

**FIRST ENGROSSMENT
with House Amendments**

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; to provide for a report to the legislative council; 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

Fifty-ninth
Legislative Assembly

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

Fifty-ninth
Legislative Assembly

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	(\$205,071)
6 Operating expenses	3,083
7 Capital assets	(22,800)
8 Lignite research and development	(1,070,000)
9 Grants - Bond payments	7,461,422
10 Oil and gas division contingency	<u>225,000</u>
11 Total all funds - Adjustments/enhancements	\$6,391,634
12 Less estimated income - Adjustments/enhancements	<u>6,583,689</u>
13 Total general fund - Adjustments/enhancements	(\$192,055)

14 Subdivision 2.

15 BANK OF NORTH DAKOTA - OPERATIONS

16 Salaries and wages	\$1,625,778
17 Capital assets	10,447,000
18 Contingencies	<u>200,000</u>
19 Total from Bank of North Dakota fund - Adjustments/enhancements	\$12,272,778

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	\$641,435
28 Operating expenses	1,967,817
29 Contingencies	<u>50,000</u>
30 Total from mill and elevator fund - Adjustments/enhancements	\$2,659,252

31 Subdivision 5.

1	HOUSING FINANCE AGENCY	
2	Salaries and wages	\$446,894
3	Operating expenses	414,098
4	Grants	<u>(577,100)</u>
5	Total from housing finance agency fund - Adjustments/enhancements	\$283,892
6	Grand total general fund - Section 2	(\$2,567,055)
7	Grand total special funds - Section 2	<u>24,174,611</u>
8	Grand total all funds - Section 2	\$21,607,556

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

26 Subdivision 2.

27	BANK OF NORTH DAKOTA - OPERATIONS	
28	Salaries and wages	\$18,153,392
29	Operating expenses	10,925,665
30	Capital assets	11,272,000

Fifty-ninth
Legislative Assembly

1	Contingencies	<u>1,700,000</u>
2	Total appropriation from Bank of North Dakota fund	\$42,051,057
3	Subdivision 3.	
4	BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT	
5	Partnership in assisting community expansion fund	\$5,700,000
6	Agriculture partnership in assisting community expansion fund	1,425,000
7	Beginning farmer revolving loan fund	<u>950,000</u>
8	Total all funds	\$8,075,000
9	Less beginning farmer revolving loan fund	<u>2,375,000</u>
10	Total general fund	\$5,700,000
11	Subdivision 4.	
12	MILL AND ELEVATOR ASSOCIATION	
13	Salaries and wages	\$17,332,391
14	Operating expenses	14,959,013
15	Contingencies	300,000
16	Agriculture promotion	<u>50,000</u>
17	Total appropriation from mill and elevator fund	\$32,641,404
18	Subdivision 5.	
19	HOUSING FINANCE AGENCY	
20	Salaries and wages	\$4,376,801
21	Operating expenses	2,805,578
22	Grants	26,591,280
23	HFA contingencies	<u>100,000</u>
24	Total appropriation from housing finance agency fund	\$33,873,659
25	Total general fund appropriation - Section 3	\$12,534,829
26	Total special funds appropriation - Section 3	<u>154,816,645</u>
27	Total all funds appropriation - Section 3	\$167,351,474

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

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

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

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

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

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

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

1 must be received during the biennium beginning July 1, 2005, and ending June 30, 2007, upon
2 order of the industrial commission.

3 **SECTION 11. TRANSFER.** The industrial commission shall transfer to the general
4 fund in the state treasury the sum of \$5,000,000 from the North Dakota mill and elevator
5 association. The moneys must be transferred in amounts and at such times as requested by
6 the director of the office of management and budget during the biennium beginning July 1,
7 2005, and ending June 30, 2007.

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

25 **SECTION 13. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of
26 \$27,292,412 included in subdivision 1 of section 3 of this Act in the grants - bond payments line
27 item must be paid from the following funding sources during the biennium beginning July 1,
28 2005, and ending June 30, 2007:

29 North Dakota university system	\$14,278,141
30 Department of corrections - State penitentiary	3,038,586
31 State department of health	685,309

1	Job service North Dakota	696,650
2	Department of human services - Southeast human service center	571,731
3	Department of human services - State hospital	517,634
4	Department of human services - Developmental center at Grafton	593,231
5	Adjutant general	59,248
6	Veterans' home improvement fund	234,891
7	ITD connectND	<u>5,402,163</u>
8	Subtotal	\$26,077,584
9	University system energy conservation projects	<u>1,214,828</u>
10	Total	\$27,292,412

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

16 **SECTION 15. UNOBLIGATED MONEYS IN PARTNERSHIP FOR COMMUNITY**
17 **EXPANSION FUND - TRANSFER TO THE GENERAL FUND.** Notwithstanding section
18 6-09.14-02, any unobligated moneys, up to \$2,200,000, in the partnership in assisting
19 community expansion fund as of June 30, 2005, must be returned to the general fund and
20 considered general fund turnback.

21 **SECTION 16. CONTINGENT OIL AND GAS DIVISION FUNDING - EMERGENCY**
22 **COMMISSION APPROVAL.** The funds appropriated in the oil and gas division contingency
23 line item in subdivision 1 of section 3 of this Act are from the land and minerals trust fund. If
24 funds are required due to the average drilling rig count exceeding thirty active rigs for each
25 month in any consecutive three-month period, the oil and gas division may spend moneys from
26 this line item upon emergency commission approval. The oil and gas division may hire up to
27 two full-time equivalent positions with the contingency funds.

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

30 **38-08-04.2. Director of mineral resources - Director of oil and gas - Delegation to**
31 **director of oil and gas.** ~~The industrial commission is authorized to appoint a director of oil and~~

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

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

11 **38-12-02. Jurisdiction of commission.** The commission has jurisdiction and authority
12 over all persons and property, public and private, necessary to enforce effectively the
13 provisions of this chapter. Subject to the provisions of section 38-08-21, the ~~state geologist~~
14 director of mineral resources shall act as a supervisor charged with the duty of enforcing the
15 regulations and orders of the commission applicable to the subsurface mineral resources of this
16 state and 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 development, and production of subsurface minerals on state and private
25 lands within the state of North Dakota. The person required to furnish the
26 bond may elect to deposit a collateral bond, self-bond, cash, or any
27 alternative form of security approved by the commission, or combination
28 thereof, by which a permittee assures faithful performance of all requirements
29 of this chapter and the rules and orders of the industrial commission.

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

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

1 **38-12-03. Permit required.** It is unlawful to commence operations for the exploration,
2 development, or production of subsurface minerals without first obtaining a permit from the
3 ~~state geologist~~ director of mineral resources, under such rules and regulations as may be
4 prescribed by the commission and paying to the commission a fee for each such permit in an
5 amount to be prescribed by the commission.

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

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

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

1 to exceed ten years unless it is demonstrated that such period should be
2 further extended in order to prevent possible resulting harm to the person, or
3 the persons' successors and assigns, who delivered such basic data to the
4 state geologist. The basic data must include, if specifically requested by the
5 state geologist and if the information has been developed by or for a person
6 conducting the exploration:

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

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

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

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

23 5. Notwithstanding any of the other provisions of this section, the commission acting
24 through the ~~office of the state geologist~~ director of mineral resources shall require
25 that any lands substantially disturbed in coal exploration, including excavations,
26 roads, and drill holes, and the removal of necessary facilities and equipment be
27 reclaimed in accordance with the applicable performance standards of section
28 38-14.1-24. Reclamation must be accomplished ~~so as~~ to protect environmental
29 quality, general health and safety, and economic values.

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

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

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

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

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

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

29 **38-19-03. Jurisdiction of the commission.** The commission has jurisdiction and
30 authority and is charged with the responsibility to enforce the provisions of this chapter. This
31 chapter does not apply to any activity regulated under chapters 38-08, 38-12, 38-12.1, 38-14.1,

1 and 61-28. The jurisdiction granted to the commission by this chapter is not exclusive and
2 does not affect the jurisdiction of other governmental entities. The commission acting through
3 the ~~office of the state geologist~~ director of mineral resources has the authority:

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

- 1 g. That upon termination of the operation of any facility or activity regulated by
2 this chapter, the operator of the facility shall restore the surface as nearly as
3 possible to its original condition and productivity.
- 4 2. To regulate:
- 5 a. The drilling, boring, excavating, and construction of all geothermal energy
6 extraction facilities.
- 7 b. Operations to assure the optimum performance of all facilities regulated under
8 this chapter.
- 9 3. To limit and prescribe the nature, quantity, and source of geothermal energy to be
10 extracted from any facility regulated by this chapter.
- 11 4. To adopt rules and issue orders to effectuate the purposes of this chapter.

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

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

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

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

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

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

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

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

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

14 **54-17.4-05. State geologist - Qualifications - Selection - Salary.** There is created
15 the position of state geologist.

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

20 2. The ~~commission~~ director of mineral resources shall either appoint the state
21 geologist or carry out the duties of the state geologist along with the duties of
22 director of mineral resources. Prior to appointment of a state geologist the
23 ~~commission~~ director of mineral resources may appoint an acting state geologist.

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

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

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

1 **54-17.4-06. State geologist - Authority.** The state geologist is the ~~executive and~~
2 ~~administrative~~ head of the survey and shall exercise the powers of the office and be
3 responsible for the execution of its duties.

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

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

12 **SECTION 30. STATE MILL AND ELEVATOR ASSOCIATION - REPORT TO**
13 **BUDGET SECTION.** The manager of the state mill and elevator association shall present an
14 annual report to the budget section of the legislative council. The report must include the
15 current role and mission of the state mill and elevator association and short-term and long-term
16 plans for acquisitions, construction, renovation, equipment upgrading, sales and marketing,
17 personnel, and all financial matters. The report also must include a description of efforts by the
18 state mill and elevator association to inform legislators about the role, mission, and operations
19 of the state mill and elevator association.

20 **SECTION 31. EMERGENCY.** The appropriation in subdivision 3 of section 3 of this
21 Act and the transfer in section 14 of this Act for the partnership in assisting community
22 expansion are declared to be emergency measures.