
20 provisions, purpose, and intent of this chapter.
 - 21 4. To inspect all drilling or exploration sites. For the purposes of this subsection, the
22 ~~state geologist~~ director of mineral resources or ~~the state geologist's~~ the director's
23 representative shall have access to all drilling or exploration installations regulated
24 by this chapter for the purpose of inspection and sampling and shall have the
25 authority to require the operators' aid if the ~~state geologist or the state geologist's~~
26 ~~representative~~ director finds it necessary and requests it.
 - 27 5. Notwithstanding any of the other provisions of this section, the commission acting
28 through the ~~office of the state geologist~~ director of mineral resources shall require
29 that any lands substantially disturbed in coal exploration, including excavations,
30 roads, and drill holes, and the removal of necessary facilities and equipment be
31 reclaimed in accordance with the applicable performance standards of section

1 38-14.1-24. Reclamation must be accomplished ~~so as~~ to protect environmental
2 quality, general health and safety, and economic values.

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

5 1. It is unlawful to commence operations for drilling for the exploration for coal without
6 first obtaining a permit from the ~~state geologist~~ director of mineral resources, under
7 such rules and regulations as may be prescribed by the commission, and paying to
8 the commission a fee of one hundred dollars for each such permit area. The
9 permit application must include a description of the exploration area and the period
10 of proposed exploration. The permit must be granted within thirty days after a
11 proper application ~~is~~ has been submitted ~~therefor~~.

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

14 **38-15-03. Jurisdiction of commission.** The commission has continuing jurisdiction
15 and authority over all persons and property, public and private, necessary to enforce effectively
16 the provisions of this chapter. The ~~state geologist~~ director of mineral resources shall act as a
17 supervisor charged with enforcing the regulations and orders of the commission applicable to
18 the provisions of this chapter. The commission has authority to make investigations it deems
19 proper to determine whether facts exist which justify action by the commission. The
20 commission has the authority:

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

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

3 **38-19-03. Jurisdiction of the commission.** The commission has jurisdiction and
4 authority and is charged with the responsibility to enforce the provisions of this chapter. This
5 chapter does not apply to any activity regulated under chapters 38-08, 38-12, 38-12.1, 38-14.1,
6 and 61-28. The jurisdiction granted to the commission by this chapter is not exclusive and
7 does not affect the jurisdiction of other governmental entities. The commission acting through
8 the ~~office of the state geologist~~ director of mineral resources has the authority:

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

1 ultimate disposition of such products, which records must be available to the
2 commission or its agents at all times, and that every such person file with the
3 commission such reports as it may prescribe.

4 g. That upon termination of the operation of any facility or activity regulated by
5 this chapter, the operator of the facility shall restore the surface as nearly as
6 possible to its original condition and productivity.

7 2. To regulate:

8 a. The drilling, boring, excavating, and construction of all geothermal energy
9 extraction facilities.

10 b. Operations to assure the optimum performance of all facilities regulated under
11 this chapter.

12 3. To limit and prescribe the nature, quantity, and source of geothermal energy to be
13 extracted from any facility regulated by this chapter.

14 4. To adopt rules and issue orders to effectuate the purposes of this chapter.

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

17 **38-19-04. Permit or report required.** It is unlawful to commence any operations for
18 the drilling, boring, excavating, or construction of a geothermal energy extraction facility, which
19 is used for other than private residential heating and cooling purposes, without first securing a
20 permit from the ~~state geologist~~ director of mineral resources, under such rules as may be
21 adopted by the commission and after paying to the commission a fee for each such facility in an
22 amount to be prescribed by the commission by rule. The fee set must be related to the cost of
23 regulation and inspection under this chapter.

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

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

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

5 10. "Subsurface minerals" means all naturally occurring elements and their
6 compounds, volcanic ash, precious metals, carbonates, and natural mineral salts
7 of boron, bromine, calcium, fluorine, ~~helium~~, iodine, lithium, magnesium, ~~nitrogen~~,
8 phosphorus, potassium, sodium, thorium, uranium, and sulfur, and their
9 compounds, ~~occurring more than five hundred feet [152.4 meters] below the~~
10 ~~surface of the land~~ but does not include sand and gravel and rocks crushed for
11 sand and gravel.

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

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

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

18 **54-17.4-05. State geologist - Qualifications - Selection - Salary.** There is created
19 the position of state geologist.

- 20 1. The state geologist's qualifications must include a doctor of philosophy degree in
21 geology from an accredited university or college or equivalent geological
22 experience, demonstrated competency in administration, and five years of practical
23 experience in the field of geology ~~to qualify for direction of the survey.~~
- 24 2. The ~~commission~~ director of mineral resources shall either appoint the state
25 geologist or carry out the duties of the state geologist along with the duties of
26 director of mineral resources. Prior to appointment of a state geologist the
27 ~~commission~~ director of mineral resources may appoint an acting state geologist.
- 28 3. The state geologist is under the direction and control ~~and serves at the pleasure of~~
29 ~~the commission~~ director of mineral resources.
- 30 4. ~~The annual salary of the state geologist is set by the commission subject to~~
31 ~~legislative appropriation.~~

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

3 **54-17.4-06. State geologist - Authority.** The state geologist is the ~~executive and~~
4 ~~administrative~~ head of the survey and shall exercise the powers of the office and be
5 responsible for the execution of its duties.

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

8 **54-17.4-07. State geologist - Grants, funds, and contracts.** The state geologist,
9 with the approval of the ~~commission~~ director of mineral resources, may accept and expend
10 money from and enter into contracts with federal, state, local, or other public entities to carry
11 out the purposes of this chapter or to provide geological services. If such funds exceed
12 appropriations made by the legislative assembly, the ~~state geologist~~ director of mineral
13 resources shall seek emergency commission approval for their expenditure.

14 **SECTION 30. REPEAL.** Section 3 of chapter 491 of the 2003 Session Laws is
15 repealed.

16 **SECTION 31. STATE MILL AND ELEVATOR ASSOCIATION - REPORT TO**
17 **BUDGET SECTION.** The manager of the state mill and elevator association shall present an
18 annual report to the budget section of the legislative council. The report must include the
19 current role and mission of the state mill and elevator association and short-term and long-term
20 plans for acquisitions, construction, renovation, equipment upgrading, sales and marketing,
21 personnel, and all financial matters. The report also must include a description of efforts by the
22 state mill and elevator association to inform legislators about the role, mission, and operations
23 of the state mill and elevator association.

24 **SECTION 32. EMERGENCY.** The appropriation in subdivision 3 of section 3 of this
25 Act and the transfer in section 14 of this Act for the partnership in assisting community
26 expansion are declared to be emergency measures.