

## SENATE BILL NO. 172

INTRODUCED BY S. STEWART-PEREGOY

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING OIL AND GAS LAWS RELATED TO WATER;  
5 REQUIRING WATER TESTING AT OIL AND GAS WELL SITES UNDER CERTAIN CIRCUMSTANCES;  
6 REQUIRING THE BOARD OF OIL AND GAS CONSERVATION TO PROVIDE NOTICE OF AN APPLICATION  
7 TO DRILL; ESTABLISHING NOTICE REQUIREMENTS; ALLOWING A PERSON TO REQUEST BASELINE  
8 WATER QUALITY AND QUANTITY TESTING AT A PROPOSED WELL SITE; REQUIRING ADDITIONAL  
9 WATER QUALITY AND QUANTITY TESTING AT A WELL SITE AFTER A WELL IS PLUGGED; REQUIRING  
10 THE BOARD TO PROVIDE WATER TESTING RESULTS TO THE BUREAU OF MINES AND GEOLOGY;  
11 REQUIRING THE BUREAU OF MINES AND GEOLOGY TO MAKE THE WATER TESTING INFORMATION  
12 AVAILABLE THROUGH A DATABASE; AMENDING SECTIONS 82-11-111, 82-11-117, 82-11-122, 82-11-123,  
13 82-11-136, 82-11-163, 82-11-181, AND 82-11-182, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

16  
17 **NEW SECTION. Section 1. Water testing requirements.** (1) (a) After notice is provided in accordance  
18 with 82-11-122(2), a person may request, in writing, that the applicant conduct baseline ground water testing at  
19 the proposed well site. If the board receives a written request, the testing must be completed no more than 180  
20 days and no fewer than 20 days before any activity that disturbs the land surface. The applicant is responsible  
21 for the costs of the water testing. The surface owner, mineral owner, or both shall select the entity in accordance  
22 with subsection (1)(b) to complete the testing.

23 (b) The testing must be completed by:

24 (i) the bureau of mines and geology;

25 (ii) a hydrogeologist;

26 (iii) a qualified scientist; or

27 (iv) a qualified licensed professional engineer.

28 (c) The testing must establish ground water quality and quantity at the site. Testing parameters must  
29 include:

30 (i) pH;

- 1 (ii) alkalinity;  
2 (iii) cations and anions;  
3 (iv) total dissolved solids;  
4 (v) benzene, toluene, ethylbenzene, and xylenes;  
5 (vi) gasoline range organics and diesel range organics;  
6 (vii) total petroleum hydrocarbons;  
7 (viii) polycyclic aromatic hydrocarbons, including benzo(a)pyrene; and  
8 (ix) metals, including but not limited to arsenic, barium, calcium, chromium, iron, magnesium, and  
9 selenium.

10 (d) Within 60 days of receiving the baseline water testing results from the applicant, the board shall  
11 provide the bureau of mines and geology with the results.

12 (2) (a) If testing has been completed in accordance with subsection (1), after a well is properly plugged  
13 and abandoned in accordance with 82-11-123, the producer must conduct follow-up ground water testing at the  
14 well site. The producer is responsible for the costs of the water testing. The surface owner, mineral owner, or both  
15 shall select the entity in accordance with subsection (2)(b) to complete the testing.

16 (b) The testing must be completed by:

- 17 (i) the bureau of mines and geology;  
18 (ii) a hydrogeologist;  
19 (iii) a qualified scientist; or  
20 (iv) a qualified licensed professional engineer.

21 (c) The testing must establish ground water quality and quantity at the well site and include the  
22 parameters included in subsection (1)(c).

23 (d) Within 60 days of receiving the follow-up test results from the producer, the board shall provide the  
24 bureau of mines and geology with the results.

25 (3) The bureau of mines and geology shall make the test results submitted in accordance with  
26 subsections (1) and (2) available through the ground water information center database.

27

28 **Section 2.** Section 82-11-111, MCA, is amended to read:

29 **"82-11-111. (Temporary) Powers and duties of board.** (1) The board shall make investigations that  
30 it considers proper to determine whether waste exists or is imminent or whether other facts exist that justify any

1 action by the board under the authority granted by this chapter.

2 (2) Subject to the administrative control of the department under 2-15-121, the board shall:

3 (a) require measures to be taken to prevent contamination of or damage to surrounding land or  
4 underground strata caused by drilling operations and production, including but not limited to regulating the  
5 disposal or injection of water and disposal of oil field wastes;

6 (b) classify wells as oil or gas wells or class II injection wells for purposes material to the interpretation  
7 or enforcement of this chapter;

8 (c) require ground water be given appropriate protection from deterioration of water quality and quantity,  
9 in accordance with [section 1], that may arise as a result of oil or gas wells; and

10 ~~(e)~~(d) adopt and enforce rules and orders to implement this chapter.

11 (3) The board shall determine and prescribe which producing wells are defined as "stripper wells" and  
12 which wells are defined as "wildcat wells" and make orders that in its judgment are required to protect those wells  
13 and provide that stripper wells may be produced to capacity if that is considered necessary in the interest of  
14 conservation.

15 (4) With respect to any pool from which gas was being produced by a gas well on or prior to April 1,  
16 1953, this chapter does not authorize the board to limit or restrain the rate, daily or otherwise, of production of  
17 gas from that pool by any existing well or a well drilled after that date and producing from that pool to less than  
18 the rate at which the well can be produced without adversely affecting the quantity of gas ultimately recoverable  
19 by the well.

20 (5) The board has exclusive jurisdiction over all class II injection wells and all pits and ponds in relation  
21 to those injection wells. The board may:

22 (a) issue, suspend, revoke, modify, or deny permits to operate class II injection wells consistent with  
23 rules made by it;

24 (b) examine plans and other information needed to determine whether a permit should be issued or  
25 require changes in plans as a condition to the issuance of a permit;

26 (c) clearly specify in a permit any limitations imposed as to the volume and characteristics of the fluids  
27 to be injected and the operation of the well;

28 (d) authorize its staff to enter upon any public or private property at reasonable times to:

29 (i) investigate conditions relating to violations of permit conditions;

30 (ii) have access to and copy records required under this chapter;

- 1 (iii) inspect monitoring equipment or methods; and
- 2 (iv) sample fluids that the operator is required to sample; and
- 3 (e) adopt standards for the design, construction, testing, and operation of class II injection wells.
- 4 (6) The board shall determine, for the purposes of using the oil and gas production damage mitigation
- 5 account established in 82-11-161:
- 6 (a) when the person responsible for an abandoned well, sump, or hole cannot be identified or located
- 7 or, if the person is identified or located, when the person does not have sufficient financial resources to properly
- 8 plug the well, sump, or hole; or
- 9 (b) when a previously abandoned well, sump, or hole is the cause of potential environmental problems
- 10 and no responsible party can be identified or located or, if a responsible party can be identified and located, when
- 11 the person does not have sufficient financial resources to correct the problems.
- 12 (7) The board may take measures to demonstrate to the general public the importance of the state's oil
- 13 and gas exploration and production industry, to encourage and promote the wise and efficient use of energy, to
- 14 promote environmentally sound exploration and production methods and technologies, to develop the state's oil
- 15 and gas resources, and to support research and educational activities concerning the oil and natural gas
- 16 exploration and production industry. The board may:
- 17 (a) make grants or loans and provide other forms of financial assistance as necessary or appropriate
- 18 from available funds to qualified persons for research, development, marketing, educational projects, and
- 19 processes or activities directly related to the state's oil and gas exploration and production industry;
- 20 (b) enter into contracts or agreements to carry out the purposes of this subsection (7), including the
- 21 authority to contract for the administration of an oil and gas research, development, marketing, and educational
- 22 program;
- 23 (c) cooperate with any private, local, state, or national commission, organization, agent, or group and
- 24 enter into contracts and agreements for programs benefiting the oil and gas exploration and production industry;
- 25 (d) coordinate with the Montana university system, including Montana tech of the university of Montana
- 26 or any of its affiliated research programs;
- 27 (e) accept donations, grants, contributions, and gifts from any public or private source for deposit in the
- 28 oil and gas education and research account established in 82-11-110;
- 29 (f) distribute funds from the oil and gas education and research account to carry out the provisions of
- 30 this subsection (7); and

1 (g) make orders and rules to implement the provisions of this subsection (7).

2 **82-11-111. (Effective on occurrence of contingency) Powers and duties of board.** (1) The board  
3 shall investigate matters it considers proper to determine whether waste exists or is imminent or whether other  
4 facts exist that justify any action by the board under the authority granted by this chapter.

5 (2) Subject to the administrative control of the department under 2-15-121, the board shall:

6 (a) require measures to be taken to prevent contamination of or damage to surrounding land or  
7 underground strata caused by drilling operations and production, including but not limited to regulating the  
8 disposal or injection of water or carbon dioxide and disposal of oil field wastes;

9 (b) classify wells as oil or gas wells, carbon dioxide injection wells, or class II injection wells for purposes  
10 material to the interpretation or enforcement of this chapter;

11 (c) require ground water be given appropriate protection from deterioration of water quality and quantity,  
12 in accordance with [section 1], that may arise as a result of oil or gas wells; and

13 ~~(c)~~(d) adopt and enforce rules and orders to implement this chapter.

14 (3) The board shall determine and prescribe which producing wells are defined as "stripper wells" and  
15 which wells are defined as "wildcat wells" and make orders that in its judgment are required to protect those wells  
16 and provide that stripper wells may be produced to capacity if that is considered necessary in the interest of  
17 conservation.

18 (4) With respect to any pool with gas being produced by a gas well on or prior to April 1, 1953, this  
19 chapter does not authorize the board to limit or restrain the rate, daily or otherwise, of production of gas from that  
20 pool by any existing well or a well drilled after that date and producing from that pool to less than the rate at which  
21 the well can be produced without adversely affecting the quantity of gas ultimately recoverable by the well.

22 (5) Subject to subsection (8), the board has exclusive jurisdiction over carbon dioxide injection wells,  
23 geologic storage reservoirs, all class II injection wells, and all pits and ponds in relation to those injection wells.  
24 The board may:

25 (a) issue, suspend, revoke, modify, or deny permits to operate carbon dioxide injection wells and class  
26 II injection wells, consistent with rules made by it and pursuant to 82-11-123. If a permit for a carbon dioxide  
27 injection well is revoked, an operator may not seek a refund of application or permitting fees or fees paid pursuant  
28 to 82-11-181 or 82-11-184(2)(b).

29 (b) examine plans and other information needed to determine whether a permit should be issued or  
30 require changes in plans as a condition to the issuance of a permit;

- 1 (c) clearly specify in a permit any limitations imposed as to the volume and characteristics of the fluids  
2 to be injected and the operation of the well;
- 3 (d) authorize its staff to enter upon any public or private property at reasonable times to:
- 4 (i) investigate conditions relating to violations of permit conditions;
- 5 (ii) have access to and copy records required under this chapter;
- 6 (iii) inspect monitoring equipment or methods; and
- 7 (iv) sample fluids that the operator or geologic storage operator is required to sample; and
- 8 (e) adopt standards for the design, construction, testing, and operation of carbon dioxide injection wells  
9 and class II injection wells.
- 10 (6) The board shall determine, for the purposes of using the oil and gas production damage mitigation  
11 account established in 82-11-161 or the geologic storage reservoir program account established in 82-11-181:
- 12 (a) when the person responsible for an abandoned well, sump, or hole cannot be identified or located  
13 or, if the person is identified or located, when the person does not have sufficient financial resources to properly  
14 plug the well, sump, or hole; or
- 15 (b) when a previously abandoned well, sump, or hole is the cause of potential environmental problems  
16 and a responsible party cannot be identified or located or, if a responsible party can be identified and located,  
17 when the person does not have sufficient financial resources to correct the problems.
- 18 (7) The board may take measures to demonstrate to the general public the importance of the state's oil  
19 and gas exploration and production industry, to encourage and promote the wise and efficient use of energy, to  
20 promote environmentally sound exploration and production methods and technologies, to develop the state's oil  
21 and gas resources, and to support research and educational activities concerning the oil and natural gas  
22 exploration and production industry. The board may:
- 23 (a) make grants or loans and provide other forms of financial assistance as necessary or appropriate  
24 from available funds to qualified persons for research, development, marketing, educational projects, and  
25 processes or activities directly related to the state's oil and gas exploration and production industry;
- 26 (b) enter into contracts or agreements to carry out the purposes of this subsection (7), including the  
27 authority to contract for the administration of an oil and gas research, development, marketing, and educational  
28 program;
- 29 (c) cooperate with any private, local, state, or national commission, organization, agent, or group and  
30 enter into contracts and agreements for programs benefiting the oil and gas exploration and production industry;

1 (d) coordinate with the Montana university system, including Montana tech of the university of Montana  
2 or any of its affiliated research programs;

3 (e) accept donations, grants, contributions, and gifts from any public or private source for deposit in the  
4 oil and gas education and research account established in 82-11-110;

5 (f) distribute funds from the oil and gas education and research account to carry out the provisions of  
6 this subsection (7); and

7 (g) make orders and rules to implement the provisions of this subsection (7).

8 (8) (a) Before holding a hearing on a proposed permit for a carbon dioxide injection well, the board shall  
9 solicit, document, consider, and address comments from the department of environmental quality on the proposal.

10 (b) Notwithstanding the provisions of subsection (8)(a), the board makes the final decision on issuance  
11 of a permit.

12 (9) Solely for the purposes of administering carbon dioxide injection wells under this part, carbon dioxide  
13 within a geologic storage reservoir is not a pollutant, a nuisance, or a hazardous or deleterious substance."  
14

15 **Section 3.** Section 82-11-117, MCA, is amended to read:

16 **"82-11-117. Confidentiality of records.** (1) Any information that is furnished to the board or the board's  
17 staff or that is obtained by either of them is a matter of public record and open to public use. However, any  
18 information unique to the owner or operator that would, if disclosed, reveal methods or processes entitled to  
19 protection as trade secrets must be maintained as confidential if so determined by the board.

20 (2) If an owner or operator disagrees with a determination by the board that certain material will not be  
21 maintained as confidential, the owner or operator may file a declaratory judgment action in a court of competent  
22 jurisdiction to establish the existence of a trade secret if the owner or operator wishes the information to enjoy  
23 confidential status. The department must be served in the action and may intervene as a party.

24 (3) Any information not intended to be public when submitted to the board or the board's staff must be  
25 submitted in writing and clearly marked as confidential.

26 (4) Data describing physical and chemical characteristics of a liquid, gaseous, solid, or other substance  
27 injected or discharged into state waters may not be considered confidential.

28 (5) ~~The~~ Except as provided in [section 1], the board may use any information in compiling or publishing  
29 analyses or summaries relating to water pollution if the analyses or summaries do not identify the owner or  
30 operator or reveal any information that is otherwise made confidential by this section."

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2           **Section 4.** Section 82-11-122, MCA, is amended to read:

3           **"82-11-122. (Temporary) Notice of intention to drill or conduct seismic operations -- notice to**  
4 **surface owner.** (1) It is unlawful to commence the drilling of a well for oil or gas without first filing with the board  
5 written notice of intention to drill and obtaining a drilling permit as provided in 82-11-134.

6           (2) (a) Prior to issuing a permit, the board shall provide notice of the application. The notice must be:  
7           (i) published in a newspaper of general circulation in each county where the well is located; and  
8           (ii) mailed to all surface owners, mineral claimants, mineral owners, lessees, and other owners of record  
9 of subsurface interests that are located within 1 mile of the proposed well. The notice to a surface owner may be  
10 included in notice provided in accordance with 82-10-503.

11           (b) The notice must include information about a person's right to request water testing in accordance with  
12 [section 1].

13           (c) The board may seek reimbursement from the applicant to cover the costs of providing notice in  
14 accordance with this subsection (2).

15           (3) After the permit is issued, an oil and gas developer or operator as defined under 82-10-502 shall  
16 comply with the notice requirements of 82-10-503 before commencing drilling operations. It is unlawful to conduct  
17 seismic explorations without first giving the board a copy of the notice of intention to explore filed with the county  
18 under 82-1-103.

19           **82-11-122. (Effective on occurrence of contingency) Notice of intention to drill or conduct seismic**  
20 **operations -- notice to surface owner.** (1) It is unlawful to commence the drilling of a well for oil or gas without  
21 first filing with the board written notice of intention to drill and obtaining a drilling permit as provided in 82-11-134.

22           (2) (a) Prior to issuing a permit, the board shall provide notice of the application. The notice must be:  
23           (i) published in a newspaper of general circulation in each county where the well is located; and  
24           (ii) mailed to all surface owners, mineral claimants, mineral owners, lessees, and other owners of record  
25 of subsurface interests that are located within 1 mile of the proposed well. The notice to a surface owner may be  
26 included in notice provided in accordance with 82-10-503.

27           (b) The notice must include information about a person's right to request water testing in accordance with  
28 [section 1].

29           (c) The board may seek reimbursement from the applicant to cover the costs of providing notice in  
30 accordance with this subsection (2).

1           (3) After the permit is issued, an oil and gas developer or operator as defined under 82-10-502 shall  
 2   comply with the notice requirements of 82-10-503 before commencing drilling operations. It is unlawful to conduct  
 3   seismic explorations without first giving the board a copy of the notice of intention to explore filed with the county  
 4   under 82-1-103.

5           ~~(2)~~(4) It is unlawful to commence the drilling of a carbon dioxide injection well without first filing with the  
 6   board written notice of intention to drill and obtaining a drilling permit. Prior to issuing the permit, the board shall  
 7   provide notice of an application for a permit. The notice must be:

8           (a) published in a newspaper of general circulation in each county where the carbon dioxide injection  
 9   well and geologic storage reservoir is located; and

10          (b) mailed to all surface owners, mineral claimants, mineral owners, lessees, and other owners of record  
 11   of subsurface interests that are located within 1 mile of the proposed boundary of the geologic storage reservoir."

12

13           **Section 5.** Section 82-11-123, MCA, is amended to read:

14           **"82-11-123. (Temporary) Requirements for oil and gas operations.** Subject to the administrative  
 15   control of the department under 2-15-121, the board shall require:

16           (1) identification of ownership of oil or gas wells, producing properties, and tanks;

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

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

26           (4) water testing in accordance with [section 1];

27           ~~(4)~~(5) the restoration of surface lands to their previous grade and productive capability after a well is  
 28   plugged or a seismographic shot hole has been utilized and necessary measures to prevent adverse hydrological  
 29   effects from the well or hole, unless the surface owner agrees in writing, with the approval of the board or its  
 30   representatives, to a different plan of restoration;

1           ~~(5)~~(6) the furnishing of a reasonable bond with good and sufficient surety, conditioned for performance  
 2 of the duty to properly plug each dry or abandoned well. The bond may be forfeited in its entirety by the board  
 3 for failure to perform the duty to properly plug each dry or abandoned well and may not be canceled or absolved  
 4 if the well fails to produce oil or gas in commercial quantities, until:

5           (a) the board determines the well is properly plugged and abandoned as provided in the board's rules;  
 6 or

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

8           ~~(6)~~(7) proper gauging or other measuring of oil and gas produced and saved to determine the quantity  
 9 and quality of oil and gas;

10          ~~(7)~~(8) that every person who produces, transports, or stores oil or gas or injects or disposes of water in  
 11 this state shall make available within this state for a period of 5 years complete and accurate records of the  
 12 quantities. The records must be available for examination by the board or its employees at all reasonable times.  
 13 The person shall file with the board reports as it may prescribe with respect to quantities, transportations, and  
 14 storages of the oil, gas, or water.

15          ~~(8)~~(9) the installation, use, and maintenance of monitoring equipment or methods in the operation of  
 16 class II injection wells.

17          **82-11-123. (Effective on occurrence of contingency) Requirements for oil and gas and carbon**  
 18 **dioxide injection operations.** (1) Subject to the administrative control of the department under 2-15-121, the  
 19 board shall require:

20          (a) identification of ownership of carbon dioxide injection wells, carbon dioxide, geologic storage  
 21 reservoirs, and oil or gas wells, producing properties, and tanks;

22          (b) the making and filing of acceptable well logs, including bottom-hole temperatures, in order to facilitate  
 23 the discovery of potential geothermal energy sources, the making and filing of reports on well locations, and the  
 24 filing of directional surveys, geological sample logs, mud logs, core descriptions, and ordinary core analysis, if  
 25 made. However, logs of exploratory or wildcat wells need not be filed for a period of 6 months following  
 26 completion of those wells.

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

1 (d) water testing in accordance with [section 1];

2 ~~(d)~~(e) the restoration of surface lands to their previous grade and productive capability after a well is  
3 plugged or a seismographic shot hole has been utilized and necessary measures to prevent adverse hydrological  
4 effects from the well or hole, unless the surface owner agrees in writing, with the approval of the board or its  
5 representatives, to a different plan of restoration;

6 ~~(e)~~(f) except as provided in subsection ~~(1)~~(1)~~(f)~~ (g), the furnishing of a reasonable bond with good and  
7 sufficient surety, conditioned for performance of the duty to properly plug each dry or abandoned well. The bond  
8 may be forfeited in its entirety by the board for failure to perform the duty to properly plug each dry or abandoned  
9 well and may not be canceled or absolved if the well fails to produce oil or gas in commercial quantities, until:

10 (i) the board determines the well is properly plugged and abandoned as provided in the board's rules;

11 or

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

13 ~~(f)~~(g) the furnishing of reasonable bond or other surety for a carbon dioxide injection well, geologic  
14 storage reservoir, and the carbon dioxide stored in the reservoir with good and sufficient surety for performance  
15 of the duty to operate and manage a carbon dioxide injection well, geologic storage reservoir, and the carbon  
16 dioxide stored in the reservoir and to properly plug and reclaim each carbon dioxide injection well. The bond or  
17 other surety may be forfeited in its entirety by the board for failure to perform the duty to properly manage and  
18 operate a well, reservoir, and stored carbon dioxide or to plug a well. Except as provided in 82-11-183(8), the  
19 bond or other surety may not be canceled or absolved.

20 ~~(g)~~(h) proper gauging or other measuring of oil and gas produced and saved to determine the quantity  
21 and quality of oil and gas;

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

27 ~~(i)~~(j) the installation, use, and maintenance of monitoring equipment or methods in the operation of  
28 carbon dioxide injection wells and class II injection wells.

29 (2) In addition to the requirements of subsection (1), the geologic carbon dioxide injection well permitting  
30 system must include:

- 1 (a) recordkeeping and reporting requirements sufficient to measure the effectiveness of carbon dioxide  
 2 injection wells and geologic storage reservoirs;
- 3 (b) characterization of the injection zone and aquifers above and below the injection zone that may be  
 4 affected, including applicable pressure and fluid chemistry data to describe the projected effects of injection  
 5 activities;
- 6 (c) verification and monitoring at geologic storage reservoirs;
- 7 (d) mitigation of leaks, including the ability to stop the leaking of carbon dioxide and to address impacts  
 8 of leaks;
- 9 (e) adequate baseline monitoring of drinking water wells within 1 mile of the perimeter of the geologic  
 10 storage reservoir; and
- 11 (f) at a minimum, requirements pursuant to applicable federal regulatory standards established by:  
 12 (i) the Energy Independence and Security Act of 2007, Public Law 110-140, and subsequent acts;  
 13 (ii) the Safe Drinking Water Act, 42 U.S.C. 300f, et seq.; and  
 14 (iii) the underground injection control program, 40 CFR, parts 144 through 147."

15  
 16 **Section 6.** Section 82-11-136, MCA, is amended to read:

17 **"82-11-136. (Temporary) Expenditure of funds from bonds for plugging wells.** The board may  
 18 accept and expend all funds received by it from bonds for properly plugging dry or abandoned wells as authorized  
 19 in ~~82-11-123(5)~~ 82-11-123(6).

20 **82-11-136. (Effective on occurrence of contingency) Expenditure of funds from bonds for**  
 21 **plugging wells.** (1) The board may accept and expend all funds received by it from bonds for properly plugging  
 22 dry or abandoned wells as authorized in ~~82-11-123(1)(e)~~ 82-11-123(1)(f).

23 (2) The board may accept and expend all funds received by it from bonds for properly plugging  
 24 abandoned carbon dioxide injection wells as authorized in ~~82-11-123(1)(f)~~ 82-11-123(g)."

25  
 26 **Section 7.** Section 82-11-163, MCA, is amended to read:

27 **"82-11-163. (Temporary) Landowner's bond on noncommercial well.** If the owner of the surface land  
 28 upon which has been drilled a well that fails to produce oil or gas in commercial quantities acquires the well for  
 29 domestic purposes, the board may cancel and absolve the bond required in 82-11-123 upon its acceptance of  
 30 surety in the form of a certificate of deposit or a surety bond in the amount of \$5,000 for a single well or in the

1 amount of \$10,000 for more than one well or in the form of a property bond of two times the value of the required  
 2 certificate of deposit or surety bond. The release of the certificate of deposit, surety bond, or property bond must  
 3 be conditioned on proof provided by the landowner that the well has been properly plugged.

4 **82-11-163. (Effective on occurrence of contingency) Landowner's bond on noncommercial well.**

5 If the owner of the surface land upon which has been drilled a well that fails to produce oil or gas in commercial  
 6 quantities acquires the well for domestic purposes, the board may cancel and absolve the bond required in  
 7 ~~82-11-123(1)(e)~~ 82-11-123(1)(f) upon its acceptance of surety in the form of a certificate of deposit or a surety  
 8 bond in the amount of \$5,000 for a single well or in the amount of \$10,000 for more than one well or in the form  
 9 of a property bond of two times the value of the required certificate of deposit or surety bond. The release of the  
 10 certificate of deposit, surety bond, or property bond must be conditioned on proof provided by the landowner that  
 11 the well has been properly plugged."  
 12

13 **Section 8.** Section 82-11-181, MCA, is amended to read:

14 **"82-11-181. (Effective on occurrence of contingency) Geologic storage reservoir administrative**  
 15 **fee -- account established.** (1) (a) A geologic storage operator shall pay to the board a fee on each ton of  
 16 carbon dioxide injected for storage for the purpose of carrying out the state's responsibility to monitor and manage  
 17 geologic storage reservoirs. If a geologic storage operator chooses to indefinitely accept liability pursuant to  
 18 82-11-183(9)(a), the board shall remit the fee to the operator. If a geologic storage operator is required to  
 19 maintain liability pursuant to 82-11-183(9)(b), the board may not remit the fee.

20 (b) The fee must be in the amount set by board rule.

21 (c) The amount must be based on the anticipated actual expenses that the board will incur in monitoring  
 22 and managing geologic storage reservoirs during their postclosure phases.

23 (2) There is a geologic storage reservoir program account in the special revenue fund.

24 (3) (a) Each fiscal year there must be deposited in the account the fees collected pursuant to  
 25 82-11-184(2)(b) and subsection (1) of this section, to be used by the board for monitoring and managing geologic  
 26 storage reservoirs pursuant to 82-11-183(6) and (8).

27 (b) Funds received from bonds or other surety as authorized in ~~82-11-123(1)(f)~~ 82-11-123(1)(g) and  
 28 82-11-183 must be deposited in the account.

29 (4) Interest and earnings on the funds in the geologic storage reservoir program account accrue to that  
 30 account."

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**Section 9.** Section 82-11-182, MCA, is amended to read:

**"82-11-182. (Effective on occurrence of contingency) Liability for carbon dioxide during injection.**

(1) Until the certificate of project completion is issued pursuant to 82-11-183(1) and title to the stored carbon dioxide and geologic storage reservoir is transferred to the state pursuant to 82-11-183(7), the geologic storage operator is liable for the operation and management of the carbon dioxide injection well, the geologic storage reservoir, and the injected or stored carbon dioxide.

(2) Bond or other surety furnished pursuant to ~~82-11-123(1)(f)~~ 82-11-123(1)(g) must be adequate to meet the requirements of subsection (1).

(3) For the purposes of 82-11-183 and this section, "title" includes title to the geologic storage reservoir and the stored carbon dioxide."

NEW SECTION. **Section 10. Notification to tribal governments.** The secretary of state shall send a copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell Chippewa tribe.

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

NEW SECTION. **Section 12. Saving clause.** [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

NEW SECTION. **Section 13. Applicability.** [This act] applies to applications received by the board on or after [the effective date of this act].

- END -