

1 *Senate* BILL NO. *241*  
 2 INTRODUCED BY *E. Smith, Richard McCallum, Khaled*  
 3 *Machon Aber, Olson, Doug Thieser, Ferguson*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO EXTEND AND FURTHER  
 5 DESCRIBE THE REQUIREMENTS FOR PLUGGING AND RECLAIMING "SHOT  
 6 HOLES"; ESTABLISHING ADDITIONAL PENALTIES FOR FAILURE TO  
 7 COMPLY WITH THOSE REQUIREMENTS; AMENDING SECTIONS 69-3304  
 8 and 69-3308, R.C.M. 1947."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 69-3304, R.C.M. 1947, is amended to  
 12 read as follows:

13 "69-3304. Surety bond required -- amount -- filing --  
 14 proper plugging and restoration of surface -- certificate of  
 15 filing. A person, firm or corporation desiring to engage in  
 16 such geophysical exploration, shall also file with the  
 17 secretary of state a good and sufficient surety bond in the  
 18 amount of ten thousand dollars (\$10,000.00) for a single  
 19 such geophysical crew or a blanket surety bond in the amount  
 20 of twenty-five thousand dollars (\$25,000.00) for all such  
 21 geophysical crews operating within the state for such  
 22 person, firm or corporation, which bond shall indemnify the  
 23 owners of property within this state against such physical  
 24 damages to such property as may arise as the result of such  
 25 geophysical exploration. Unless otherwise agreed as between

1 the owner of the surface and such person, firm, or  
 2 corporation, it shall be the obligation of such person,  
 3 firm, or corporation upon completion of exploration to plug  
 4 all "shot holes" and in such a manner as to contain any  
 5 water within its native strata by replacing all drill  
 6 cuttings and filling the hole with bentonite mud or cement  
 7 as required to contain the water and capping the same with  
 8 an impervious material at least 1 foot in depth, the top of  
 9 which shall be 4 feet below the surface of the land. The  
 10 portion of the hole above the cap shall be filled with  
 11 native material. The person, firm, or corporation shall also  
 12 restore the surface around the same as near as practicable  
 13 to its original condition. The said bond shall remain on  
 14 file with the secretary of state so long as the exploration  
 15 is carried on or engaged in, plus an additional two--(2) 2  
 16 years thereafter; provided, however, that the aggregate  
 17 liability of the surety shall, in no event, exceed the  
 18 amount of said bond. Upon the filing of such bond, said  
 19 secretary of state shall issue to the person, firm or  
 20 corporation a certificate showing that such bond has been  
 21 filed and showing the name of the designated resident agent  
 22 within the state for service of process for such person,  
 23 firm or corporation."

24 Section 2. Section 69-3308, R.C.M. 1947, is amended to  
 25 read as follows:

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*SB 241*

1       "69-3308. Failure to comply with act -- misdemeanor. A  
2 failure to comply with the terms of this act shall be deemed  
3 a misdemeanor and shall be punishable as is elsewhere  
4 provided in this code, either by fine or imprisonment, or  
5 both. The geophysical permit of any person, firm, or  
6 corporation convicted of a violation of this act shall be  
7 revoked and may not be renewed for a period of 2 years after  
8 conviction."

-End-

Approved by Committee  
on Natural Resources

SENATE BILL NO. 241

INTRODUCED BY E. SMITH, ETCHART, McCALLUM, DOVER,  
KULSTAD, MATHERS, ABER, OLSON, THIESSEN, JERGSON

A BILL FOR AN ACT ENTITLED: "AN ACT TO EXTEND AND FURTHER  
DESCRIBE THE REQUIREMENTS FOR PLUGGING AND RECLAIMING "SHOT  
HOLES"; ESTABLISHING ADDITIONAL FILING REQUIREMENTS;  
PROVIDING FOR ENFORCEMENT BY THE BOARD OF OIL AND GAS  
CONSERVATION; PROVIDING FOR INFORMATION TO BE GIVEN TO THE  
SURFACE USER; ESTABLISHING ADDITIONAL PENALTIES FOR FAILURE  
TO COMPLY WITH THOSE REQUIREMENTS; AMENDING SECTIONS 69-3304  
and 69-3308, R.C.M. 1947."

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such geophysical exploration, shall also file with the  
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amount of ten thousand dollars (\$10,000.00) for a single  
such geophysical crew or a blanket surety bond in the amount  
of twenty-five thousand dollars (\$25,000.00) for all such  
geophysical crews operating within the state for such

person, firm or corporation, which bond shall indemnify the  
owners of property within this state against such physical  
damages to such property as may arise as the result of such  
geophysical exploration. Unless otherwise agreed as between  
the owner of the surface and such person, firm, or  
corporation, it shall be the obligation of such person,  
firm, or corporation upon completion of exploration to plug  
all "shot holes" and in such a manner as SHALL BE SPECIFIED  
BY THE BOARD OF OIL AND GAS CONSERVATION to contain any  
water within its native strata by replacing all drill  
cuttings and filling the hole with bentonite mud or cement  
as required to contain the water and capping the same with  
an impervious material at least 1 foot in depth, the top of  
which shall be 4 feet below the surface of the land. The  
portion of the hole above the cap shall be filled with  
native material. The person, firm, or corporation shall also  
restore the surface around the same as near as practicable  
to its original condition. The said bond shall remain on  
file with the secretary of state so long as the exploration  
is carried on or engaged in, plus an additional ~~two~~ <sup>2</sup> 2  
years thereafter; provided, however, that the aggregate  
liability of the surety shall, in no event, exceed the  
amount of said bond. Upon the filing of such bond, said  
secretary of state shall issue to the person, firm or  
corporation a certificate showing that such bond has been

SECOND READING

1 filed and showing the name of the designated resident agent  
2 within the state for service of process for such person,  
3 firm or corporation."

4 SECTION 2. THERE IS A NEW R.C.M. SECTION THAT READS AS  
5 FOLLOWS:

6 Additional Requirements. (1) The county clerk and  
7 recorder of the county in which a permit for geophysical  
8 activity is issued will immediately forward notice of the  
9 issuance of such permit to the board of oil and gas  
10 conservation.

11 (2) The board shall notify the county clerk and  
12 recorder of the county if the person, firm, or corporation  
13 which has obtained a permit is not in compliance with any  
14 applicable requirement for engaging in geophysical activity  
15 within the state.

16 (3) If the board of oil and gas conservation  
17 determines that a person, firm, or corporation has violated  
18 any provisions of this act, the board shall take necessary  
19 action to assure compliance.

20 (4) Before commencing geophysical activity, the  
21 person, firm, or corporation shall notify the surface user  
22 as to the approximate time schedule of the planned activity  
23 and upon request the following information shall also be  
24 furnished:

25 (a) the name and permanent address of the geophysical

1 exploration firm, along with the name and address of the  
2 firm's designated agent for the state if different from that  
3 of the firm's;

4 (b) evidence of a valid permit to engage in  
5 geophysical exploration;

6 (c) name and address of the company insuring the  
7 geophysical firm;

8 (d) the number of the bond required in [Section 1 of  
9 this act];

10 (e) a description of the surface areas where the  
11 planned geophysical activity will take place;

12 (f) anticipated need, if any, to obtain water from the  
13 surface user during planned geophysical activity.

14 Section 3. Section 69-3308, R.C.M. 1947, is amended to  
15 read as follows:

16 "69-3308. Failure to comply with act -- misdemeanor. A  
17 failure to comply with the terms of this act shall be deemed  
18 a misdemeanor and shall be punishable as is elsewhere  
19 provided in this code, either by fine or imprisonment, or  
20 both. The geophysical permit of any person, firm, or  
21 corporation convicted of a violation of THE PLUGGING  
22 REQUIREMENTS OF this act shall be revoked and may not be  
23 renewed for a period of 2 years after conviction."

-End-

## 1 SENATE BILL NO. 241

2 INTRODUCED BY E. SMITH, ETCHART, McCALLUM, DOVER,  
3 KOLSTAD, MATHERS, ABER, OLSON, THIESSEN, JERGESON  
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6 DESCRIBE THE REQUIREMENTS FOR PLUGGING AND RECLAIMING "SHOT  
7 HOLES"; ESTABLISHING ADDITIONAL FILING REQUIREMENTS;  
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9 BY THE BOARD OF OIL AND GAS CONSERVATION to contain any  
10 water within its native strata by replacing all drill  
11 cuttings and filling the hole with bentonite mud or cement  
12 as required to contain the water and capping the same with  
13 an impervious material at least 1 foot in depth, the top of  
14 which shall be 4 feet below the surface of the land. The  
15 portion of the hole above the cap shall be filled with  
16 native material. The person, firm, or corporation shall also  
17 restore the surface around the same as near as practicable  
18 to its original condition. The said bond shall remain on  
19 file with the secretary of state so long as the exploration  
20 is carried on or engaged in, plus an additional ~~two~~ 5  
21 years thereafter; provided, however, that the aggregate  
22 liability of the surety shall, in no event, exceed the  
23 amount of said bond. Upon the filing of such bond, said  
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25 corporation a certificate showing that such bond has been

THIRD READING

1 filed and showing the name of the designated resident agent  
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17 determines that a person, firm, or corporation has violated  
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5 geophysical exploration;

6 (c) name and address of the company insuring the  
7 geophysical firm;

8 (d) the number of the bond required in [Section 1 of  
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REFERENCE BILL

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