

**NORTH CAROLINA GENERAL ASSEMBLY
CONFERENCE REPORT
Senate Bill 76**

S76-CRRI-98 [v.3]

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[YES] Title Change

[YES] For Committee Substitute

To: The President of the Senate
 The Speaker of the House of Representatives

The conferees appointed to resolve the differences between the Senate and the House of Representatives on Senate Bill 76, A BILL TO BE ENTITLED AN ACT TO (1) AUTHORIZE THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES TO ISSUE PERMITS ON OR AFTER MARCH 1, 2015, FOR OIL AND GAS EXPLORATION AND DEVELOPMENT ACTIVITIES IN THE STATE, INCLUDING THE USE OF HORIZONTAL DRILLING AND HYDRAULIC FRACTURING TREATMENTS FOR THAT PURPOSE, BUT PREVENT THOSE PERMITS FROM BECOMING EFFECTIVE UNTIL A SUBSEQUENT ACT OF THE GENERAL ASSEMBLY AUTHORIZES THOSE PERMITS TO BECOME EFFECTIVE; (2) DIRECT THE MINING AND ENERGY COMMISSION TO STUDY DEVELOPMENT OF A COMPREHENSIVE ENVIRONMENTAL PERMIT FOR OIL AND GAS EXPLORATION AND DEVELOPMENT ACTIVITIES USING HORIZONTAL DRILLING AND HYDRAULIC FRACTURING TREATMENTS; (3) REQUIRE THE MINING AND ENERGY COMMISSION AND THE DEPARTMENT OF REVENUE TO STUDY ESTABLISHMENT OF A TAX FOR THE SEVERANCE OF ENERGY MINERALS FROM THE SOIL OR WATER OF THE STATE IN AN AMOUNT SUFFICIENT TO COVER ALL COSTS ASSOCIATED WITH ADMINISTRATION OF A MODERN REGULATORY PROGRAM FOR THE MANAGEMENT OF OIL AND GAS EXPLORATION AND DEVELOPMENT ACTIVITIES USING THE PROCESSES OF HORIZONTAL DRILLING AND HYDRAULIC FRACTURING TREATMENTS FOR THAT PURPOSE, INCLUDING CREATION OF AN EMERGENCY FUND TO PROTECT AND PRESERVE THE STATE'S NATURAL RESOURCES, CULTURAL HERITAGE, AND QUALITY OF LIFE; (4) DIRECT THE MINING AND ENERGY COMMISSION AND OTHER ENTITIES TO STUDY AND ISSUE A RECOMMENDATION FOR AN IMPACT FEE, OR DEDICATION OF A PORTION OF ANY SEVERANCE TAX TO BE IMPOSED, ON OIL AND GAS EXPLORATION AND DEVELOPMENT ACTIVITIES USING HORIZONTAL DRILLING AND HYDRAULIC FRACTURING TREATMENTS THAT WOULD BE SUFFICIENT TO COVER ALL COSTS THAT MAY REASONABLY BE EXPECTED TO ACCRUE TO LOCAL GOVERNMENTS AS A RESULT OF SUCH ACTIVITIES OCCURRING WITHIN THEIR JURISDICTIONS; (5) DIRECT THE MINING AND ENERGY COMMISSION, THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, AND THE CONSUMER PROTECTION DIVISION OF THE DEPARTMENT OF JUSTICE TO STUDY AND ISSUE RECOMMENDATIONS FOR CREATION OF A RESTITUTION FUND FOR LANDOWNERS HARMED AS A RESULT OF AN ACT OF FRAUD, DECEPTION,



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MISREPRESENTATION, OR KNOWING OMISSION OF MATERIAL FACTS; (6) MODIFY APPOINTMENTS TO THE MINING AND ENERGY COMMISSION; (7) MODIFY THE MINING AND ENERGY COMMISSION'S AUTHORITY TO SET "ALLOWABLES"; (8) MODIFY PROVISIONS ASSOCIATED WITH THE LANDMEN REGISTRY; (9) CLARIFY BONDING REQUIREMENTS ASSOCIATED WITH OIL AND GAS ACTIVITIES; (10) ASSIGN FUTURE REVENUE FROM ENERGY EXPLORATION, DEVELOPMENT, AND PRODUCTION OF OFFSHORE ENERGY RESOURCES IN ORDER TO PROTECT AND PRESERVE THE STATE'S NATURAL RESOURCES, CULTURAL HERITAGE, AND QUALITY OF LIFE; (11) ENCOURAGE THE GOVERNOR TO DEVELOP THE REGIONAL INTERSTATE OFFSHORE ENERGY POLICY COMPACT; (12) AMEND THE ENERGY POLICY ACT OF 1975 AND THE ENERGY POLICY COUNCIL; AND (13) DIRECT THE MEDICAL CARE COMMISSION TO ADOPT RULES AUTHORIZING FACILITIES LICENSED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO USE COMPRESSED NATURAL GAS AS AN EMERGENCY FUEL, House Committee Substitute Favorable 6/5/13 Seventh Edition Engrossed 6/7/13, submit the following report:

The Senate and the House agree to the following amendment to the House Committee Substitute Favorable 6/5/13, Seventh Edition Engrossed 6/7/13, and the Senate concurs in the House Committee Substitute as amended:

Delete the entire House Committee Substitute Favorable 6/5/13, Seventh Edition Engrossed 6/7/13, and substitute the attached Proposed Conference Committee Substitute S76-PCCS85268-RI-6.

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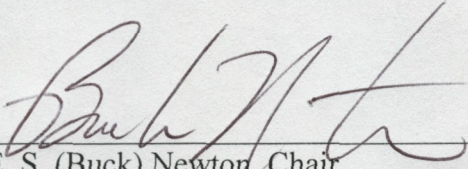
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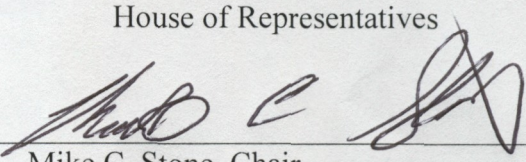
The conferees recommend that the Senate and the House of Representatives adopt this report.

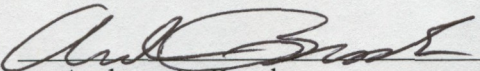
Date Conferees approved report: July 19, 2013.

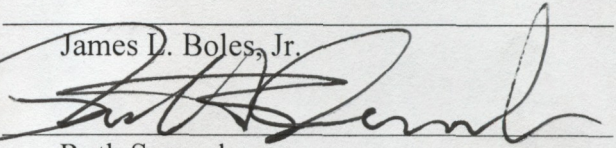
Conferees for the Senate

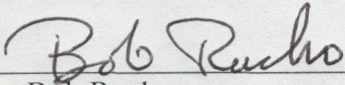
Conferees for the
House of Representatives

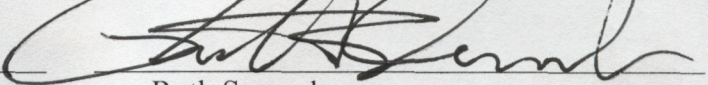

E. S. (Buck) Newton, Chair

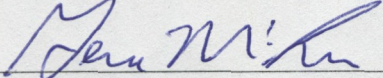

Mike C. Stone, Chair

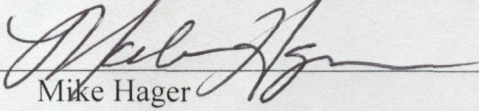

Andrew C. Brock

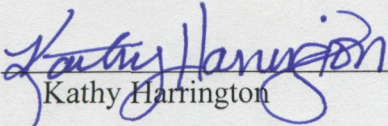

James D. Boles, Jr.

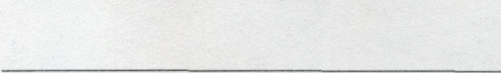

Bob Rucho


Ruth Samuelson


Gene McLaurin


Mike Hager


Kathy Harrington


Ken Goodman

SENATE Submitted July 19, 2013
ADOPTED _____ (/) Message Received _____
ADOPTED _____ (/) Ordered Enrolled _____

PLACED ON CALENDAR FOR
July 23, 2013

