

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 664**

Introduced by Chambers, 11; Baker, 30; Bolz, 29; Campbell, 25; Cook, 13; Craighead, 6; Crawford, 45; Davis, 43; Ebke, 32; Friesen, 34; Groene, 42; Haar, 21; Harr, 8; Hughes, 44; Johnson, 23; Kolowski, 31; Kolterman, 24; Krist, 10; Kuehn, 38; McCollister, 20; Mello, 5; Nordquist, 7; Pansing Brooks, 28; Riepe, 12; Schilz, 47; Schnoor, 15; Schumacher, 22; Seiler, 33; Smith, 14; Stinner, 48; Sullivan, 41; Williams, 36.

Read first time May 07, 2015

Committee: Natural Resources

- 1 A BILL FOR AN ACT relating to the Nebraska Oil and Gas Conservation
- 2 Commission; to amend sections 57-903 and 57-905, Reissue Revised
- 3 Statutes of Nebraska; to provide duties for the commission regarding
- 4 the disposal of wastewater; to define a term; to repeal the original
- 5 sections; and to declare an emergency.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 57-903, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 57-903 As used in sections 57-901 to 57-922 ~~57-921~~, unless the  
4 context otherwise requires:

5 (1)(a) Waste, as applied to oil, includes ~~shall include~~ underground  
6 waste, inefficient, excessive, or improper use, or dissipation of  
7 reservoir energy, including gas energy and water drive, surface waste,  
8 open pit storage, and waste incident to the production of oil in excess  
9 of the producer's aboveground storage facilities and lease and  
10 contractual requirements, but excludes ~~excluding~~ storage, other than open  
11 pit storage, reasonably necessary for building up or maintaining crude  
12 stocks and products thereof for consumption, use, and sale; (b) waste, as  
13 applied to gas includes ~~shall include~~ (i) the escape, blowing, or  
14 releasing, directly or indirectly, into the open air of gas from wells  
15 productive of gas only, or gas from wells producing oil or both oil and  
16 gas and (ii) the production of gas in quantities or in such manner as  
17 will unreasonably reduce reservoir pressure or unreasonably diminish the  
18 quantity of oil or gas that might ultimately be produced, but excluding  
19 gas that is reasonably necessary in the drilling, completing, testing,  
20 and producing of wells and gas unavoidably produced with oil if it is not  
21 economically feasible for the producer to save or use such gas; and (c)  
22 waste also means ~~shall also mean~~ the abuse of the correlative rights of  
23 any owner in a pool due to nonuniform, disproportionate, unratable, or  
24 excessive withdrawals of oil or gas therefrom causing reasonably  
25 avoidable drainage between tracts of land or resulting in one or more  
26 owners in such pool producing more than his or her just and equitable  
27 share of the oil or gas from such pool;

28 (2) Commission means ~~shall mean~~ the Nebraska Oil and Gas  
29 Conservation Commission;

30 (3) Person means ~~shall mean~~ any natural person, corporation,  
31 association, partnership, limited liability company, receiver, trustee,

1 executor, administrator, guardian, fiduciary, or other representative of  
2 any kind and any department, agency, or instrumentality of the state or  
3 of any governmental subdivision thereof;

4 (4) Oil means ~~shall mean~~ crude petroleum oil and other hydrocarbons  
5 regardless of gravity which are produced at the wellhead in liquid form  
6 and the liquid hydrocarbons known as distillate or condensate recovered  
7 or extracted from gas other than gas produced in association with oil and  
8 commonly known as casing-head gas;

9 (5) Gas means ~~shall mean~~ all natural gas and all other fluid  
10 hydrocarbons not defined as oil;

11 (6) Pool means ~~shall mean~~ an underground reservoir containing a  
12 common accumulation of oil or gas or both, each zone of the structure  
13 which is completely separated from any other zone in the same structure  
14 is a pool as that term is used in sections 57-901 to 57-922 ~~57-921~~;

15 (7) Field means ~~shall mean~~ the general area underlaid by one or more  
16 pools;

17 (8) Owner means ~~shall mean~~ the person who has the right to drill  
18 into and produce from a pool and to appropriate the oil or gas he or she  
19 produces therefrom either for himself or herself or for himself or  
20 herself and others;

21 (9) Producer means ~~shall mean~~ the owner of a well or wells capable  
22 of producing oil or gas or both or any person who owns and operates a  
23 lease, or a unit of producing leases in which other persons own  
24 interests, with respect to such well or wells;

25 (10) Correlative rights means ~~shall mean~~ the opportunity afforded to  
26 the owner of each property in a pool to produce, so far as it is  
27 reasonably practicable to do so without waste, his or her just and  
28 equitable share of the oil or gas, or both, in the pool; ~~and~~

29 (11) Wastewater means the liquid substance generated as waste from  
30 oil and gas wells; and

31 (12 11) The word and includes ~~shall include~~ the word or, and the

1 word or includes ~~shall include~~ the word and.

2 Sec. 2. Section 57-905, Reissue Revised Statutes of Nebraska, is  
3 amended to read:

4 57-905 (1) The commission shall have jurisdiction and authority over  
5 all persons and property, public and private, necessary to enforce  
6 effectively the provisions of sections 57-901 to 57-922 ~~57-921~~.

7 (2) The commission shall have authority, and it is its duty, to make  
8 such investigations as it deems proper to determine whether waste exists  
9 or is imminent or whether other facts exist which justify action by the  
10 commission.

11 (3) The commission shall have authority to require: (a)  
12 Identification of ownership of oil or gas wells, producing leases, tanks,  
13 plants, structures, and facilities for the production of oil and gas; (b)  
14 the making and filing of directional surveys, and reports on well  
15 location, drilling, and production within six months after the completion  
16 or abandonment of the well; (c) the drilling, casing, operating, and  
17 plugging of wells in such manner as to prevent the escape of oil or gas  
18 out of one stratum into another, the intrusion of water into oil or gas  
19 strata, the pollution of fresh water supplies by oil, gas, or salt water,  
20 and to prevent blowouts, cave-ins, seepages, and fires; (d) the  
21 furnishing of a reasonable bond with good and sufficient surety,  
22 conditioned for the performance of the duty to comply with all the  
23 provisions of the laws of the State of Nebraska and the rules,  
24 regulations, and orders of the commission; (e) that the production from  
25 wells be separated into gaseous and liquid hydrocarbons, and that each be  
26 accurately measured; (f) the operation of wells with efficient gas-oil  
27 and water-oil ratios, and to fix these ratios; (g) metering or other  
28 measuring of oil, gas, or product in pipelines or gathering systems; (h)  
29 that every person who produces or purchases oil or gas in this state  
30 shall keep and maintain or cause to be kept and maintained for a five-  
31 year period complete and accurate records of the quantities thereof,

1 which records shall be available for examination by the commission or its  
2 agents at all reasonable times, and that every such person file with the  
3 commission such reports as it may reasonably prescribe with respect to  
4 such oil or gas or the products thereof; and (i) that upon written  
5 request of any person, geologic information, well logs, drilling samples,  
6 and other proprietary information filed with the commission in compliance  
7 with sections 57-901 to 57-922 ~~57-921~~, or any rule, regulation, or order  
8 of the commission, may be held confidential for a period of not more than  
9 twelve months.

10 (4) The commission shall have authority in order to prevent waste,  
11 to regulate: (a) The drilling, producing and plugging of wells, or test  
12 holes, and all other operations for the production of oil or gas; (b) the  
13 shooting and chemical treatment of wells; (c) the spacing of wells; (d)  
14 operations to increase ultimate recovery such as, but without limitation,  
15 the cycling of gas, the maintenance of pressure, and the introduction of  
16 gas, water, or other substances into producing formations; and (e)  
17 disposal of oilfield wastes, including salt water.

18 (5) The commission shall not have authority to limit the production  
19 of oil or gas, or both, from any pool or field except to prevent waste  
20 therein.

21 (6) The commission shall have authority to classify wells as oil or  
22 gas wells for purposes material to the interpretation or enforcement of  
23 the provisions of sections 57-901 to 57-922 ~~57-921~~.

24 (7) The commission shall require any person applying for permission  
25 to dispose of wastewater, including wastewater generated from oil and gas  
26 well production in other states, by injection into commercial salt water  
27 injection wells in Nebraska to provide a listing of all chemicals in the  
28 wastewater. If the application is granted, the commission shall require  
29 semiannual updates to the listing of all chemicals in the wastewater. The  
30 listings shall be public records.

31 (~~8~~ 7) The commission shall have authority to promulgate and to

1 enforce rules, regulations, and orders to effectuate the purposes and the  
2 intent of sections 57-901 to 57-922 ~~57-921~~.

3 (9 ~~8~~) The commission, with the approval of the Governor, shall have  
4 authority to establish and maintain its principal office and its books,  
5 papers, and records at such place in the state as it shall determine. The  
6 commission shall not have authority to purchase its principal office  
7 quarters.

8 (10 ~~9~~) The commission shall have authority to require that all wells  
9 drilled for oil and gas shall be adequately logged with mechanical-  
10 electrical logging devices, and to require the filing of logs.

11 (11 ~~10~~) The commission shall have the authority to regulate the  
12 drilling and plugging of seismic and stratigraphic tests in oil and gas  
13 exploration holes.

14 (12 ~~11~~) The commission shall have the authority to act as the state  
15 jurisdictional agency pursuant to the Natural Gas Policy Act, Public Law  
16 95-621, 92 Stat. 3350.

17 (13 ~~12~~) The commission shall have the authority to have one or more  
18 examiners, who are employees of the commission, conduct any of its  
19 hearings, investigations, and examinations authorized by sections 57-901  
20 to 57-922 ~~57-921~~. Such examiner may exercise the commission's powers  
21 including, but not limited to, the taking of evidence and testimony under  
22 oath, resolving questions of fact and questions of law, and the entering  
23 of an order. Such order shall be entered in the commission's order  
24 journal. Any person having an interest in property affected by an order  
25 issued by an examiner and who is dissatisfied with such order may appeal  
26 to the commission by filing a petition on appeal to the commission within  
27 fifteen days of the entering of the examiner's order. Such person shall  
28 provide notice to all interested persons by personal service or  
29 registered or certified United States mail with return receipt, requiring  
30 such parties to answer within fifteen days from the date of service. Upon  
31 appeal, the commission shall hear the case de novo on the record and

1 shall not be bound by any conclusions of the examiner. The commission  
2 shall hold a hearing on the appeal within forty-five days of the filing  
3 of an appeal to the commission and issue its order within fifteen days  
4 after the hearing. The commission shall review all orders issued by an  
5 examiner that are not appealed and issue an order concerning the  
6 examiner's order within sixty days after the examiner's order. The  
7 commission shall adopt, amend, or reject the examiner's order. Any order  
8 of an examiner which is not appealed to the commission and which the  
9 commission adopts shall not be appealable to the district court unless  
10 the commission adopts an order before the end of the time for appeal to  
11 the commission.

12       Sec. 3.    Original sections 57-903 and 57-905, Reissue Revised  
13 Statutes of Nebraska, are repealed.

14       Sec. 4.    Since an emergency exists, this act takes effect when  
15 passed and approved according to law.