

MINERAL TEST HOLE STATUTES RELATED TO FINANCIAL ASSURANCE

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60-1-503. Part definitions.

As used in this part, unless the context otherwise requires:

- (1) "Board" means the state oil and gas board;
- (2) "For exploratory purposes" means drilling of mineral test holes for the specific purpose of exploring for mineral resources;
- (3) "Mineral" means any substance with economic value whether organic or inorganic that can be extracted from the earth, but excluding oil and gas;
- (4) "Mineral test hole" means any hole in excess of one hundred feet (100') drilled during the exploration for minerals but excludes auger drilling in surficial or otherwise unconsolidated material, drilling in conjunction with mining or quarrying operations, drill holes for the exploration of oil and/or gas, water, structural foundations, and seismic surveys;
- (5) "Natural brine" means naturally occurring mineralized water other than potable or fresh water;
- (6) "Operator" means the person, whether owner or not, supervising or responsible for drilling, operating, repairing, abandoning or plugging of mineral test holes subject to the provisions of this part;
- (7) "Owner" means the person who has or attains the right to drill, convert or operate any mineral test hole subject to the provisions of this part;
- (8) "Person" means any individual, corporation, company, association, joint venture, partnership, receiver, trustee, guardian, executor, administrator, personal representative or private organization of any kind;
- (9) "Pollution" means such alteration of the physical, chemical, biological, bacteriological, or radiological properties of the waters, soils, animal, fish and aquatic life or surface property of this state as will:
 - (A) Result or will likely result in harm, potential harm, or detriment to the public health, safety, or welfare;

(B) Result or will likely result in harm, potential harm, or detriment to the health of animals, birds, fish, or aquatic life;

(C) Render or will likely render the waters, soils, animal, fish and aquatic life or surface property substantially less useful for domestic, municipal, industrial, agricultural, recreational, or other reasonable uses; or

(D) Leave or will likely leave the waters in such condition as to violate any standards of water quality established by the water quality control board; and

(10) "Supervisor" means the commissioner or the commissioner's designee.

60-1-504. Administration of part -- Powers of supervisors.

(a) The supervisor shall administer and enforce the provisions of this part.

(b) The supervisor shall exercise the following powers to:

(1) Adopt rules and regulations necessary for the implementation of the provisions of this part in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5;

(2) Make inspections of drilling operations and require the keeping of accurate records;

(3) Require that the location, drilling, deepening, reworking, reopening, casing and plugging of mineral test holes subject to the provisions of this part be accomplished in a manner which prevents surface and underground pollution;

(4) Require on all mineral test holes the keeping of data and the filing of such data with the supervisor which are appropriate to the purposes of this chapter. Oil, gas and hydrologic data obtained from the drilling of mineral test holes are deemed appropriate to the purposes of this part. This information shall be held confidential by the supervisor for a period of six (6) months at the request of the operator;

(5) Release to the board for meetings and hearings only data which are necessary to the administration of this part;

(6) Order by written notice, the immediate suspension or prompt correction of any operation, condition, or practice found to exist which is causing or resulting in, or threatening to cause or result in, surface or underground pollution. Orders shall remain in force until cancelled by the supervisor, or modified by the board, or the courts;

(7) Require the filing of adequate surety or security bonds and to provide for the release thereof;

(8) Qualify persons for blanket permits; and

(9) Bring proceedings at law or in equity for the enforcement of the provisions of this part and rules, regulations or orders promulgated thereunder in the circuit or chancery court of the county in which a violation is alleged to have occurred

60-1-505. Permit required -- Fees.

(a) A person shall not drill a mineral test hole for exploratory purposes until the owner, directly or through the owner's authorized representative, files a written application for a permit to drill, files an approved surety or security bond, and receives a permit in accordance with the rules of the supervisor. A fee shall be submitted with the application in an amount to be set in rules to be promulgated by the supervisor not to exceed the amount stated in § 68-203-103(h) for a mineral test hole permit fee. Within ten (10) days after receiving the application and fee, the supervisor shall issue or deny the permit. No permit shall be issued to any owner or owner's authorized representative who is in violation of the provisions of this part or any rules promulgated thereunder.

(b) Upon request, the supervisor may issue a blanket permit to qualified persons to drill mineral test holes within a limited or local area where an extensive drilling exploration program is planned.

(c) All information pertaining to the application for and issuance of permits for mineral test holes subject to this part shall be held confidential.

(d) [Deleted by 2007 amendment.]

60-1-507. Supervisor to correct problems upon failure of owner, operator or surety.

Whenever the supervisor has determined that an owner or operator has failed or neglected to drill, case, operate, repair or plug a mineral test hole in accordance with the provisions of this part or the rules or orders adopted hereunder, notice of the determination shall be given to the owner or operator and to the surety executing the bond filed by such owner or operator, along with an order to correct the problem. If the owner or operator, or surety, fails to correct the specified conditions in accordance with the rule or order of the supervisor within sixty (60) days after service of notice, the supervisor may enter into or upon any private or public property on which the well is located, and across any private or public property to reach the mineral test hole, and repair or correct the specified condition, and the owner, operator and surety shall be jointly and severally liable for all expenses incurred. The supervisor shall certify to the owner, operator and surety the claim of the state, listing therein the items of expense in making the repair or correction. The claims shall be paid by the owner or operator, or surety, within thirty (30) days, and, if not paid within that time, the supervisor may bring suit in the circuit or chancery court against the owner, operator and surety, jointly and severally, for the collection.

60-1-704. Release of reclamation bond.

(a) Upon satisfactory completion of regrading and revegetation of all disturbed areas except active work areas and access roads needed for oil or gas production, the supervisor shall release one third (1/3) of the reclamation bond. After plugging, and upon final reclamation and satisfactory survival of the vegetation through two (2) growing seasons, the supervisor shall release the remainder of the reclamation bond.

(b) For the purposes of this section, "active work area" means that portion of the initially disturbed area necessary for production-related equipment, materials and facilities, as determined by the supervisor.

60-1-705. Failure to perform -- Forfeiture of bond -- Securing performance.

Upon failure of any operator to perform site protection or reclamation activities, as required by this chapter, and notice of default, if the default is not cured within a reasonable time by the operator or the surety, if any, on the operator's bond, the board shall declare the bond forfeited, collect the bond and use the proceeds for the required site protection or reclamation work. The supervisor may contract with any person or public agency to perform the reclamation work. Any portion of the bond not thus expended shall be refunded to the operator or the operator's surety if the conditions of the bond are fully satisfied. If the conditions of the bond are not fully satisfied, because the bond is a blanket bond or otherwise, the unexpended proceeds shall be held or applied in a manner to secure the performance of the remaining obligations secured by the bond. If the bond is a blanket bond and the unexpended portion is less than is required for the remaining wells covered by the bond, a supplementary bond shall be required.