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SENATE BILL NO. 44—COMMITTEE ON NATURAL RESOURCES

(ON BEHALF OF THE DIVISION OF MINERALS)

PREFILED DECEMBER 20, 2014

Referred to Committee on Natural Resources

SUMMARY—Makes various changes to provisions related to oil and natural gas. (BDR 46-344)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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

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AN ACT relating to minerals; removing the statutory limits on certain fees relating to oil and natural gas; making various other changes to provisions relating to oil and natural gas; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law requires the Commission on Mineral Resources to prescribe by  
2 regulation a fee, not to exceed \$200, for a permit to drill a well in search of oil or  
3 gas. (NRS 522.050) **Section 1** of this bill removes the \$200 statutory limit on the  
4 fee for such a permit and authorizes the Commission to include in the fee the  
5 reasonable administrative costs of the Division of Minerals of the Commission  
6 relating to the filing and examination of applications for such permits.  
7 Existing law requires the Commission to prescribe by regulation a fee, not to  
8 exceed 20 cents for each barrel of oil or each 50,000 cubic feet of natural gas  
9 produced from a well in this State, which must be assessed against the producer of  
10 the oil or natural gas. (NRS 522.150) **Section 2** of this bill raises the statutory limit  
11 on the fee from 20 cents to 50 cents.

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

1 **Section 1.** NRS 522.050 is hereby amended to read as follows:  
2 522.050 1. A person ~~[desiring to drill a well in search of]~~  
3 *shall not drill or operate an* oil or gas ~~[shall notify]~~ *well unless he*  
4 *or she first obtains a permit from* the Division ~~[of that intent on a~~  
5 ~~form prescribed by the Division and shall pay a fee in an amount~~



1 ~~established pursuant to subsection 2 for a permit for each well.~~  
2 ~~Upon receipt of]~~ *pursuant to this section.*

3 2. *Every person desiring to drill and operate an oil or gas well*  
4 *must:*

5 (a) *Submit an application for a permit to the Division on the*  
6 *form prescribed by the Division; and*

7 (b) *Pay the fee prescribed pursuant to subsection 3.*

8 3. *The Commission on Mineral Resources shall prescribe by*  
9 *regulation a fee for a permit to drill and operate an oil or gas well.*  
10 *The amount of the fee prescribed by the Commission may include*  
11 *the reasonable administrative costs of the Division relating to the*  
12 *filing and examination of applications for such permits.*

13 4. *The Division shall, as soon as practicable after receiving*  
14 *the ~~[notification and fee, the Division shall promptly]~~ proper*  
15 *application and fee, issue to the person a permit , ~~[to drill,]~~ unless*  
16 *the drilling or operation of the well is ~~[contrary to]~~ prohibited by*  
17 *any law or ~~[a]~~ regulation or order of the Division. ~~[The drilling of a~~*  
18 *well is prohibited until a permit to drill is obtained in accordance*  
19 *with the provisions of this chapter.*

20 ~~—2. The Commission on Mineral Resources shall, by~~  
21 ~~regulations, establish the fee required pursuant to subsection 1 in an~~  
22 ~~amount not to exceed \$200 per permit.]~~

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

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

28 522.150 1. Any expenses in connection with Nevada's  
29 affiliation with the Interstate Oil *and Gas* Compact Commission  
30 must be paid from the Account for the Division of Minerals created  
31 pursuant to NRS 513.103.

32 2. ~~[To pay]~~ *For the purpose of paying* the expenses of the  
33 Division, ~~[every]~~ *each* producer of oil or natural gas in this state  
34 shall, on or before the last day of each month, report to the Division  
35 and the State Treasurer ~~[his or her]~~ *the producer's* production in this  
36 state of oil in barrels and of natural gas in thousands of cubic feet  
37 during the *immediately* preceding month, and ~~[at the same time]~~  
38 shall pay to the Division, *concurrently with the submission of the*  
39 *report*, a fee in an amount established pursuant to subsection 3 on  
40 each barrel of oil and each 50,000 cubic feet of natural gas produced  
41 and marketed by the producer during the *immediately* preceding  
42 month. The Division shall deposit with the State Treasurer, for  
43 credit to the Account for the Division of Minerals, all money  
44 received pursuant to this subsection. ~~[Every]~~ *Each* person  
45 purchasing such oil or natural gas is liable for the payment of the fee



1 for each barrel of oil or each 50,000 cubic feet of natural gas, unless  
2 ~~if~~ *the fee* has been paid by the producer.

3 3. The Commission on Mineral Resources shall, by regulation,  
4 establish the administrative fee required pursuant to subsection 2 in  
5 an amount not to exceed ~~{20}~~ *50* cents for each barrel of oil or each  
6 50,000 cubic feet of natural gas.

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



