PROPOSED REGULATION OF THE

COMMISSION ON MINERAL RESOURCES

LCB File No. R056-15

September 11, 2015

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §1, NRS 522.050, as amended by section 1.5 of Senate Bill No. 44, chapter 36, Statutes of Nevada 2015, at page 173; §2, NRS 522.150, as amended by section 2 of Senate Bill No. 44, chapter 36, Statutes of Nevada 2015, at page 174.

A REGULATION relating to natural resources; establishing fees for drilling and operating an oil or gas well; revising the administrative fee that each producer of oil or natural gas must pay; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Commission on Mineral Resources to prescribe by regulation fees for a permit to drill and operate an oil or gas well and for a request to change the terms of an existing permit. The limit for: (1) a permit to drill and operate an oil or gas well that is not intended to be hydraulically fractured is $2,000; (2) a permit to dill and operate an oil or gas well that is intended to be hydraulically fractured is $5,000; and (3) for a request to change the terms of an existing permit to drill and operate an oil or gas well is $400. (NRS 522.050, as amended by section 1.5 of Senate Bill No. 44, chapter 36, Statutes of Nevada 2015, at page173) **Section 1** of this regulation establishes such fees.

Existing law requires the Commission to prescribe by regulation administrative fees that must be paid by each producer of oil or natural gas in this State. The administrative fees may not exceed 30 cents for each barrel of oil or each 50,000 cubic feet of natural gas produced from a well in this State. (NRS 522.150, as amended by section 2 of Senate Bill No. 44, chapter 36, Statutes of Nevada 2015, at page 174) **Section 2** of this regulation increases the existing fees from 15 cents to 20 cents for each barrel of oil or each 50,000 cubic feet of natural gas produced from a well in this State.

Section 1. NAC 522.212 is hereby amended to read as follows:

522.212 ~~[The amount of the fee that a]~~

1. A person desiring to drill ~~[a well in search of]~~ ***and operate an*** oil or gas ***well*** must pay ~~[pursuant to subsection 1 of NRS 522.050 for a permit is $200.]~~ ***to the Division a fee according to the following schedule:***

Depth (feet)	***Conventional well on public or private land***	***Hydraulic fracturing well on federally owned land***	***Hydraulic fracturing well on private or State-owned land***
0-4,999	***$500***	***$3,500***	***$4,500***
5,000-10,000	***1,000***	***3,500***	***4,500***
more than 10,000	***1,500***	***3,500***	***4,500***

2. An application to reclassify a well from a conventional well for which a permit to drill or operate has been issued to a hydraulic fracturing well must be accompanied by a fee in an amount equal to the difference between the fee for a permit to drill or operate a conventional well and the fee for a permit to drill or operate a hydraulic fracturing well, according to the fee schedule prescribed in subsection 1.

3. An application to change the terms of a permit to drill or operate a conventional well or hydraulic fracturing well after the well has been drilled must be submitted on Form 4 and accompanied by a fee of:

(a) For administrative changes, one hundred dollars; or

(b) For all other changes, $300.

4. As used in this section:

(a) "Conventional well" means an oil or gas well that is not intended to be hydraulically fractured.

(b) "Hydraulic fracturing well" means an oil or gas well that is intended to be hydraulically fractured.

Sec. 2. NAC 522.342 is hereby amended to read as follows:

522.342 1. The amount of the administrative fee that a producer or purchaser of oil or natural gas must pay pursuant to subsection 2 of NRS 522.150 is ~~[15]~~ ***20*** cents per barrel of oil or per 50,000 cubic feet of natural gas, as appropriate.

2. The administrative fee must be paid on or before the last day of each month and must be prorated to reflect the amount of oil or natural gas produced during the preceding month.