

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1082

Introduced by Schilz, 47; Haar, 21; Hadley, 37; Mello, 5; Stinner, 48.

Read first time January 20, 2016

Committee: Natural Resources

1 A BILL FOR AN ACT relating to oil and gas; to amend sections 57-901,
2 57-903, 57-905, 57-911, 57-913, 57-914, 57-915, 57-916, 57-916.01,
3 57-917, 57-918, 57-919, 57-920, 57-921, 57-922, and 81-1531.01,
4 Reissue Revised Statutes of Nebraska; to change and restate intent;
5 to change powers and duties of the Nebraska Oil and Gas Conservation
6 Commission as prescribed; to provide for a periodic injection well
7 fluid analysis and report by certain operators; to provide bond
8 notification requirements; to harmonize provisions; and to repeal
9 the original sections.
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 57-901, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 57-901 The purpose of sections 57-901 to 57-923 is to permit the
4 development of Nebraska's oil and natural gas resources up to the maximum
5 efficient rate of production while promoting the health, safety, and
6 environment of the residents of Nebraska. It is the public policy of the
7 state and in the public interest to encourage responsible development,
8 production, and utilization of oil and gas natural resources and their
9 products, to prevent waste, to protect the correlative rights of all
10 owners, to encourage and authorize cycling, recycling, pressure
11 maintenance, and secondary recovery operations to obtain the most
12 efficient recovery of oil and gas resources for the highest benefit of
13 landowners, royalty owners, producers, and the general public, to
14 facilitate open communication with and the participation of the general
15 public and affected local governmental entities ~~It is hereby declared to~~
16 ~~be in the public interest to foster, to encourage and to promote the~~
17 ~~development, production and utilization of natural resources of oil and~~
18 ~~gas in the state in such a manner as will prevent waste; to authorize and~~
19 ~~to provide for the operation and development of oil and gas properties in~~
20 ~~such a manner that the greatest ultimate recovery of oil and gas be had;~~
21 ~~and that the correlative rights of all owners be fully protected; and to~~
22 ~~encourage and to authorize cycling, recycling, pressure maintenance and~~
23 ~~secondary recovery operations in order that the greatest possible~~
24 ~~economic recovery of oil and gas be obtained within the state to the end~~
25 ~~that the landowners, the royalty owners, the producers and the general~~
26 ~~public realize and enjoy the greatest possible good from these vital~~
27 ~~irreplaceable natural resources.~~

28 ~~It is the intent and purpose of sections 57-901 to 57-921 to permit~~
29 ~~each and every oil and gas pool in Nebraska to be produced up to its~~
30 ~~maximum efficient rate of production, subject to the prohibition of waste~~
31 ~~as herein defined and subject further to the enforcement and protection~~

1 ~~of the correlative rights of the owners of a common source of oil or gas~~
2 ~~so that each common owner may obtain his just and equitable share of~~
3 ~~production therefrom.~~

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

6 57-903 As used in sections 57-901 to 57-921 and sections 4 and 5 of
7 this act, unless the context otherwise requires:

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

31 (2) Commission shall mean the Nebraska Oil and Gas Conservation

1 Commission;

2 (3) Person shall mean any natural person, corporation, association,
3 partnership, limited liability company, receiver, trustee, executor,
4 administrator, guardian, fiduciary, or other representative of any kind
5 and any department, agency, or instrumentality of the state or of any
6 governmental subdivision thereof;

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

12 (5) Gas shall mean all natural gas and all other fluid hydrocarbons
13 not defined as oil;

14 (6) Pool shall mean an underground reservoir containing a common
15 accumulation of oil or gas or both, each zone of the structure which is
16 completely separated from any other zone in the same structure is a pool
17 as that term is used in sections 57-901 to 57-921 and sections 4 and 5 of
18 this act;

19 (7) Field shall mean the general area underlaid by one or more
20 pools;

21 (8) Owner shall mean the person who has the right to drill into and
22 produce from a pool and to appropriate the oil or gas he or she produces
23 therefrom either for himself or herself or for himself or herself and
24 others;

25 (9) Producer shall mean the owner of a well or wells capable of
26 producing oil or gas or both or any person who owns and operates a lease,
27 or a unit of producing leases in which other persons own interests, with
28 respect to such well or wells;

29 (10) Correlative rights shall mean the opportunity afforded to the
30 owner of each property in a pool to produce, so far as it is reasonably
31 practicable to do so without waste, his or her just and equitable share

1 of the oil or gas, or both, in the pool; and

2 (11) The word and shall include the word or, and the word or shall
3 include the word and.

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

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

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

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

1 that every person who produces or purchases oil or gas in this state
2 shall keep and maintain or cause to be kept and maintained for a five-
3 year period complete and accurate records of the quantities thereof,
4 which records shall be available for examination by the commission or its
5 agents at all reasonable times, and that every such person file with the
6 commission such reports as it may reasonably prescribe with respect to
7 such oil or gas or the products thereof; ~~and~~ (i) that upon written
8 request of any person, geologic information, well logs, drilling samples,
9 and other proprietary information filed with the commission in compliance
10 with sections 57-901 to 57-921 and sections 4 and 5 of this act, or any
11 rule, regulation, or order of the commission, may be held confidential
12 for a period of not more than twelve months; (j) periodic sampling and
13 reporting of injection fluids injected into Class II underground
14 injection wells; (k) certification and monitoring of produced water
15 transporters; and (l) periodic evaluation of financial assurance
16 requirements on existing and proposed wells to ensure ability to pay the
17 costs of plugging, abandonment, and surface restoration.

18 (4) The commission is authorized to require public informational
19 meetings and forums for public interaction on permit applications under
20 the jurisdiction of the commission.

21 (5 4) The commission shall have authority in order to prevent waste,
22 to regulate: (a) The drilling, producing and plugging of wells, or test
23 holes, and all other operations for the production of oil or gas; (b) the
24 shooting and chemical treatment of wells; (c) the spacing of wells; (d)
25 operations to increase ultimate recovery such as, but without limitation,
26 the cycling of gas, the maintenance of pressure, and the introduction of
27 gas, water, or other substances into producing formations; and (e)
28 disposal of oilfield wastes, including salt water.

29 (6 5) The commission shall not have authority to limit the
30 production of oil or gas, or both, from any pool or field except to
31 prevent waste therein.

1 (7 ~~6~~) The commission shall have authority to classify wells as oil
2 or gas wells for purposes material to the interpretation or enforcement
3 of the provisions of sections 57-901 to 57-921 and sections 4 and 5 of
4 this act.

5 (8 ~~7~~) The commission shall have authority to promulgate and to
6 enforce rules, regulations, and orders to effectuate the purposes and the
7 intent of sections 57-901 to 57-921 and sections 4 and 5 of this act.

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

13 (10 ~~9~~) The commission shall have authority to require that all wells
14 drilled for oil and gas shall be adequately logged with mechanical-
15 electrical logging devices, and to require the filing of logs.

16 (11 ~~10~~) The commission shall have the authority to regulate the
17 drilling and plugging of seismic and stratigraphic tests in oil and gas
18 exploration holes.

19 (12 ~~11~~) The commission shall have the authority to act as the state
20 jurisdictional agency pursuant to the Natural Gas Policy Act, Public Law
21 95-621, 92 Stat. 3350.

22 (13 ~~12~~) The commission shall have the authority to have one or more
23 examiners, who are employees of the commission, conduct any of its
24 hearings, investigations, and examinations authorized by sections 57-901
25 to 57-921 and sections 4 and 5 of this act. Such examiner may exercise
26 the commission's powers including, but not limited to, the taking of
27 evidence and testimony under oath, resolving questions of fact and
28 questions of law, and the entering of an order. Such order shall be
29 entered in the commission's order journal. Any person having an interest
30 in property affected by an order issued by an examiner and who is
31 dissatisfied with such order may appeal to the commission by filing a

1 petition on appeal to the commission within fifteen days of the entering
2 of the examiner's order. Such person shall provide notice to all
3 interested persons by personal service or registered or certified United
4 States mail with return receipt, requiring such parties to answer within
5 fifteen days from the date of service. Upon appeal, the commission shall
6 hear the case de novo on the record and shall not be bound by any
7 conclusions of the examiner. The commission shall hold a hearing on the
8 appeal within forty-five days of the filing of an appeal to the
9 commission and issue its order within fifteen days after the hearing. The
10 commission shall review all orders issued by an examiner that are not
11 appealed and issue an order concerning the examiner's order within sixty
12 days after the examiner's order. The commission shall adopt, amend, or
13 reject the examiner's order. Any order of an examiner which is not
14 appealed to the commission and which the commission adopts shall not be
15 appealable to the district court unless the commission adopts an order
16 before the end of the time for appeal to the commission.

17 (14) The commission shall require, upon receipt of a commercial
18 underground injection well permit application, that notice be provided to
19 the county, city, or village within which the proposed well would be
20 located and shall provide such county, city, or village with copies of
21 all permit application materials.

22 Sec. 4. An operator of a Class II underground injection well shall
23 sample and analyze the fluids injected into each disposal well or
24 enhanced recovery project well at sufficiently frequent time intervals to
25 yield data representative of fluid characteristics, but no less
26 frequently than once annually. The operator shall submit a copy of the
27 fluid analysis to the commission.

28 Sec. 5. The owner of a bond required by the commission under
29 subdivision (3)(d) of section 57-905, shall not revoke such bond without
30 providing notice to the commission, and shall annually submit evidence
31 that the required bond is current and in full force and effect.

1 Sec. 6. Section 57-911, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 57-911 (1) The commission shall prescribe rules and regulations
4 governing the practice and procedure before the commission.

5 (2) No rule, regulation, or order, or amendment thereof, except in
6 an emergency, shall be made by the commission without a public hearing
7 upon at least fifteen days' notice. The public hearing shall be held at
8 such time and place as may be prescribed by the commission, and any
9 interested person shall be entitled to be heard.

10 (3) When an emergency requiring immediate action is found to exist,
11 the commission is authorized to issue an emergency order without notice
12 or hearing which shall be effective upon promulgation. No emergency order
13 shall remain effective for more than twenty days.

14 (4) Any notice required by the provisions of sections 57-901 to
15 57-921 and sections 4 and 5 of this act, except in proceedings involving
16 a direct complaint by the commission, shall be given at the election of
17 the commission either by personal service, registered or certified mail,
18 or one publication in a newspaper of general circulation in the county
19 where the land affected, or some part thereof, is situated. The notice
20 shall be issued in the name of the state, shall be signed by a member of
21 the commission or its secretary, and shall specify the style and number
22 of the proceedings, the time and place of the hearing, and the purpose of
23 the proceeding. Should the commission notice be by personal service, such
24 service may be made by any officer authorized to serve summons, or by any
25 agent of the commission, in the same manner and extent as is provided by
26 law for the service of summons in civil actions in the district courts of
27 this state. Proof of the service by such agent shall be by his or her
28 affidavit and proof of service by an officer shall be in the form
29 required by law with respect to service of process in civil actions. In
30 all cases where a complaint is made by the commission or the Director of
31 the Nebraska Oil and Gas Conservation Commission that any part of any

1 provision of sections 57-901 to 57-921 and sections 4 and 5 of this act,
2 or any rule, regulation, or order of the commission is being violated,
3 notice of the hearing to be held on such complaint shall be served on the
4 interested parties in the same manner as is provided in the code of civil
5 procedure for the service of process in civil actions in the district
6 courts of this state. In addition to notices required by this section,
7 the commission may provide for further notice of hearing in such
8 proceedings as it may deem necessary in order to notify all interested
9 persons of the pendency of such proceedings and the time and place of
10 hearing and to afford such persons an opportunity to appear and be heard.

11 (5) All rules, regulations, and orders issued by the commission
12 shall be in writing, shall be entered in full and indexed in books to be
13 kept by the commission for that purpose, shall be public records open for
14 inspection at all times during reasonable office hours, and shall be
15 filed as provided by the Administrative Procedure Act. A copy of any
16 rule, regulation, or order certified by any member of the commission, or
17 its secretary, under its seal, shall be received in evidence in all
18 courts of this state with the same effect as the original.

19 (6) The commission may act upon its own motion or upon the petition
20 of any interested person. On the filing of a petition concerning any
21 matter within the jurisdiction of the commission, the commission shall
22 promptly fix a date for a hearing thereon, and shall cause notice of the
23 hearing to be given. The hearing shall be held without undue delay after
24 the filing of the petition. The commission shall enter its order within
25 thirty days after the hearing.

26 (7) A petition filed with the commission for a public hearing shall
27 be accompanied by a filing fee of two hundred fifty dollars.

28 Sec. 7. Section 57-913, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 57-913 Any person having an interest in property affected by and who
31 is dissatisfied with any rule, regulation, or order made or issued under

1 sections 57-901 to 57-921 and sections 4 and 5 of this act may appeal the
2 rule, regulation, or order, and the appeal shall be in accordance with
3 the Administrative Procedure Act.

4 Sec. 8. Section 57-914, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 57-914 (1) No temporary restraining order or injunction of any kind
7 against the commission or its agents, employees or representatives, or
8 the Attorney General, shall become operative unless and until the
9 plaintiff party shall execute and file with the clerk of the district
10 court a bond in such amount and upon such conditions as the court issuing
11 such order or injunction may direct, with surety approved by the clerk of
12 the district court thereof. The bond shall be made payable to the State
13 of Nebraska, and shall be for the use and benefit of all persons who may
14 be and to the extent that they shall suffer injury or damage by any acts
15 done under the protection of the restraining order or injunction, if the
16 same should not have issued. No suit on the bond may be brought after six
17 months from the date of the final determination of the suit in which the
18 restraining order or injunction was issued.

19 (2) Any suit, action, or other proceedings based upon a violation of
20 any of the provisions of sections 57-901 to 57-921 and sections 4 and 5
21 of this act shall be commenced within one year from the date of the
22 violation complained of.

23 Sec. 9. Section 57-915, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 57-915 (1) Any person who violates any provision of sections 57-901
26 to 57-921 and sections 4 and 5 of this act, or any rule, regulation or
27 order of the commission shall be guilty of a Class II misdemeanor. Each
28 day that such violation continues shall constitute a separate offense.

29 (2) If any person, for the purpose of evading the provisions of
30 sections 57-901 to 57-921 and sections 4 and 5 of this act, or any rule,
31 regulation or order of the commission, shall make or cause to be made any

1 false entry or statement in a report required by the provisions of
2 sections 57-901 to 57-921 and sections 4 and 5 of this act, or by any
3 such rule, regulation or order, or shall make or cause to be made any
4 false entry in any record, account or memorandum required by the
5 provisions of sections 57-901 to 57-921 and sections 4 and 5 of this act,
6 or by any such rule, regulation or order, or shall remove from this state
7 or destroy, mutilate, alter or falsify any such record, account or
8 memorandum, such person shall be guilty of a Class II misdemeanor.

9 (3) Any person knowingly aiding or abetting any other person in the
10 violation of any provision of sections 57-901 to 57-921 and sections 4
11 and 5 of this act, or any rule, regulation or order of the commission
12 shall be subject to the same penalty as that prescribed by the provisions
13 of sections 57-901 to 57-921 and sections 4 and 5 of this act for the
14 violation by such other person.

15 (4) The penalties provided in this section shall be recoverable by
16 suit filed by the Attorney General in the name and on behalf of the
17 commission, in the district court of the county in which the defendant
18 resides, or in which any defendant resides, if there be more than one
19 defendant, or in the district court of any county in which the violation
20 occurred. The payment of any such penalty shall not operate to relieve a
21 person on whom the penalty is imposed from liability to any other person
22 for damages arising out of such violation.

23 Sec. 10. Section 57-916, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 57-916 (1) Whenever it appears that any person is violating or
26 threatening to violate any provision of sections 57-901 to 57-921 and
27 sections 4 and 5 of this act, or any rule, regulation or order of the
28 commission, the commission shall bring suit against such person in the
29 district court of any county where the violation occurs or is threatened,
30 to restrain such person from continuing such violation or from carrying
31 out the threat of violation. Upon the filing of any such suit, summons

1 issued to such person may be directed to the sheriff of any county in
2 this state for service by such sheriff or his deputies. In any such suit,
3 the court shall have jurisdiction and authority to issue, without bond or
4 other undertaking, such prohibitory and mandatory injunctions as the
5 facts may warrant.

6 (2) If the commission shall fail to bring suit to enjoin a violation
7 or threatened violation of any provision of sections 57-901 to 57-921 and
8 sections 4 and 5 of this act, or any rule, regulation, or order of the
9 commission, within ten days after receipt of written request to do so by
10 any person who is or will be adversely affected by such violation, the
11 person making such request may bring suit in his own behalf to restrain
12 such violation or threatened violation in any court in which the
13 commission might have brought suit. The commission shall be made a party
14 defendant in such suit in addition to the person violating or threatening
15 to violate a provision of sections 57-901 to 57-921 and sections 4 and 5
16 of this act, or a rule, regulation or order of the commission, and the
17 action shall proceed and injunctive relief may be granted in the same
18 manner as if suit had been brought by the commission; Provided, that in
19 such event the person bringing suit shall be required to give bond in
20 accordance with the rules of civil procedure in the district courts.

21 Sec. 11. Section 57-916.01, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 57-916.01 (1) In addition to the penalties prescribed in section
24 57-915, any person who violates any provision of sections 57-901 to
25 57-921 and sections 4 and 5 of this act, any rule, regulation, or order
26 of the commission, or any term, condition, or limitation of any permit
27 issued pursuant to such sections, rule, regulation, or order may be
28 subject to a civil penalty imposed by the commission of not to exceed one
29 thousand dollars. No civil penalty shall be imposed until written notice
30 is sent pursuant to subsection (2) of this section and a period of ten
31 days has elapsed in which the person may come into compliance if

1 possible. If any violation is a continuing one, each day a violation
2 continues after such ten-day period shall constitute a separate violation
3 for the purpose of computing the applicable civil penalty. The commission
4 may compromise, mitigate, or remit such penalties.

5 (2) Whenever the commission intends to impose a civil penalty under
6 this section, the commission shall notify the person in writing (a)
7 setting forth the date, facts, and nature of each violation with which
8 the person is charged, (b) specifically identifying the particular
9 provision or provisions of the section, rule, regulation, order, or
10 permit involved in the violation, and (c) specifying the amount of each
11 penalty which the commission intends to impose. Such written notice shall
12 be sent by registered or certified mail to the last-known address of such
13 person. The notice shall also advise such person of his or her right to a
14 hearing and that failure to pay any civil penalty subsequently imposed by
15 the commission will result in a civil action by the commission to collect
16 such penalty. The person so notified may, within thirty days of receipt
17 of such notice, submit a written request for a hearing to review any
18 penalty to be imposed by the commission. A hearing shall be held in
19 accordance with the Administrative Procedure Act, and any person upon
20 whom a civil penalty is subsequently imposed may appeal such penalty
21 pursuant to such act. On the request of the commission, the Attorney
22 General or county attorney may institute a civil action to collect a
23 penalty imposed pursuant to this section.

24 Sec. 12. Section 57-917, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 57-917 To enable the commission to carry out its duties and powers
27 under the laws of this state with respect to conservation of oil and gas
28 and to enforce sections 57-901 to 57-921 and sections 4 and 5 of this act
29 and the rules and regulations so prescribed, the commission shall employ
30 one chief administrator who shall not be a member of the commission and
31 who shall be known as the Director of the Nebraska Oil and Gas

1 Conservation Commission, and as such he or she shall be charged with the
2 duty of administering and enforcing the provisions of sections 57-901 to
3 57-921 and sections 4 and 5 of this act and all rules, regulations, and
4 orders promulgated by the commission, subject to the direction of the
5 commission. The director shall be a qualified petroleum engineer with not
6 less than three years' actual field experience in the drilling and
7 operation of oil and gas wells. Such director shall hold office at the
8 pleasure of the commission and receive a salary to be fixed by the
9 commission. The director, with the concurrence of the commission, shall
10 have the authority, and it shall be his or her duty, to employ assistants
11 and other employees necessary to carry out the provisions of sections
12 57-901 to 57-921 and sections 4 and 5 of this act. The director shall be
13 ex officio secretary of the Nebraska Oil and Gas Conservation Commission
14 and shall keep all minutes and records of the commission. The director
15 shall, as secretary, be bonded or insured as required by section 11-201.
16 The premium shall be paid by the State of Nebraska. The director and
17 other employees of the commission performing duties authorized by
18 sections 57-901 to 57-921 and sections 4 and 5 of this act shall be paid
19 their necessary traveling and living expenses when traveling on official
20 business at such rates and within such limits as may be fixed by the
21 commission, subject to existing laws.

22 Sec. 13. Section 57-918, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 57-918 The Attorney General shall be the attorney for the Nebraska
25 Oil and Gas Conservation Commission; Provided, that in cases of emergency
26 or in other special cases the commission may, with the consent of the
27 Attorney General retain additional legal counsel, and for such purpose
28 may use any funds available under the provisions of sections 57-901 to
29 57-921 and sections 4 and 5 of this act. Any member of the commission, or
30 the secretary thereof, shall have the power to administer oaths to any
31 witness in any hearing, investigation or proceeding contemplated by

1 sections 57-901 to 57-921 and sections 4 and 5 of this act or by any
2 other law of this state relating to the conservation of oil and gas.

3 Sec. 14. Section 57-919, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 57-919 (1) All money collected by the Tax Commissioner or the
6 commission or as civil penalties under sections 57-901 to 57-921 and
7 sections 4 and 5 of this act shall be remitted to the State Treasurer for
8 credit to a special fund to be known as the Oil and Gas Conservation
9 Fund. Expenses incident to the administration of such sections shall be
10 paid out of the fund. Transfers may be made from the fund to the General
11 Fund at the direction of the Legislature. Any money in the Oil and Gas
12 Conservation Fund available for investment shall be invested by the state
13 investment officer pursuant to the Nebraska Capital Expansion Act and the
14 Nebraska State Funds Investment Act.

15 (2) There is hereby levied and assessed on the value at the well of
16 all oil and gas produced, saved, and sold or transported from the
17 premises in Nebraska where produced a charge not to exceed fifteen mills
18 on the dollar. The commission shall by order fix the amount of such
19 charge in the first instance and may, from time to time, reduce or
20 increase the amount thereof as in its judgment the expenses chargeable
21 against the Oil and Gas Conservation Fund may require, except that the
22 amounts fixed by the commission shall not exceed the limit prescribed in
23 this section. It shall be the duty of the Tax Commissioner to make
24 collection of such assessments. The persons owning an interest, a working
25 interest, a royalty interest, payments out of production, or any other
26 interest in the oil and gas, or in the proceeds thereof, subject to the
27 charge provided for in this section shall be liable to the producer for
28 such charge in proportion to their ownership at the time of production.
29 The producer shall, on or before the last day of the month next
30 succeeding the month in which the charge was assessed, file a report or
31 return in such form as prescribed by the commission and Tax Commissioner

1 together with all charges due. In the event of a sale of oil or gas
2 within this state, the first purchaser shall file this report or return
3 together with any charges then due. If the final filing date falls on a
4 Saturday, Sunday, or legal holiday, the next secular or business day
5 shall be the final filing date. Such reports or returns shall be
6 considered filed on time if postmarked before midnight of the final
7 filing date. Any such charge not paid within the time herein specified
8 shall bear interest at the rate specified in section 45-104.02, as such
9 rate may from time to time be adjusted, from the date of delinquency
10 until paid, and such charge together with the interest shall be a lien as
11 provided in section 57-702. The Tax Commissioner shall charge and collect
12 a penalty for the delinquency in the amount of one percent of the charge
13 for each month or part of the month that the charge has remained
14 delinquent, but in no event shall the penalty be more than twenty-five
15 percent of the charge. The Tax Commissioner may waive all or part of the
16 penalty provided in this section but shall not waive the interest. The
17 person remitting the charge as provided in this section is hereby
18 authorized, empowered, and required to deduct from any amounts due the
19 persons owning an interest in the oil and gas or in the proceeds thereof
20 at the time of production the proportionate amount of such charge before
21 making payment to such persons. This subsection shall apply to all lands
22 in the State of Nebraska, anything in section 57-920 to the contrary
23 notwithstanding, except that there shall be exempted from the charge
24 levied and assessed in this section the following: (a) The interest of
25 the United States of America and the interest of the State of Nebraska
26 and the political subdivisions thereof in any oil or gas or in the
27 proceeds thereof; (b) the interest of any Indian or Indian tribe in any
28 oil or gas or in the proceeds thereof produced from land subject to the
29 supervision of the United States; and (c) oil and gas used in producing
30 operations or for repressuring or recycling purposes. All money so
31 collected shall be remitted to the State Treasurer for credit to the Oil

1 and Gas Conservation Fund and shall be used exclusively to pay the costs
2 and expenses incurred in connection with the administration and
3 enforcement of sections 57-901 to 57-921 and sections 4 and 5 of this
4 act.

5 Sec. 15. Section 57-920, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 57-920 The State of Nebraska being a sovereign state and not
8 disposed to jeopardize or surrender any of its sovereign rights, sections
9 57-901 to 57-921 and sections 4 and 5 of this act shall apply to all
10 lands in the State of Nebraska lawfully subject to its police powers,
11 except ~~;~~ ~~Provided,~~ it shall apply to lands of the United States or to
12 lands subject to the jurisdiction of the United States only to the extent
13 that control and supervision of conservation of oil and gas by the United
14 States on its lands shall fail to effect the intent and purposes of
15 sections 57-901 to 57-921 and sections 4 and 5 of this act and otherwise
16 shall apply to such lands to such extent as an officer of the United
17 States having jurisdiction, or his or her duly authorized representative,
18 shall approve any of the provisions of sections 57-901 to 57-921 and
19 sections 4 and 5 of this act or the order or orders of the commission
20 which affects such lands, and ~~;~~ ~~and provided further,~~ the same shall
21 apply to any lands committed to a unit agreement approved by the
22 Secretary of the Interior of the United States, or his or her duly
23 authorized representative, except that the commission may, under such
24 unit agreements, suspend the application of the provisions of sections
25 57-901 to 57-921 and sections 4 and 5 of this act or any part of sections
26 57-901 to 57-921 and sections 4 and 5 of this act so long as the
27 conservation of oil and gas and the prevention of waste, as provided in
28 sections 57-901 to 57-921 and sections 4 and 5 of this act, is
29 accomplished thereby but such suspension shall not relieve any operator
30 from making such reports as are necessary or advised to be fully informed
31 as to operations under such agreement and as the commission may require

1 under the provisions of sections 57-901 to 57-921 and sections 4 and 5 of
2 this act.

3 Sec. 16. Section 57-921, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 57-921 Notwithstanding anything heretofore contained in sections
6 57-901 to 57-921 and sections 4 and 5 of this act, the Nebraska Oil and
7 Gas Conservation Commission shall have no authority to establish, fix or
8 in any way control the price or value of oil, gas, other hydrocarbon
9 substances or any of the products or component parts thereof.

10 Sec. 17. Section 57-922, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 57-922 There is hereby created in the state treasury a special fund
13 to be known as the Oil and Gas Conservation Trust Fund. All sums of money
14 received by the Nebraska Oil and Gas Conservation Commission, in a manner
15 other than as provided in sections 57-901 to 57-921 and sections 4 and 5
16 of this act, shall be paid into the state treasury and the State
17 Treasurer shall deposit the money in the Oil and Gas Conservation Trust
18 Fund. The State Treasurer shall disburse the money in the trust fund as
19 directed by resolution of the Nebraska Oil and Gas Conservation
20 Commission. All disbursements for the fund shall be made upon warrants
21 drawn by the Director of Administrative Services. Any money in the fund
22 available for investment shall be invested by the state investment
23 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
24 State Funds Investment Act.

25 Sec. 18. Section 81-1531.01, Reissue Revised Statutes of Nebraska,
26 is amended to read:

27 81-1531.01 Nothing in the Environmental Protection Act shall be
28 construed to apply to any wells or holes covered by sections 57-901 to
29 57-922 and sections 4 and 5 of this act.

30 Sec. 19. Original sections 57-901, 57-903, 57-905, 57-911, 57-913,
31 57-914, 57-915, 57-916, 57-916.01, 57-917, 57-918, 57-919, 57-920,

1 57-921, 57-922, and 81-1531.01, Reissue Revised Statutes of Nebraska, are
2 repealed.