

SENATE BILL NO. 2315

Introduced by

Senators Mathern, Warner

Representatives Klein, Glasheim, Gruchalla, Zaiser

1 A BILL for an Act to amend and reenact section 38-08-06.4 of the North Dakota Century Code,
2 relating to flaring.

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

4 **SECTION 1. AMENDMENT.** Section 38-08-06.4 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **38-08-06.4. Flaring of gas restricted - Imposition of tax - Payment of royalties -**
7 **Industrial commission authority.**

8 As permitted under rules of the industrial commission, gas produced with crude oil from an
9 oil well may be flared during a one-year period from the date of first production from the well.
10 Thereafter, flaring of gas from the well must cease and the well must be capped, connected to a
11 gas gathering line, or equipped with an electrical generator that consumes at least seventy-five
12 percent of the gas from the well. An electrical generator and its attachment units to produce
13 electricity from gas must be considered to be personal property for all purposes. For a well
14 operated in violation of this section, the producer shall pay royalties to royalty owners upon the
15 value of the flared gas and shall also pay gross production tax on the flared gas at the rate
16 imposed under section 57-51-02.2. The industrial commission may enforce this section and, for
17 each well operator found to be in violation of this section, may determine the value of flared gas
18 for purposes of payment of royalties under this section and its determination is final. ~~A producer~~
19 ~~may obtain an exemption from this section from the industrial commission upon application and~~
20 ~~a showing that connection of the well to a natural gas gathering line is economically infeasible~~
21 ~~at the time of the application or in the foreseeable future or that a market for the gas is not~~
22 ~~available and that equipping the well with an electrical generator to produce electricity from gas~~
23 ~~is economically infeasible.~~