Amendment No. 120

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EXPLANATION: Matter in (1) blue bold italics is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) red strikethrough is deleted language in the original bill; (4) purple double strikethrough is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.
AN ACT relating to minerals; [removing the statutory limits on] revising provisions relating to certain fees [relating to] for permits to drill and operate oil and natural gas [wells]; making various other changes to provisions relating to oil and natural gas; and providing other matters properly relating thereto.

Legislative Counsel's Digest:
Existing law requires the Commission on Mineral Resources to prescribe by regulation a fee, not to exceed $200, for a permit to drill a well in search of oil or gas. (NRS 522.050)

Section 1.5 of this bill [removes the $200]; (1) revises the statutory limit on the fee for such a permit; (2) establishes a statutory limit on the fee for a request to change the terms of an existing permit; and (3) authorizes the Commission to include in the fee such fees the reasonable administrative costs of the Division of Minerals of the Commission relating to the filing and examination of applications for such permits [and requests].

Existing law requires the Commission to prescribe by regulation a fee, not to exceed 20 cents for each barrel of oil or each 50,000 cubic feet of natural gas produced from a well in this State, which must be assessed against the producer of the oil or natural gas. (NRS 522.150) Section 2 of this bill raises the statutory limit on the fee from 20 cents to 30 cents.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 522 of NRS is hereby amended by adding thereto a new section to read as follows:

"Hydraulic fracturing" or “hydraulically fractured” means the process of pumping a fluid into or under the surface of the ground to create fractures in the rock to facilitate the production or recovery of oil or gas.

Sec. 1.3. NRS 522.020 is hereby amended to read as follows:
522.020  As used in this chapter, unless the context otherwise requires, the
words and terms defined in NRS 522.021 to 522.0395, inclusive, and section 1 of
this act have the meanings ascribed to them in those sections.

Sec. 1.5.  NRS 522.050 is hereby amended to read as follows:
1.  A person desiring to drill a well in search of oil or gas shall not drill or
operate an oil or gas well unless he or she first obtains a permit from
the Division of that intent on a form prescribed by the Division and shall pay a fee
in an amount established pursuant to subsection 2 for a permit for each well. Upon
receipt of a permit pursuant to this section.

2.  Every person desiring to drill and operate an oil or gas well or requesting
a change in the terms of an existing permit to drill and operate an oil or gas well
must:
(a) Submit an application for a permit or a request to change the terms of
an existing permit, as applicable, to the Division on the form prescribed by the
Division; and
(b) Pay the applicable fee prescribed pursuant to subsection 3.

3.  The Commission on Mineral Resources shall prescribe by regulation the 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 amount of each fee prescribed by the Commission may include the reasonable administrative costs of the Division relating to the filing and examination of applications for such permits or for requests for changes in the terms of such existing permits, as applicable, but the amount of the fee must not exceed:
(a) For a permit to drill and operate an oil or gas well that is not intended to be
hydraulically fractured, $2,000.
(b) For a permit to drill and operate an oil or gas well that is intended to be
hydraulically fractured, $5,000.
(c) For a request to change the terms of an existing permit to drill and
operate an oil or gas well, $400.

4.  The Division shall, as soon as practicable after receiving the notification and fee, issue to the person a permit or change the terms of an existing permit, as applicable, unless the drilling or operation of the well is prohibited by any law or a regulation or order of the Division. The drilling of a well is prohibited until a permit to drill is obtained in accordance with the provisions of this chapter.

5.  The Division shall deposit with the State Treasurer, for credit to the
Account for the Division of Minerals created pursuant to NRS 513.103, all money
received pursuant to subsection 2.

Sec. 1.7.  NRS 522.119 is hereby amended to read as follows:
1.  The Division of Minerals and the Division of Environmental
Protection shall, jointly, develop a hydraulic fracturing program to:
(a) Assess the effects of hydraulic fracturing on the waters of the State of
Nevada;
(b) Require a person who engages in hydraulic fracturing to disclose each
chemical used to engage in hydraulic fracturing; and
(c) Provide for notice to members of the general public concerning activities
relating to hydraulic fracturing in this state.

2.  The Commission on Mineral Resources shall adopt regulations to
implement the hydraulic fracturing program required by subsection 1.
3.  As used in this section,
(a) “Division of Environmental Protection” means the Division of Environmental Protection of the State Department of Conservation and Natural Resources.

(b) “Hydraulic fracturing” means the process of pumping a fluid into or under the surface of the ground to create fractures in the rock to facilitate the production of a source of oil or gas.

Sec. 2. NRS 522.150 is hereby amended to read as follows:

522.150 1. Any expenses in connection with Nevada’s affiliation with the Interstate Oil and Gas Compact Commission must be paid from the Account for the Division of Minerals created pursuant to NRS 513.103.

2. For the purpose of paying the expenses of the Division, each producer of oil or natural gas in this state shall, on or before the last day of each month, report to the Division and the State Treasurer his or her production in this state of oil in barrels and of natural gas in thousands of cubic feet during the immediately preceding month, and shall pay to the Division, concurrently with the submission of the report, a fee in an amount established pursuant to subsection 3 on each barrel of oil and each 50,000 cubic feet of natural gas produced and marketed by the producer during the immediately preceding month. The Division shall deposit with the State Treasurer, for credit to the Account for the Division of Minerals, all money received pursuant to this subsection.

3. Every person purchasing such oil or natural gas is liable for the payment of the fee for each barrel of oil or each 50,000 cubic feet of natural gas, unless the fee has been paid by the producer.

3. The Commission on Mineral Resources shall, by regulation, establish the administrative fee required pursuant to subsection 2 in an amount not to exceed 30 cents for each barrel of oil or each 50,000 cubic feet of natural gas.

Sec. 3. This act becomes effective on July 1, 2015.