

**PROPOSED REGULATION OF THE
COMMISSION ON MINERAL RESOURCES**

LCB File No. R109-17

November 20, 2017

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

AUTHORITY: §§1-24, 26 and 29-34, Section 20 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414; §25, section 16 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3412, and section 20 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414; §27, section 19 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414, and section 20 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414; §§28 and 36-40, section 16 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3412, section 17 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3413, and section 20 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414; §35, section 20 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414, and section 21 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414; §41, NRS 233B.120 and section 20 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414; §42 NRS 233B.100 and section 20 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414.

A REGULATION relating to dissolved mineral resources; defining certain terms relating to dissolved mineral resources; setting forth certain responsibilities of a well driller of a dissolved mineral resource exploration borehole or dissolved mineral resource exploration well; requiring a well driller or operator of a dissolved mineral resource exploration borehole to submit an application for a notice of intent to drill; setting forth certain restrictions on drilling a dissolved mineral resource exploration borehole; requiring a dissolved mineral resource exploration borehole to be plugged under certain circumstances; requiring certain actions to be taken to plug a dissolved mineral resource exploration borehole under certain conditions when an artesian condition is encountered; setting forth certain requirements for an application for a permit to drill a dissolved mineral resource exploration well; providing certain restrictions relating to dissolved mineral resource exploration wells; authorizing the assignment of a permit under certain circumstances; providing certain requirements for the construction of a dissolved mineral resource exploration well; requiring certain actions to be taken to plug a dissolved mineral resource exploration well under certain conditions when an artesian condition is encountered; providing certain requirements for plugging a dissolved mineral resource exploration well; requiring the submission of certain reports to the Division of Minerals of the Commission on Mineral Resources relating to a

dissolved mineral resource exploration well; providing certain requirements for a hearing relating to a dissolved mineral resource exploration well; providing certain procedures for a petition relating to a permanent regulation; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Assembly Bill No. 52 of the 79th Legislative Session establishes provisions governing the exploration for dissolved mineral resources, including, requirements for drilling dissolved mineral resource exploration boreholes and dissolved mineral resource exploration wells. (Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3411) A.B. 52 requires the Commission on Mineral Resources, in coordination with the Division of Water Resources and the Division of Environmental Protection of the State Department of Conservation and Natural Resources, to adopt regulations to regulate the drilling and operation of dissolved mineral resource exploration boreholes and dissolved mineral resource exploration wells. (Section 20 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414)

Sections 3-18 of this regulation define certain terms relating to dissolved mineral resources. **Section 19** of this regulation sets forth certain responsibilities of a well driller of a dissolved mineral resource exploration borehole or dissolved mineral resource exploration well at a drilling site. **Section 20** of this regulation requires a well driller or operator to submit an application for approval of a notice of intent to drill and receive the approval of the Division of Minerals of the Commission before commencing the drilling of a dissolved mineral resource exploration borehole. **Section 20** also sets forth the information that must be included in an application for approval of such a notice of intent. **Section 21** of this regulation provides that a notice of intent to drill will expire 60 days after the date that the Division approves the notice of intent and if drilling does not commence within that time, the well driller or operator must submit a new application for approval of a notice of intent to drill.

Section 22 of this regulation provides certain requirements for drilling a dissolved mineral resource exploration borehole and authorizes the Administrator of the Division of Minerals to grant an exception to those requirements under certain conditions. **Section 23** of this regulation generally requires a dissolved mineral resource exploration borehole to be plugged not later than 60 days after the borehole is drilled and provides certain requirements for plugging the dissolved mineral resource exploration borehole. **Section 24** of this regulation provides that if an artesian condition is encountered in a dissolved mineral resource exploration borehole, under certain conditions, the dissolved mineral resource exploration borehole must be sealed in a certain manner.

Section 25 of this regulation sets forth the requirements for an application for a permit to drill a dissolved mineral resource exploration well. **Section 25** also requires the Division to take certain actions upon the receipt of an application for a permit, including: (1) approving or denying the application within 30 days after receipt or a hearing, if necessary; (2) transmitting the applications to the Division of Water Resources of the State Department of Conservation and Natural Resources; (3) posting applications on the Internet website of the Division; and (4) posting approved permits for a dissolved mineral resource exploration well not later than 5 days after approval on the Internet website of the Division. **Section 26** of this regulation provides

certain restrictions on dissolved mineral resource exploration wells, including, prohibiting drilling such a well in certain locations and at a depth of greater than 3,000 feet under certain circumstances and requiring the continuous monitoring of the temperature of the mud that is returned under certain circumstances. **Section 26** also authorizes the Administrator to grant an exception to these restrictions under certain circumstances.

A.B. 52 requires the Commission to establish a fee by regulation for filing an application for a permit to drill a dissolved mineral resource exploration well. (Section 19 of Assembly Bill No. 52, chapter 507, Statutes of Nevada 2017, at page 3414) **Section 27** of this regulation requires a person filing an application for a permit to drill a dissolved mineral resource exploration well to pay a fee of \$1,000 for each such well. **Section 28** of this regulation provides that a permit to drill a dissolved mineral resource exploration well expires 2 years after the date the permit is issued and may be extended once for an additional 2 years under certain circumstances. **Section 29** of this regulation provides that a permit to drill a dissolved mineral resource exploration well may be assigned under certain conditions. **Section 30** of this regulation provides certain requirements for constructing a dissolved mineral resource exploration well.

Section 31 of this regulation requires certain blowout prevention equipment and measures at a dissolved mineral resource exploration well. **Section 31** further requires an operator to submit certain data and information resulting from testing the blowout prevention equipment. **Section 32** of this regulation provides that if an artesian condition is encountered in a dissolved mineral resource exploration well, under certain conditions, the well must be sealed in a certain manner.

Section 33 of this regulation requires: (1) the operator of a dissolved mineral resource exploration well to install a water meter and submit a monthly report that includes the serial number of the meter in use and the readings from the meter; (2) a well driller to keep a record of certain information relating to a dissolved mineral resource exploration well and provide that information in a report to the Administrator not later than 30 days after the drilling of the well is complete; and (3) the Division to post the reports filed by the operator and the well driller on the Internet website of the Division. **Section 34** of this regulation provides certain requirements for plugging a dissolved mineral resource exploration well. **Section 35** of this regulation provides that if any provision of this regulation is violated, a permit may be modified, suspended or revoked in whole or in part and a penalty of \$1,000 for each act or violation may be assessed for each day that the act or violation continues.

Section 36 of this regulation provides that if the Administrator or the State Engineer determine that a public hearing is necessary, the Administrator and State Engineer should consult with one another and determine whether to hold the hearing either jointly or separately. **Section 36** further provides certain requirements for a notice of a hearing. **Section 37** of this regulation requires the Administrator to maintain a docket for such hearings. **Section 38** of this regulation provides that such hearings are informal. **Section 39** of this regulation provides certain requirements for the order of such hearings. **Section 40** of this regulation provides that the party designated by the Administrator or the State Engineer will be responsible for the costs of transcribing and reporting the hearing. **Section 41** of this regulation authorizes any person to petition the Commission for a declaratory order or advisory opinion. **Section 42** of this

regulation provides the procedure for a petition requesting the adoption, filing, amendment or repeal of a permanent regulation.

Section 1. Chapter 534B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 42, inclusive, of this regulation.

Sec. 2. *As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 3 to 18, inclusive, have the meanings ascribed to them in those sections.*

Sec. 3. *“Aquifer” means a geological formation or structure that stores or transmits water.*

Sec. 4. *“Artesian hole” means a hole tapping an aquifer underlying an impervious material in which the static water level in the hole stands above where it is first encountered in the aquifer.*

Sec. 5. *“Bentonite grout” means a commercially manufactured product consisting of the sodium montmorillonite that, when mixed with water pursuant to the specifications recommended by the manufacturer, is specifically designed to seal and plug wells and boreholes and:*

1. Consists of not more than 80 percent water and not less than 20 percent sodium bentonite by weight of water, except that additional additives may increase the solids ratio above and beyond the minimum 20 percent sodium bentonite;

2. Is easily hydrated when mixed with fresh water in the ratio of 24 gallons for every 50-pound bag of bentonite grout;

3. Has hydraulic conductivity or permeability values of 10^{-7} centimeters per second or less; and

4. Has a fluid weight of not less than 9.4 pounds per gallon.

Sec. 6. *“Blowout” means an uncontrolled escape of fluids and gases from a dissolved mineral resource exploration borehole or dissolved mineral resource exploration well.*

Sec. 7. *“Blowout prevention equipment” means equipment attached to casing which:*

- 1. Is equipped with gates, rams or other packoff;*
- 2. Can be closed around the drill pipe; and*
- 3. Completely closes the top of the casing.*

Sec. 8. *“Casing” means the conduit required to:*

- 1. Prevent waste and contamination of the groundwater or a dissolved mineral resource;*
and
- 2. Hold the formation open during the construction or use of a dissolved mineral resource exploration well.*

Sec. 9. *“Cement grout” means a mixture consisting of equal parts by volume of portland cement and sand, consisting of a grain size of not more than 2 millimeters, with not more than 6 gallons of water for each 94-pound bag (1 cubic foot) of cement. For example, one cubic yard of cement grout contains 12 bags of cement, 72 gallons of water and not more than 13 cubic feet of sand.*

Sec. 10. *“Commission” means the Commission on Mineral Resources.*

Sec. 11. *“Concrete grout” means a mixture of portland cement, sand, 1/4-inch minus aggregate and water which contains at least 5 bags of cement per cubic yard of concrete and not more than 7 gallons of clean water per bag of cement (1 cubic foot or 94 pounds).*

Sec. 12. *“Contaminant” means any chemical, mineral, live organism, organic material, radioactive material or heated or cooled water that may adversely affect the quality of groundwater.*

Sec. 13. *“Contamination” means the impairment of water quality by the introduction of contaminants into the groundwater.*

Sec. 14. *“Dissolved mineral resource exploration project” has the meaning ascribed to it in section 18 of Assembly Bill. No. 52, chapter 507, Statutes of Nevada, at page 3413.*

Sec. 15. *“Geothermal resource” has the meaning ascribed to it in NRS 534A.010.*

Sec. 16. *“Groundwater” means the subsurface water in a zone of saturation.*

Sec. 17. *“Neat cement” means a mixture of:*

1. *Clean water and cement in a ratio of not more than 5.2 gallons of water per bag of portland cement (1 cubic foot or 94 pounds); or*

2. *Clean water, cement and sodium bentonite in a ratio of not more than 7.8 gallons of water per 3.76 pounds of sodium bentonite by dry weight and 1 bag of portland cement (1 cubic foot or 94 pounds).*

Sec. 18. *“Waste” means permitting an artesian hole to discharge water unnecessarily above or below the surface of the ground so that the water is lost for beneficial use.*

Sec. 19. *A well driller:*

1. *Must be:*

(a) *Licensed to drill wells pursuant to NRS 534.140; and*

(b) *Present at the site of the drilling of a dissolved mineral resource borehole or dissolved mineral resource exploration well at all times when the drill rig is in operation and when any activity involving the construction, reconditioning or plugging of the borehole or well is conducted. If the Division determines that drilling operations occurred during any period in which a well driller was not present at the site:*

(1) The Division may order the drilling operation to cease and conduct an investigation; and

(2) The drilling operation may not recommence until the Division approves the commencement of the drilling operation.

2. Shall ensure that the drilling of the dissolved mineral resource exploration borehole or dissolved mineral resource exploration well complies with:

(a) The terms and conditions of the notice of intent approved by the Division and permit issued by the Division, as applicable; and

(b) The requirements of all federal, state and local agencies which have jurisdiction over the land on which the dissolved mineral resource exploration borehole or dissolved mineral resource exploration well is drilled.

3. Shall carry his or her well-driller's license when he or she is present at the site of the drilling and produce the license when requested to do so by a representative of the Division.

4. Shall have in his or her possession at the site of the drilling the documentation of the approval by the Division of the notice of intent to drill or a permit issued by the Division, as applicable, and shall produce such documentation upon request by a representative of the Division.

Sec. 20. 1. A well driller shall not commence drilling a dissolved mineral resource exploration borehole until:

(a) The well driller or operator has submitted to the Division, on a form designated by the Division, an application for approval of the notice of intent to drill the borehole; and

(b) The notice of intent has been approved by the Division.

2. An application for approval of the notice of intent to drill must be submitted to the Division at least 5 days before the anticipated date that drilling will begin.

3. The application for approval of the notice of intent to drill must include, without limitation:

(a) The name of the person for whom the proposed borehole will be drilled;

(b) The name of the operator who is responsible for ensuring that the drilling of the proposed borehole complies with the provisions of the chapter;

(c) The approximate location of the proposed borehole as described by public land survey;

(d) The date on which the drilling of the proposed borehole is expected to begin;

(e) The name of the well driller and his or her well-drilling license number;

(f) An indication of whether the proposed borehole will be drilled on public or private land;

(g) If the proposed borehole will be drilled on public land:

(1) The name of the federal agency that has approved the drilling of the proposed borehole;

(2) Any project identification number issued by a federal agency;

(3) A copy of the notice of intent or plan of operations that has been approved by a federal agency; and

(4) A copy of any map of the proposed location of the proposed borehole that has been approved by a federal agency;

(h) If the proposed borehole will be drilled on private land, a map of the proposed borehole location;

(i) The global positioning coordinates of the location of the proposed borehole which:

(1) Are identified by latitude and longitude using decimal degrees or coordinates of the Universal Transverse Mercator system; and

(2) Specify whether North American Datum of 1983 or the World Geodetic System of 1984 was used; and

(j) The drilling method, diameter and anticipated final depth of the proposed borehole.

4. If an application for approval of a notice of intent to drill a dissolved mineral resource exploration borehole does not include all of the information required pursuant to subsection 3, the Administrator or Division must not consider whether to approve the application until the well driller or operator submits a revised application with all of the required information.

5. The Administrator shall notify the well driller or operator who submitted the application whether the application is approved. If the Administrator or Division denies the application, the Administrator must notify the well driller or operator of the reasons for the denial.

6. The Division shall provide the application for a notice of intent on the Internet website maintained by the Division. A well driller or operator may submit to the Division the application for a notice of intent in an electronic format if the Division approves this manner of submission.

7. The Division shall post any approved application for a notice of intent on the Internet website of the Division.

8. As used in this section, “public lands survey” has the meaning ascribed to it in NAC 534.185.

Sec. 21. If a well driller does not begin drilling the dissolved mineral resource exploration borehole within 60 days after the Division approved the application for the notice

of intent, the well driller may not drill the borehole unless the well driller or operator submits a new application for approval of a notice of intent to drill the borehole and such application is approved by the Division.

Sec. 22. 1. *Except as otherwise provided in subsection 2, no dissolved mineral resource exploration borehole may be drilled:*

(a) Within 250 feet of an existing oil, gas or geothermal well that is permitted by the Division or within 100 feet of an existing water well permitted by the Division of Water Resources of the State Department of Conservation and Natural Resources.

(b) To a depth greater than 1,500 feet, if the dissolved mineral resource exploration borehole is located within a boundary designated by the Division as an “area with limitations” as delineated on the map maintained by the Division and titled, “Oil, Gas, and Geothermal Resources and Groundwater Basins with High Temperature Gradients.”

2. *Upon written application, the Administrator may grant an exception to the provisions of subsection 1. When considering whether to grant an exception, the Administrator may consider, without limitation:*

(a) The topographic, hydrologic and geologic characteristics of the area;

(b) The protection of the environment;

(c) Workplace safety; and

(d) Any existing rights.

3. *The temperature of the mud that is returned up a dissolved mineral resource exploration borehole must be monitored continuously by the operator during the drilling of the dissolved mineral resource exploration borehole whenever temperatures of the fluids at the*

surface reach 125 degrees Fahrenheit. The temperature of the mud must be recorded by the well driller after each joint of pipe has been drilled.

Sec. 23. 1. A dissolved mineral resource exploration borehole must be plugged by a well driller not later than 60 days after the borehole is drilled unless an application for a permit for a dissolved mineral resource exploration well is filed not later than 60 days after the completion of the drilling of the borehole.

2. If an application for a permit for a dissolved mineral resource exploration well is denied by the Division, the dissolved mineral resource exploration borehole must be plugged not later than 30 days from the date that the Division denies the application for a permit.

3. Any pipe or tubing used for ground control or sampling must be removed by the well driller before plugging a dissolved mineral resource exploration borehole.

4. Except as otherwise provided in subsections 5 and 6, a dissolved mineral resource exploration borehole must be plugged:

(a) In the same manner required for plugging a dissolved mineral resource exploration well pursuant to section 34 of this regulation; or

(b) If the uppermost saturated groundwater stratum is above the bottom of the borehole:

(1) By placing concrete grout, cement grout, neat cement or bentonite grout by tremie pipe in an upward direction from the bottom of the borehole to within 20 feet of the surface and by placing concrete grout, cement grout, neat cement or bentonite grout from 20 feet below the surface to the surface;

(2) By placing bentonite chips specifically designed to plug boreholes from the bottom of the dissolved mineral resource exploration borehole to within 20 feet of the surface and by

placing concrete grout, cement grout or neat cement from 20 feet below the surface to the surface; or

(3) By placing any of the plugging material described in this subsection from the total depth of the dissolved mineral resource exploration borehole to 50 feet above the uppermost saturated groundwater stratum and by placing concrete grout, cement grout or neat cement from 20 feet below the surface to the surface.

5. If the concrete grout, cement grout, neat cement, bentonite grout or bentonite chips are not brought to within 20 feet of the surface pursuant to paragraph (b) of subsection 4, the well driller must:

(a) Measure the depth of the top of the lower plug with the appropriate equipment after he or she has allowed sufficient time for the lower plug to set up;

(b) Continue to install concrete grout, cement grout, neat cement, bentonite grout or bentonite chips until the top of the lower plug remains at least 50 feet above the top of the uppermost saturated groundwater stratum;

(c) Install uncontaminated fill material or concrete grout, cement grout, neat cement, bentonite grout or bentonite chips from the top of the lower plug to within 20 feet of the surface; and

(d) Place concrete grout, cement grout or neat cement from 20 feet below the surface to the surface.

6. If the elevation of the bottom of the dissolved mineral resource exploration borehole is higher than the preexisting natural elevation of the uppermost saturated groundwater stratum, the dissolved mineral resource exploration borehole must be plugged by:

(a) Backfilling the dissolved mineral resource exploration borehole from the bottom of the borehole to within 20 feet of the surface with uncontaminated soil; and

(b) Placing concrete grout, cement grout or neat cement from 20 feet below the surface to the surface.

7. If bentonite chips or uncontaminated soil are placed in the dissolved mineral resource exploration borehole, the chips or soil must be screened to eliminate the fines. The bentonite chips must be placed in the dissolved mineral resource exploration borehole by tremie pipe.

8. If there is evidence that water-draining formations or water-bearing formations of different water quality or hydraulic head were encountered during the original construction of the dissolved mineral resource exploration borehole and bentonite chips or bentonite grout is used as the plugging material, the well driller must, in addition to any other applicable requirements of this section, place neat cement across the water-confining formations so that the plugging fluid penetrates the geologic formation to prevent the vertical movement of water. Any pipe or tubing that does not break free and occludes the placement of neat cement across a water-confining formation must be perforated so that the plugging fluid penetrates the annular space and the geologic formation in that interval to isolate formations and to protect the fluids in those formations from interzonal migration.

9. The owner and lessor of the land on which a dissolved mineral resource exploration borehole is located, the operator and the well driller are jointly and severally responsible for plugging a dissolved mineral resource exploration borehole.

10. A plugging report must be filed with the Division by the well driller, on a form designated by the Division, and signed by the well driller. The report must include, without

limitation, documentation that the dissolved mineral resource exploration borehole was properly plugged not later than 30 days after the well driller began work to plug the borehole.

11. The Division shall post all plugging reports for dissolved mineral resource exploration boreholes on the Internet website of the Division.

Sec. 24. *If an artesian condition is encountered in any dissolved mineral resource exploration borehole such that water is flowing at the surface:*

1. The artesian water strata must be contained pursuant to the standard set forth in chapter 534 of NRS and chapter 534 of NAC and the dissolved mineral resource exploration borehole must be plugged by placing concrete grout, cement grout or neat cement by tremie pipe in an upward direction from the bottom of the borehole to the surface; and

2. The well driller and operator shall take the necessary steps to prevent the loss of water above or below the surface and to prevent the vertical movement of water in the dissolved mineral resource exploration borehole.

Sec. 25. *1. An application for a permit to drill a dissolved mineral resource exploration well must be on a form, designated by the Division, completed and signed by the well driller or operator and include, without limitation:*

(a) A statement of the purpose, diameter, design and expected depth of the well.

(b) A description of the materials of construction for the well, including, without limitation, the type and anticipated length of casing, any blowout prevention equipment for the prevention of a blowout required pursuant to section 31 of this regulation, and the type of drilling rig that will be used. An applicant may propose the casing material to be used based on the depth, temperature and pressure anticipated in the well bore.

(c) A plan for managing any fluids generated as part of drilling, testing or sampling, which must include, without limitation, a description of how the fluids will be managed in accordance with the requirements of chapter 445A of NRS and as required by the Division of Environmental Protection of the State Department of Conservation and Natural Resources and the volume estimates anticipated for testing or sampling.

(d) A plan for preventing the migration of fluids between aquifers and the contamination of groundwater, which may include, without limitation, any reporting, lithologic information or analysis necessary to support the plan.

(e) A plan for monitoring the proposed well and a plan for plugging the proposed well in accordance with section 34 of this regulation.

(f) The name and address of the well driller and operator.

(g) A description of the location of the proposed well by the quarter-quarter section, section, township and range and the groundwater basin name and number.

(h) The global positioning coordinates of the location of the proposed well which:

(1) Are identified by latitude and longitude using decimal degrees or coordinates of the Universal Transverse Mercator system; and

(2) Specify whether North American Datum of 1983 or the World Geodetic System of 1984 was used.

(i) If the proposed well will be located on public land:

(1) The mining claim serial number and project identification number assigned by a federal agency and a copy of the notice of intent or the approved plan of operations approved by a federal agency with maps of the proposed well; and

(2) Except as otherwise provided in this subparagraph, evidence of surety required by the federal agency in the amount of the estimated cost necessary to properly plug the proposed well in accordance with section 34 of this regulation. If evidence of surety is not submitted with the application, it must be received and acknowledged by the Division before the drilling of the proposed well commences.

(j) If the proposed well will be located on private land:

(1) A map of the proposed well location;

(2) The name of the owner of the land or designated lot on which the proposed well will be located;

(3) A bond in the amount determined by the Division to be necessary to properly plug the proposed well in accordance with section 34 of this regulation, which must be submitted with the application for a permit to drill. The bond must be:

(I) A cash deposit;

(II) Issued by a surety authorized to do business in Nevada; or

(III) In the form of a savings certificate or time certificate of deposit which is issued by a bank operating in Nevada and payable to the State of Nevada. Such a bond must remain in effect until the Division determines that the well has been properly plugged.

2. An existing dissolved mineral resource exploration well which was authorized by a mining, milling or other waiver issued by the Division of Water Resources of the State Department of Conservation and Natural Resources may be permitted as a dissolved mineral resource exploration well pursuant to this chapter only if the well:

(a) Meets the requirements of chapter 534B of NRS and the provisions of this chapter; and

(b) Has not already pumped 5 acre-feet of water or more.

3. The Division shall approve or deny an application for a permit within 30 days after receipt or, if a hearing is required pursuant to section 36 of this regulation, within 30 days after the hearing.

4. Construction or drilling of a dissolved mineral resource exploration well must not commence until a permit is issued by the Division.

5. The Division shall:

(a) Post applications for a permit to drill a dissolved mineral resource exploration well on the Internet website of the Division;

(b) Transmit applications for a permit to drill a dissolved mineral resource exploration well to the Division of Water Resources of the State Department of Conservation and Natural Resources; and

(c) Post permits to drill a dissolved mineral resource exploration well that have been approved by the Division on the Internet website of the Division not later than 5 days after approval.

Sec. 26. 1. Except as otherwise provided in subsection 3, no dissolved mineral resource exploration well may be drilled within:

(a) One-hundred feet of:

(1) The boundary of any land that is not under the lease, ownership or control of the operator; or

(2) An existing water well permitted by the Division of Water Resources of the State Department of Conservation and Natural Resources; and

(b) Two-hundred and fifty feet of an existing oil, gas or geothermal well that is permitted by the Division.

2. Except as otherwise provided in subsection 3, a dissolved mineral resource exploration well that is located within a boundary designated by the Division as an “area with limitations” as delineated on the map maintained by the Division and titled, “Oil, Gas, and Geothermal Resources and Groundwater Basins with High Temperature Gradients” must:

(a) Not be drilled to a depth greater than 3,000 feet without the use of blowout prevention equipment meeting the requirements of section 31 of this regulation;

(b) Have the temperature of the mud that is returned up the hole monitored continuously by the operator during the drilling of the well whenever temperatures of the drilling fluids at the surface reach 125 degrees Fahrenheit. The temperature of the mud must be recorded by the well driller after each joint of the pipe is drilled; and

(c) Be designed, drilled and operated so as not to degrade an aquifer, or an oil, gas or geothermal resource.

3. Upon written application, the Administrator may grant an exception to the provisions of subsections 1 and 2. When considering whether to grant an exception, the Administrator may consider, without limitation:

(a) The topographic, hydrologic and geologic characteristics of the area and the characteristics of the reservoir;

(b) The protection of the environment;

(c) Workplace safety; and

(d) Any existing rights.

Sec. 27. An applicant for a permit to drill a dissolved mineral resource exploration well shall pay to the Division a fee of \$1,000 for each proposed well.

Sec. 28. 1. A permit to drill a dissolved mineral resource exploration well expires 2 years after the date on which it was issued. If requested in writing by the operator, on a form designated by the Division, the permit may be extended once for an additional 2 years by the Administrator if the permit is determined to be in compliance with the provisions of this chapter.

2. An application for an extension must be filed not later than 60 days before the expiration of the permit.

Sec. 29. A permit to drill a dissolved mineral resource exploration well may be assigned, subject to the conditions of the permit, upon the written approval of the Administrator.

Sec. 30. 1. When drilling a dissolved mineral resource exploration well, a well driller shall:

(a) Isolate zones of varying water quality to prevent the migration of fluids between aquifers;

(b) Prevent the contamination or waste of groundwater; and

(c) Minimize damage to the environment, ground and surface waters, property and any known oil, gas or geothermal resources.

2. The following standards apply to the construction of a dissolved mineral resource exploration well:

(a) The top of the casing must be at least 18 inches above the surface of the ground;

(b) The surface casing must:

(1) Provide for the control of formation fluids and protection of groundwater, including, without limitation, setting sufficient casing to reach a depth below all known or reasonably

estimated levels of good quality water to protect the aquifer and prevent blowouts or uncontrolled flows; and

(2) Provide a minimum 2-inch annular space;

(c) There must be a minimum 50-foot surface seal using neat cement;

(d) If an intermediate string of casing is used which does not extend to the surface, the top of the liner must overlap the bottom of the surface casing by at least 100 feet; and

(e) If thermoplastic casing is used:

(1) The thermoplastic casing must be clearly marked as well casing.

(2) The thermoplastic casing must comply with the standards adopted by ASTM International, designated as ASTM F480-14 for polyvinyl chloride casing and F2686-14 for glass fiber reinforced casing or the current designation at the time of installation. These publications are hereby adopted by reference. A copy of the standards may be obtained by mail from ASTM International at 100 Barr Harbor Drive, P.O. Box C700, West Conshohocken, Pennsylvania 19428-2959, by telephone at (610) 832-9585 or at the Internet address <http://www.astm.org> for the price of \$67 and \$46, respectively.

(3) The differential pressures and temperatures that may occur during the installation of the casing, the development of the well and the operation of the well must be considered by the well driller and the person responsible for designing the well.

(4) The joint couplings must form a watertight seal.

(5) For polyvinyl chloride casing, in each case, the standard dimension ratio must equal the outside diameter divided by the wall thickness and the wall thickness must:

(I) For nominal diameters that are 6 inches or less, conform to a rating of schedule 40 or heavier; and

(II) For nominal diameters that are more than 6 inches, conform to an ASTM International standard dimension ratio of schedule 21 or heavier.

Sec. 31. 1. The operator shall ensure that blowout prevention equipment is installed on any dissolved mineral resource exploration well where temperatures may exceed 200 degrees Fahrenheit.

2. An operator and well driller shall take all necessary precautions to keep a dissolved mineral resource exploration well under control and operating safely at all times. Well control and wellhead assemblies used in any dissolved mineral resource exploration well must meet the minimum specifications for assemblies prescribed by the American Petroleum Institute, or its successor organization, in Standard 53, "Blowout Prevention Equipment Systems for Drilling Wells," Fourth Edition, which is available by mail from Global Engineering Documents, 15 Inverness Way East, Englewood, Colorado 80112-5776, by telephone at (800) 854-7179 or at the Internet address <http://global.ihs.com>, for the price of \$155, or such specifications as may be prescribed by the Administrator.

3. Blowout prevention equipment capable of shutting in a dissolved mineral resource exploration well during any operation must be installed on the surface casing and be maintained in good operating condition at all times. Such equipment must have a rating for pressure greater than the maximum anticipated pressure at the wellhead.

4. An operator shall:

(a) Test the blowout prevention equipment under pressure. The results of each test must be recorded by the well driller in the well log.

(b) Submit, on a form designated by the Division, the pressure data and supporting information for the blowout prevention equipment as soon as practicable after the conclusion of the test conducted pursuant to paragraph (a).

Sec. 32. 1. *If an artesian condition is encountered in a dissolved mineral resource exploration well, such that water is flowing at the surface, the well driller shall ensure that an unperforated casing extends through the confining strata above the artesian zone. The annular space between the casing and the walls of the well bore must be sealed by placing neat cement, cement grout or bentonite chips by tremie pipe in an upward direction from the top of the artesian zone to the level necessary to prevent the leakage of artesian water above or below the surface.*

2. Any flow of artesian water must be stopped completely using any necessary valves, plugs or other appliances to prevent or control the flow of water from the dissolved mineral resource exploration well and prevent the loss of groundwater above or below the ground surface before the drill rig is removed from the drill site.

Sec. 33. 1. *The operator of a dissolved mineral resource exploration well shall:*

(a) Install a water meter capable of measuring the total withdrawal of water from the dissolved mineral resource exploration well.

(b) Maintain an accurate record of meter readings, including the serial number of the meter.

(c) Submit to the Division, on a form designated by the Division, a monthly report which includes the serial number of the meter and the meter readings from the dissolved mineral resource exploration well. The monthly report:

(1) Is required for each month beginning with the commencement of drilling operations until the later of the expiration of the permit or until the dissolved mineral resource exploration well is plugged; and

(2) Must be filed with the Division on or before the last day of the month following the month in which the meter is read.

(d) Ensure the total withdrawal of water from the dissolved mineral resource exploration well project does not exceed 5 acre-feet.

(e) Comply with the appropriation procedures of chapters 533 and 534 of NRS if water is pumped from the dissolved mineral resource exploration project in excess of 5 acre-feet.

2. The well driller shall:

(a) Keep a record of the depth, thickness and character of the different strata penetrated and the location of the water-bearing strata;

(b) Keep an accurate record of the work, including, without limitation:

(1) A statement of the date that work begins;

(2) The date of completion of the dissolved mineral resource exploration well;

(3) The name and the type of machine used to drill;

(4) The length, size and weight of the casing and how it is placed, including, without limitation, a description of any perforations;

(5) The size of the hole that is drilled for the dissolved mineral resource exploration well;

(6) Identification of the water-bearing strata;

(7) The maximum temperature of the water in the dissolved mineral resource exploration well measured in degrees Fahrenheit; and

(8) If a seal was installed, the interval sealed off and the type of seal; and

(c) Submit a report of the record of the work to the Administrator on a form designated by the Division. The report must be provided by the well driller to the Administrator for every dissolved mineral resource exploration well that is drilled not later than 30 days after the well is completed.

3. The Division will post on the Internet website of the Division:

(a) A summary of monthly reports filed pursuant to paragraph (c) of subsection 1 by a dissolved mineral resource exploration project; and

(b) Any reports submitted pursuant to paragraph (c) of subsection 2.

Sec. 34. 1. A dissolved mineral resource exploration well must be plugged by:

(a) A well driller before the expiration of the permit, unless a waiver or permit is issued by the State Engineer to change the status of the dissolved mineral resource exploration well.

(b) Placing neat cement, cement grout or bentonite grout by tremie pipe in an upward direction from the bottom of the well to 100 feet above the uppermost perforated casing or to the surface of the dissolved mineral resource exploration well.

(c) Removing the pump and any debris from the well bore with appropriate equipment.

2. Cement plugs must:

(a) Be placed in the uncased portion of all dissolved mineral resource exploration wells to protect all subsurface resources.

(b) Extend a minimum of 100 lineal feet above the producing formations and 100 lineal feet below the producing formations or to the total depth drilled, whichever is less.

(c) Be placed to isolate formations and to protect the fluids in those formations from interzonal migration.

3. *A well driller may use uncontaminated fill from the top of the plug installed in accordance with subsection 1 to within 20 feet of the surface of the dissolved mineral resource exploration well. The well driller shall place a surface plug in the dissolved mineral resource exploration well consisting of neat cement, cement grout or concrete grout from a depth of at least 20 feet to the surface of the dissolved mineral resource exploration well.*

4. *All casing strings must be cut off below ground level and the casing stub must be permanently capped.*

5. *The surface must be restored as near as practicable to its original condition.*

6. *If conditions are encountered which prevent compliance with this section, the operator or well driller must submit an alternative plugging plan to the Division for the approval of the Division.*

7. *The operator or well driller shall file a plugging report to the Division on a form designated by the Division and available on the Internet website of the Division. The report must be signed by the well driller documenting proper plugging of the dissolved mineral resource exploration well not later than 30 days after completion of the work.*

8. *The owner and lessor of the land on which the dissolved mineral resource exploration well is located, the operator and the well driller are jointly and severally responsible for plugging the dissolved mineral resource exploration well pursuant to this chapter.*

9. *As soon as practicable, the Division shall post any completed plugging reports for a dissolved mineral resource exploration well on the Internet website of the Division.*

Sec. 35. 1. *A permit to drill a dissolved mineral resource exploration well may be modified, suspended or revoked in whole or in part for any violation of this chapter and may be grounds for an action for enforcement.*

2. Any person who willfully violates any provision of this chapter or an order of the Division issued pursuant to this chapter is subject to a penalty of not more than \$1,000 for each act or violation and for each day that the violation continues.

Sec. 36. 1. If the Administrator or the State Engineer determine that a public hearing is necessary for a full understanding of an application for a permit to drill a dissolved mineral resource exploration well, the rights involved with the application and to properly guard the public interest, the Administrator and the State Engineer should consult with each other and determine whether the hearing will be held jointly or separately.

2. The Administrator shall send notice of a hearing held pursuant to subsection 1 to the applicant, the State Engineer, the Administrator of the Division of Environmental Protection of the State Department of Conservation and Natural Resources and all known parties at least 10 days before the date of the hearing. The notice of the hearing must include, without limitation, the subjects that will be addressed at the hearing.

3. The applicant or any other party to a hearing held pursuant to subsection 1 may request that additional issues be included by written motion filed with the Administrator at least 5 days before the date set for the hearing.

4. Upon the request of a party to a hearing held pursuant to subsection 1 and for good cause shown, the date of the hearing may be continued. A request for a continuance must be made to the Administrator or the State Engineer at least 5 days before the date set for the hearing. Requests may be granted or denied at the discretion of the Administrator or the State Engineer.

5. The Administrator shall post a notice of a hearing on the Internet website of the Division at the time the notice of the hearing is issued.

Sec. 37. 1. *The Administrator shall maintain a docket for a hearing held pursuant to section 36 of this regulation. All hearings must be docketed with any application relating to the hearing and assigned a docket number by the Division. A file containing the docket number must be maintained by the Division.*

2. The State Engineer may keep a duplicate file for each proceeding in which the State Engineer is involved.

Sec. 38. 1. *A hearing held pursuant to section 36 of this regulation must be conducted informally and may conform to the practice in civil cases to the extent such practice is consistent with the informal and summary character of the proceedings.*

2. Any opposition to the application for a permit to drill a dissolved mineral resource exploration well must be put in writing and filed with the Division at least 5 days before the hearing.

Sec. 39. 1. *The Administrator or the State Engineer shall open a hearing held pursuant to section 36 of this regulation with a statement of the issues to be heard and by recognizing the parties to the hearing.*

2. The applicant must be heard first at the hearing unless the Administrator or the State Engineer find good cause to hear from another party first.

3. Any party recognized by the Administrator or the State Engineer must be heard in the order designated at the hearing.

4. A witness may be examined and cross-examined by not more than one representative of each party. The Administrator shall designate the order of the examination.

5. Before the close of the hearing:

(a) A party to the hearing is entitled to make closing arguments; and

(b) The Administrator or the State Engineer may order or permit the presentation of briefs as determined by the Administrator or the State Engineer after he or she consults with the parties.

Sec. 40. A record of a hearing held pursuant to section 36 of this regulation must be made by a certified court reporter, or in the absence of a certified court reporter, by a person designated by the Administrator. The party designated by the Administrator or the State Engineer at the time of the hearing is responsible for the cost of transcribing and reporting the hearing.

Sec. 41. 1. Any person may petition the Commission in writing for a declaratory order or an advisory opinion on the applicability of any statutory provision, regulation or decision of the Administrator or the Commission.

2. The Commission will issue a declaratory order or render an advisory opinion in writing within 90 days after a petition is received by the Commission.

Sec. 42. 1. Pursuant to NRS 233B.100, any interested person may submit a petition to the Commission for the adoption filing, amendment or repeal of a permanent regulation.

2. Upon receipt of the petition, the Commission will refer the petition to the Division to obtain a recommendation whether to approve or deny the petition.

3. As soon as practicable after receiving the petition, but not later than 30 days after the date the petition is received pursuant to subsection 2, the Division shall:

(a) Review the petition to determine whether there is legal authority for the proposed adoption, filing, amendment or repeal of the permanent regulation; and

(b) Forward to the Commission the petition and the recommendation of the Division whether to approve or deny the petition.

4. Within 30 days after the date on which a petition is submitted, the Commission will:

(a) Notify the petitioner in writing of the decision of the Commission to deny the petition and the reasons for the denial; or

(b) Initiate the adoption, filing, amendment or repeal of the regulation in accordance with the procedures set forth in chapter 233B of NRS.

5. A decision of the Commission to deny a petition is a final decision for the purposes of judicial review.