

13:1M-1 to 13:1M-18

LEGISLATIVE HISTORY CHECKLIST

NJSA: 13:1M-1 to 13:1M-18 (Oil and natural gas--regulate production)

LAWS OF: 1985 CHAPTER: 432

BILL NO: A1406

Sponsor(s): Weidel and Zimmer

Date Introduced: February 27, 1984

Committee: Assembly: Energy and Natural Resources  
Senate: Energy and Environment

Amended during passage: Yes Amendments during passage denoted by asterisks.

Date of Passage: Assembly: September 13, 1984  
Senate: December 9, 1985

Date of Approval: January 13, 1986

Following statements are attached if available:

Sponsor statement: Yes Attached: Senate amendments, adopted 3-7-85 (with statement).

Committee statement: Assembly Yes  
Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

ASSEMBLY, No. 1406

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STATE OF NEW JERSEY

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INTRODUCED FEBRUARY 27, 1984

By Assemblymen WEIDEL and ZIMMER

AN ACT concerning oil and natural gas drilling operations and supplementing Title 13 of the Revised Statutes.

1     BE IT ENACTED *by the Senate and General Assembly of the State*  
2     *of New Jersey:*

1     1. The Legislature finds and declares that the production of oil  
2     and natural gas from sources within the State can provide sub-  
3     stantial economic benefits to the public and private sectors of this  
4     State; that notwithstanding such potential, the exploratory, drilling  
5     and extraction operations incident to such production pose sig-  
6     nificant risks to the public health, safety and welfare as well as  
7     the natural resources of the State; and that a strict regulatory  
8     framework is necessary to minimize the potentially adverse impact  
9     of oil and natural gas production operations without jeopardizing  
10    the benefits.

1     2. Notwithstanding any requirements imposed pursuant to P. L.  
2     1947, c. 377 (C. 58:4A-5 et seq.), or any other law, rule, or regula-  
3     tion no person shall commence operations incident to the explora-  
4     tion and drilling of wells for oil or natural gas without having  
5     received a permit therefor from the Department of Environmental  
6     Protection. Applications for this permit shall be made on forms  
7     prescribed and supplied by the department, and the applicant shall  
8     provide, in addition to any other information required by the  
9     department, the following:

10    a. The name and address of the owner, and if a corporation,  
11    the name and address of the statutory agent;

12    b. The signature of the owner or his authorized agent. When an

- 13 authorized agent signs an application it shall be accompanied by  
14 a certified copy of his appointment as such agent;
- 15 c. The names and addresses of all persons holding the royalty  
16 interest in the tract upon which the well is located or is to be  
17 drilled or within a proposed drilling unit;
- 18 d. The location of the tract or drilling unit on which the well is  
19 located or is to be drilled, identified by section or lot number, city,  
20 village, township, and county;
- 21 e. Designation of the well by name and number;
- 22 f. The geological formation to be tested or used and the proposed  
23 total depth of the well;
- 24 g. The type of drilling equipment to be used;
- 25 h. The name and address of the corporate surety and the iden-  
26 tifying number of the bond required pursuant to section 5 of this  
27 act;
- 28 i. A plan for ground and surface water protection, which shall  
29 include a method for disposal of water and other waste sub-  
30 stances—including brine—resulting, obtained, or produced in con-  
31 nection with the exploration and drilling for oil or natural gas;
- 32 j. A plan for casing, which shall include the type, method of  
33 installation and depth of installation of each string of casing;
- 34 k. A plan for handling muds, which shall include specification  
35 of their characteristics, use, and testing;
- 36 l. A plan for safety, which shall include the installation of a  
37 blowout preventer, shut-off valves and other measures to be fol-  
38 lowed in the drilling of wells;
- 39 m. A plan for restoration of the land surface disturbed by  
40 operations incident to the exploration, drilling, and plugging and  
41 abandonment of wells for oil or natural gas, which shall comport  
42 with all restoration requirements adopted by the department pur-  
43 suant to rule or regulation;
- 44 n. If the well is for the injection of a liquid, identity of the  
45 geological formation to be used as the injection medium and the  
46 composition of the liquid to be injected;
- 47 o. A sworn statement that the owner has in force, and will  
48 maintain until abandonment of any oil or gas well in this State,  
49 liability insurance coverage in an amount not less than \$500,000.00  
50 for bodily injury and \$250,000.00 for property damage, to pay  
51 claims arising out of the drilling, operation, or plugging and  
52 abandonment of the wells;
- 53 p. A sworn statement that all requirements of any municipal  
54 corporation, county or township having jurisdiction over any  
55 activity related to the exploration, drilling and plugging and

56 abandonment of any oil or gas well that have been filed with the  
57 department and are in effect at the time the application is filed,  
58 including but not limited to zoning ordinances and resolutions, will  
59 be complied with;

60 q. A description, by name or number, of the county, township,  
61 and municipal corporation roads, streets, and highways that the  
62 applicant anticipates will be used for access to and egress from the  
63 well site; and

64 r. A map, on a scale not smaller than four hundred feet to the  
65 inch, prepared by a registered surveyor, showing the location of  
66 the well and containing such other data as may be required by  
67 the department.

1 3. A permit required by section 2 of this act shall be issued only  
2 upon a written finding by the department that the authorized  
3 activities will not result in:

4 a. Any adverse consequences to groundwater and surface water;

5 b. Any significant degradation of landscape;

6 c. Any threat to public health and safety; and

7 d. Any substantial air and noise pollution.

1 4. Each application for the permit required by section 2 of this  
2 act, or renewal thereof, shall be accompanied by a fee, established  
3 in accordance with a fee schedule adopted by the department by  
4 rule or regulation, reflecting the costs of reviewing and processing  
5 the application, and monitoring permitted activities as deemed  
6 necessary by the department.

7 The original permit, or photostatic copy thereof, shall be promi-  
8 nently displayed in a conspicuous location at the well site, together  
9 with a document providing the name, current address, and tele-  
10 phone number of the permit holder and the telephone numbers of  
11 fire and emergency medical services. The permit or copy and the  
12 emergency numbers shall remain prominently displayed at all  
13 times during the course of all work authorized or required by the  
14 permit.

15 The department may, by rule or regulation, establish a period  
16 of time during which, and the conditions under which, permits  
17 will be valid.

1 5. As a precondition to the issuance of a permit under section 2  
2 of this act, the applicant shall execute and file with the department  
3 a surety bond guaranteeing compliance with all provisions of this  
4 act and all rules and regulations adopted pursuant thereto and  
5 all provisions and conditions of the permit. The bond shall be in  
6 an amount established by rule or regulation by the department.  
7 The surety bond required by this section shall be executed by a  
8 surety company authorized to do business in this State. The

9 department shall not approve any bond until it is personally  
10 signed and acknowledged by both principal and surety, or as to  
11 either by his attorney in fact, with a certified copy of the power  
12 of attorney attached thereto. The department shall not approve  
13 a bond unless there is attached a certificate of the Commissioner  
14 of Insurance that the company is authorized to transact a fidelity  
15 and surety business in this State.

16 All bonds shall be given in a form to be prescribed by the  
17 department and shall run to the State as obligee.

1 6. The department may order the immediate suspension of any  
2 exploration, drilling, or plugging activities if it finds that the  
3 activity poses an imminent danger to public health or safety or  
4 results in, or is likely to result in, substantial damage to natural  
5 resources. Within five calendar days after the issuance of the  
6 order the department shall provide the permittee an opportunity  
7 to be heard and to present evidence that the allegedly dangerous  
8 condition or activity is not likely to result in substantial damage  
9 to natural resources and does not present an imminent danger to  
10 public health or safety. After the hearing, the department shall  
11 make a final determination.

1 7. If the department finds that a holder of a permit issued under  
2 section 2 of this act has violated a provision or condition of his  
3 permit or a rule or regulation adopted pursuant to this act, the  
4 department shall declare the surety bond filed to guarantee com-  
5 pliance forfeited. The department shall certify the forfeiture to  
6 the Attorney General who shall proceed to collect the amount  
7 thereof, and forward it to the department.

8 Forfeiture moneys shall be expended by the department only to  
9 plug wells or to properly restore the land surface as required in  
10 section 8 of this act.

1 8. A holder of a permit issued under section 2 of this act shall  
2 restore, or cause to be restored, the land surface within the area  
3 distributed in siting, drilling and plugging and abandonment of  
4 the well in accordance with rules and regulations adopted by the  
5 department.

1 9. The location of a well drilling operation may be changed after  
2 the issuance of a permit under section 2 of this act only with  
3 the approval of the department. Requests for a change of location  
4 shall be accompanied by an amended application.

5 Drilling shall not be commenced at a new location until the  
6 amended permit, approved by the department, is posted at the  
7 well site.

1 10. A person drilling an oil or gas well within this State shall,  
2 within 30 days after the plugging and abandonment of the well,  
3 file with the Department of Environmental Protection in a form  
4 and manner prescribed by the department an accurate log desig-  
5 nating:

6 a. The purpose for which the well was drilled;

7 b. The character, depth, and thickness of geological formations  
8 encountered, including freshwater, mineral beds, brine, and oil  
9 and gas bearing formations;

10 c. The length in feet of the various sizes of casing and tubing  
11 used in drilling the well, the amount removed after completion,  
12 the type and setting depth of each packer, and all other data  
13 relating to mudding in the annular space behind the casing or  
14 tubing, indicating completion as a dry, gas, oil, combination oil and  
15 gas, brine, or artificial brine well; and

16 d. The elevation above mean sea level of the point from which  
17 the depth measurements were made, stating also the height of the  
18 point above ground level at the well.

19 Upon request in writing by the department prior to the com-  
20 mencement of drilling of the well, the person performing the  
21 drilling operation shall make available a complete set of cuttings  
22 accurately identified as to depth.

1 11. No person shall plug and abandon an oil or gas well except  
2 in accordance with a permit issued therefor by the Department of  
3 Environmental Protection pursuant to this section. An application  
4 for this permit shall be made on forms prescribed and supplied  
5 by the department and shall contain at least the following infor-  
6 mation:

7 a. The name and address of the owner;

8 b. The signature of the owner or his authorized agent and when  
9 an authorized agent signs an application it shall be accompanied  
10 by a certified copy of his appointment as an agent of the owner;

11 c. The location of the well identified by section or lot number,  
12 city, village, township, and county;

13 d. Designation of well by name and number;

14 e. The total depth of the well to be plugged;

15 f. The date and amount of last production from the well; and

16 g. Any other data the department may require.

17 An application for a permit to plug and abandon a well shall  
18 be accompanied by a fee, established in accordance with a fee  
19 schedule adopted by the department by rule or regulation, reflect-  
20 ing the costs of reviewing and processing the application. No well  
21 plugging or abandonment operation shall commence unless the

22 holder of a permit provides at least five-days notice to the State  
23 geologist, to the owner of the land upon which the well is located,  
24 to the owners or agents of adjoining land, and to adjoining well  
25 owners or agents of his intention to abandon the well, and of the  
26 time when plugging operations will commence.

1 12. Subsequent to the plugging and abandonment of each well,  
2 the holder of a permit therefor shall make a written report to the  
3 department. The report shall include at least the following:

4 a. The date of abandonment;

5 b. The name of the owner or operation of the well at the time  
6 of abandonment and his post-office address;

7 c. The location of the well as to township and county and the  
8 name of the owner of the surface upon which the well is drilled,  
9 with the address thereof;

10 d. The date of the permit to drill;

11 e. The date when drilled;

12 f. Whether the well has been mapped;

13 g. The depth of the well;

14 h. The depth of the top of the formation to which the well was  
15 drilled; and

16 i. A report detailing how the well was plugged, and the date of  
17 the plugging of the well, including the names of those who wit-  
18 nessed the plugging of the well.

19 This report shall be signed by the owner or operator agent  
20 thereof who abandons and plugs the well and verified by the oath  
21 of the party so signing.

1 13. A well which is incapable of producing oil or gas in com-  
2 mercial quantities shall be plugged unless written permission is  
3 granted by the department to do otherwise. If the department  
4 finds that a well should be plugged or repaired, it shall notify  
5 the permittee to that effect by order in writing and shall specify  
6 in the order a reasonable time for compliance.

1 14. Within seven days of the discovery of a commercially pro-  
2 ducible quantity of oil or natural gas, the holder of a permit issued  
3 under section 2 of this act shall file a written report to the depart-  
4 ment providing, in addition to any other information required by  
5 the department, the location and depth of the well, the estimated  
6 quantity of oil or natural gas producible from the well and any  
7 plans for its extraction.

1 15. No person shall commence commercial operations to extract  
2 or produce oil or natural gas without receiving a permit therefor  
3 from the Department of Environmental Protection. The applica-  
4 tion for this permit shall include information the department

5 deems necessary and shall be accompanied by a fee and other  
6 surety as the department may require.

1 16. The Department of Environmental Protection, within 60  
2 days of the effective date of this act and pursuant to the "Admin-  
3 istrative Procedure Act," P. L. 1968, c. 440 (C. 52:14B-1 et seq.),  
4 shall adopt rules and regulations necessary to carry out the pur-  
5 poses of this act.

1 17. a. If any person violates a provision of this act or a rule,  
2 regulation or order adopted or issued pursuant to a provision of  
3 this act, the Department of Environmental Protection may insti-  
4 tute a civil action in a court of competent jurisdiction for injunctive  
5 relief to prohibit and prevent any further violation and the court  
6 may proceed in the action in a summary manner.

7 b. A person who violates a provision of this act or a rule,  
8 regulation or order adopted pursuant to this act shall be liable  
9 to a penalty of not less than \$1,000.00 nor more than \$10,000.00  
10 for the first offense, not less than \$10,000.00 nor more than  
11 \$20,000.00 for the second offense, and up to \$50,000.00 for the  
12 third and each subsequent offense, to be collected in a civil action  
13 by a summary proceeding under "the penalty enforcement law"  
14 (N. J. S. 2A:58-1 et seq.), or in any case before a court of com-  
15 petent jurisdiction wherein injunctive relief had been requested.  
16 The Superior Court shall have jurisdiction to enforce "the penalty  
17 enforcement law." If the violation is of a continuing nature, each  
18 day during which it continues shall constitute an additional, sep-  
19 arate and distinct offense.

1 18. A municipality or county or board of health may, subject to  
2 the approval of the Department of Environmental Protection,  
3 adopt ordinances or regulations more stringent than this act or  
4 a rule or regulation promulgated pursuant thereto. An ordinance  
5 or regulation of a municipality or county or board of health in  
6 effect on or before the effective date of this act shall be superseded  
7 unless approved by the department.

1 19. This act shall take effect immediately.

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#### STATEMENT

The purpose of this bill is to establish a comprehensive frame-  
work for the regulation of oil and natural gas production in this  
State in order to prevent significant adverse impacts on public  
health, safety and welfare as well as the natural resources of  
the State. Due to this State's limited experience in this area,  
caution is called for and a strict regulatory framework is neces-

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sary because of the potential dangers posed by this kind of undertaking.

Specifically, the bill requires three permits, each corresponding to a distinct stage in the operations incident to the production of oil and natural gas. A permit is required for commencing operations incident to the exploration and drilling of wells for oil or natural gas. The prerequisite application for this permit requires specific information relevant to insuring the protection of public health, safety and welfare as well as the natural resources of the State and the Department of Environmental Protection must make specific findings to insure that the State's interests are protected. A second permit is required for the plugging and abandonment of an oil or gas well. A third permit is mandated for the commencement of any commercial operations for the production or extraction of oil or natural gas. The bill further provides for the imposition of fees for each of these permits to help the program be self-supporting.

This bill also mandates the filing of certain reports needed to facilitate the department's oversight of this program. The bill provides protections to local communities most directly impacted, while allowing the institution of a more stringent standard locally. Finally, the bill provides injunctive relief and a penalty schedule for violations.

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ASSEMBLY ENERGY AND NATURAL RESOURCES  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 1406**

with Assembly committee amendment

**STATE OF NEW JERSEY**

DATED: JUNE 21, 1984

This bill would establish a framework for the regulation of oil and natural gas production in this State in order to prevent significant adverse impacts on public health, safety and welfare as well as on the natural resources of the State.

Specifically, the bill requires three permits, each corresponding to a distinct stage of the operations incident to the production of oil and natural gas. A permit is required for commencing operations incident to the exploration and drilling of wells for oil or natural gas. The prerequisite application for this permit require specific information relevant to insuring the protection of public health, safety and welfare as well as the natural resources of the State and the Department of Environmental Protection must make specific findings to insure that the State's interests are protected. A second permit is required for the plugging and abandonment of an oil or gas well. A third permit is mandated for the commencement of any commercial operations for the production or extraction of oil or natural gas. The bill further provides for the imposition of fees for each of these permits to help the program be self-supporting.

This bill also mandates the filing of certain reports needed to facilitate the department's oversight of this program. The bill provides protection to local communities most directly impacted, while allowing the institution of a more stringent standard locally. Finally, the bill provides injunctive relief and a penalty schedule for violations.

The committee amended the bill to provide for greater public participation in the permitting process, to modify the provision regarding local ordinances, to increase the time allotted for the adoption of regulations by the Department of Environmental Protection, to raise the minimum insurance coverage required, and to make certain technical changes.

[OFFICIAL COPY REPRINT]  
ASSEMBLY, No. 1406

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 27, 1984

By Assemblymen WEIDEL and ZIMMER

AN ACT concerning oil and natural gas drilling operations and  
supplementing Title 13 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. The Legislature finds and declares that the production of oil  
2 and natural gas from sources within the State can provide sub-  
3 stantial economic benefits to the public and private sectors of this  
4 State; that notwithstanding such potential, the exploratory, drilling  
5 and extraction operations incident to such production pose sig-  
6 nificant risks to the public health, safety and welfare as well as  
7 the natural resources of the State; and that a strict regulatory  
8 framework is necessary to minimize the potentially adverse impact  
9 of oil and natural gas production operations without jeopardizing  
10 the benefits.

1 2. Notwithstanding any requirements imposed pursuant to P. L.  
2 1947, c. 377 (C. 58:4A-5 et seq.), or any other law, rule, or regula-  
3 tion no person shall commence operations incident to the explora-  
4 tion and drilling of wells for oil or natural gas without having  
5 received a permit therefor from the Department of Environmental  
6 Protection. *\*For the purposes of this act, "natural gas" shall not*  
7 *include methane or other hydrocarbon gases resulting from the*  
8 *decomposition of organic matter in solid waste at any landfill*  
9 *facility.\** Applications for this permit shall be made on forms  
9A prescribed and supplied by the department, and the applicant shall  
9B provide, in addition to any other information required by the  
9C department, the following:

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Assembly committee amendments adopted June 25, 1984.

- 10 a. The name and address of the owner, and if a corporation,  
11 the name and address of the statutory agent;
- 12 b. The signature of the owner or his authorized agent. When an  
13 authorized agent signs an application it shall be accompanied by  
14 a certified copy of his appointment as such agent;
- 15 c. The names and addresses of all persons holding the royalty  
16 interest in the tract upon which the well is located or is to be  
17 drilled or within a proposed drilling unit;
- 18 d. The location of the tract or drilling unit on which the well is  
19 located or is to be drilled\***[.]**\* *as* identified by \***[section or lot**  
20 **number, city, village, township, and county]**\* *municipal tax map by*  
20A *lot and block*\*;
- 21 e. Designation of the well by name and number;
- 22 f. The geological formation to be tested or used and the proposed  
23 total depth of the well;
- 24 g. The type of drilling equipment to be used;
- 24A *\*h. The name of the New Jersey-licensed well driller or driller*  
24B *who supervises the drilling operations as required by section 9 of*  
24C *P. L. 1947, c. 377 (C. 58:4A-13).\**
- 25 **[h.]**\* *i.*\* The name and address of the corporate surety and the  
26 identifying number of the bond required pursuant to section 5 of  
27 this act;
- 28 **[i.]**\* *j.*\* A plan for ground and surface water protection, which  
29 shall include a method for disposal of water and other waste sub-  
30 stances—including brine—resulting, obtained, or produced in con-  
31 nection with the exploration and drilling for oil or natural gas;
- 32 **[j.]**\* *k.*\* A plan for casing, which shall include the type, method  
33 of installation and depth of installation of each string of casing  
33A *and shall meet the State requirements for casing size, ASTM*  
33B *specifications, annulus between casing and borehole, and grouting*  
33C *requirements*\*;
- 34 **[k.]**\* *l.*\* A plan for handling muds, which shall include specifica-  
35 tion of their characteristics, use, and testing;
- 36 **[l.]**\* *m.*\* A plan for safety, which shall include the installation  
37 of a blowout preventer, shut-off valves and other measures to be  
38 followed in the drilling of wells *for oil or natural gas*\*;
- 39 **[m.]**\* *n.*\* A plan for restoration of the land surface disturbed  
40 by operations incident to the exploration, drilling, and plugging and  
41 abandonment of wells for oil or natural gas, which shall comport  
42 with all restoration requirements adopted by the department pur-  
43 suant to rule or regulation;

44 \***[n.]**\* \*o.\* If the well is for the injection of a liquid, identity of  
 45 the geological formation to be used as the injection medium and the  
 46 composition of the liquid to be injected;

47 \***[o.]**\* \*p.\* A sworn statement that the owner has in force, and  
 48 will maintain until abandonment of any oil or gas well in this State,  
 49 liability insurance coverage in an amount not less than  
 50 \***[\$500,000.00]**\* \*\$10,000,000.00\* for bodily injury and  
 50A \***[\$250,000.00]**\* \*\$10,000,000.00\* for property damage, to pay  
 51 claims arising out of the drilling, operation, or plugging and  
 52 abandonment of the wells;

53 \***[p.]**\* \*q.\* A sworn statement that all requirements of any  
 54 \***[municipal corporation, county or township]**\* \*municipality\*  
 55 having jurisdiction over any activity related to the exploration,  
 56 drilling and plugging and abandonment of any oil or gas well that  
 57 have been filed with the department and are in effect at the time the  
 58 application is filed, including but not limited to zoning ordinances  
 59 and resolutions, will be complied with;

60 \***[q.]**\* \*r.\* A description, by name or number, of the county,  
 61 \***[township]**\* \*state\*, and municipal \***[corporation]**\* roads,  
 62 streets, and highways that the applicant anticipates will be used  
 63 for access to and egress from the well site; and

64-65 \***[r.]**\* \*s.\* A map, on a scale not smaller than four hundred feet  
 66 to the inch, prepared by a \***[registered]**\* surveyor \*licensed in  
 67 New Jersey\*, showing the location of the well and containing such  
 68 other data as may be required by the department.

1 3. A permit required by section 2 of this act shall be issued only  
 2 upon a written finding by the department that the authorized  
 3 activities will not result in:

- 4 a. Any adverse consequences to groundwater and surface water;
- 5 b. Any significant degradation of landscape;
- 6 c. Any threat to public health and safety; and
- 7 d. Any substantial air and noise pollution.

1 4. Each application for the permit required by section 2 of this  
 2 act, or renewal thereof, shall be accompanied by a fee, established  
 3 in accordance with a fee schedule adopted by the department by  
 4 rule or regulation, reflecting the costs of reviewing and processing  
 5 the application, and monitoring permitted activities as deemed  
 6 necessary by the department.

7 The original permit, or photostatic copy thereof, shall be promi-  
 8 nently displayed in a conspicuous location at the well site, together  
 9 with a document providing the name, current address, and tele-

10 phone number of the permit holder and the telephone numbers of  
11 fire and emergency medical services. The permit or copy and the  
12 emergency numbers shall remain prominently displayed at all  
13 times during the course of all work authorized or required by the  
14 permit.

15 The department may, by rule or regulation, establish a period  
16 of time during which, and the conditions under which, permits  
17 will be valid.

18 *\*Prior to the approval of any permit or amended permit, the*  
19 *department shall provide timely and informative notice of the*  
20 *permit application to the public in the affected area. The public*  
21 *shall be afforded an opportunity to review the permit application.*  
22 *Any public comment submitted to the department shall be made*  
23 *part of the record and considered by the department in determining*  
24 *whether to approve the permit. The department shall hold a public*  
25 *hearing on a permit application upon request by any person.\**

1 5. As a precondition to the issuance of a permit under section 2  
2 of this act, the applicant shall execute and file with the department  
3 a surety bond guaranteeing compliance with all provisions of this  
4 act and all rules and regulations adopted pursuant thereto and  
5 all provisions and conditions of the permit. The bond shall be in  
6 an amount established by rule or regulation by the department.  
7 The surety bond required by this section shall be executed by a  
8 surety company authorized to do business in this State. The  
9 department shall not approve any bond until it is personally  
10 signed and acknowledged by both principal and surety, or as to  
11 either by his attorney in fact, with a certified copy of the power  
12 of attorney attached thereto. The department shall not approve  
13 a bond unless there is attached a certificate of the Commissioner  
14 of Insurance that the company is authorized to transact a fidelity  
15 and surety business in this State.

16 All bonds shall be given in a form to be prescribed by the  
17 department and shall run to the State as obligee.

1 6. The department may order the immediate suspension of any  
2 exploration, drilling, or plugging activities if it finds that the  
3 activity poses an imminent danger to public health or safety or  
4 results in, or is likely to result in, substantial damage to natural  
5 resources. Within five calendar days after the issuance of the  
6 order the department shall provide the permittee an opportunity  
7 to be heard and to present evidence that the allegedly dangerous  
8 condition or activity is not likely to result in substantial damage  
9 to natural resources and does not present an imminent danger to

10 public health or safety. After the hearing, the department shall  
11 make a final determination.

1 7. If the department finds that a holder of a permit issued under  
2 section 2 of this act has violated a provision or condition of his  
3 permit or a rule or regulation adopted pursuant to this act, the  
4 department ~~\*[shall]\*~~ *\*may\** declare the surety bond filed to  
5 guarantee compliance forfeited. The department shall certify the  
6 forfeiture to the Attorney General who shall proceed to collect the  
7 amount thereof, and forward it to the department.

8 Forfeiture moneys shall be expended by the department only to  
9 plug wells ~~\*[or]\*~~ *\*,\* to properly restore the land surface as re-*  
10 *quired in section 8 of this act\*, or to purify contaminated ground or*  
11 *surface waters in the event contamination occurs\*.*

1 8. A holder of a permit issued under section 2 of this act shall  
2 restore, or cause to be restored, the land surface within the area  
3 distributed in siting, drilling and plugging and abandonment of  
4 the well in accordance with rules and regulations adopted by the  
5 department.

1 9. The location of a well drilling operation may be changed after  
2 the issuance of a permit under section 2 of this act only with  
3 the approval of the department. Requests for a change of location  
4 shall be accompanied by an amended application.

5 Drilling shall not be commenced at a new location until the  
6 amended permit, approved by the department, is posted at the  
7 well site.

1 10. A person drilling an oil or gas well within this State shall,  
2 within 30 days *\*after the conclusion of drilling or\** after the plugg-  
3 ing and abandonment of the well, file with the Department of  
4 Environmental Protection in a form and manner prescribed by the  
5 department an accurate ~~\*[log]\*~~ *\*report\** designating:

6 a. The purpose for which the well was drilled;

7 b. The character, depth, and thickness of geological formations  
8 encountered, including freshwater, mineral beds, brine and oil  
9 and gas bearing formations;

10 c. The length in feet of the various sizes of casing and tubing  
11 used in drilling the well, the amount removed after completion,  
12 the type and setting depth of each packer, and all other data  
13 relating to mudding in the annular space behind the casing or  
14 tubing, indicating completion as a dry, gas, oil, combination oil and  
15 gas, brine, or artificial brine well; and

16 d. The elevation above mean sea level of the point from which  
17 the depth measurements were made, stating also the height of the  
18 point above ground level at the well.

19 Upon request in writing by the department prior to the com-  
 20 mencement of drilling of the well, the person performing the  
 21 drilling operation shall make available a complete set of cuttings  
 22 accurately identified as to depth. *\*The department may, at its dis-*  
 23 *cretion, conduct geophysical borehole logs independent of the appli-*  
 24 *cant before plugging a productive well.\**

1 11. No person shall plug and abandon an oil or gas well except  
 2 in accordance with a permit issued therefor by the Department of  
 3 Environmental Protection pursuant to this section. An application  
 4 for this permit shall be made on forms prescribed and supplied  
 5 by the department and shall contain at least the following infor-  
 6 mation:

- 7 a. The name and address of the owner;
- 8 b. The signature of the owner or his authorized agent and when  
 9 an authorized agent signs an application it shall be accompanied  
 10 by a certified copy of his appointment as an agent of the owner;
- 11 c. The location of the well *\*as\** identified by *\*[section or lot*  
 12 *number, city, village, township, and county]\* \*the municipal tax*  
 12A *map by lot and block\**;
- 13 d. Designation of well by name and number;
- 14 e. The total depth of the well to be plugged;
- 15 f. The date and amount of last production from the well; and
- 16 g. Any other data the department may require.

17 An application for a permit to plug and abandon a well shall  
 18 be accompanied by a fee, established in accordance with a fee  
 19 schedule adopted by the department by rule or regulation, reflect-  
 20 ing the costs of reviewing and processing the application. No well  
 21 plugging or abandonment operation shall commence unless the  
 22 holder of a permit provides at least five-days notice to the State  
 23 *\*[geologist]\* \*Geologist\**, to the owner of the land upon which the  
 24 well is located, to the owners or agents of adjoining land, and to  
 25 adjoining well owners or agents of his intention to abandon the  
 26 well, and of the time when plugging operations will commence.

- 1 12. Subsequent to the plugging and abandonment of each well,  
 2 the holder of a permit therefor shall make a written report to the  
 3 department. The report shall include at least the following:
- 4 a. The date of abandonment;
- 5 b. The name of the owner or operation of the well at the time  
 6 of abandonment and his post-office address;
- 7 c. The location of the well as to township and county and the  
 8 name of the owner of the surface upon which the well is drilled,  
 9 with the address thereof;
- 10 d. The date of the permit to drill;



- 11 e. The date when drilled;
- 12 f. Whether the well has been \*~~mapped~~\* \*logged\*;
- 13 g. The depth of the well;
- 14 h. The depth of the top of the formation to which the well was
- 15 drilled; and
- 16 i. A report detailing how the well was plugged, and the date of
- 17 the plugging of the well, including the names of those who wit-
- 18 nessed the plugging of the well.

19 This report shall be signed by the owner or operator agent

20 thereof who abandons and plugs the well and verified by the oath

21 of the party so signing.

1 13. A well \*drilled for the production of oil or gas\* which is

2 incapable of producing oil or gas in commercial quantities shall be

3 plugged unless written permission is granted by the department to

4 do otherwise. If the department finds that a well should be plugged

5 or repaired, it shall notify the permittee to that effect by order in

6 writing and shall specify in the order a reasonable time for com-

7 pliance.

1 14. Within seven days of the discovery of a commercially pro-

2 ducible quantity of oil or natural gas, the holder of a permit issued

3 under section 2 of this act shall file a written report to the depart-

4 ment providing, in addition to any other information required by

5 the department, the location and depth of the well, the estimated

6 quantity of oil or natural gas producible from the well and any

7 plans for its extraction.

1 15. No person shall commence commercial operations to extract

2 or produce oil or natural gas without receiving a permit therefor

3 from the Department of Environmental Protection. The applica-

4 tion for this permit shall include information the department

5 deems necessary and shall be accompanied by a fee and other

6 surety as the department may require.

1 16. The Department of Environmental Protection, within \*~~60~~\*  
 2 \*180\* days of the effective date of this act and pursuant to the  
 3 "Administrative Procedure Act," P. L. 1968, c. 440 (C. 52:14B-1  
 4 et seq.), shall adopt rules and regulations necessary to carry out  
 5 the purposes of this act.

1 \*~~17~~. a. If any person violates a provision of this act or a rule,  
 2 regulation or order adopted or issued pursuant to a provision of  
 3 this act, the Department of Environmental Protection may insti-  
 4 tute a civil action in a court of competent jurisdiction for injunctive  
 5 relief to prohibit and prevent any further violation and the court  
 6 may proceed in the action in a summary manner.

7 b. A person who violates a provision of this act or a rule,  
8 regulation or order adopted pursuant to this act shall be liable  
9 to a penalty of not less than \$1,000.00 nor more than \$10,000.00  
10 for the first offense, not less than \$10,000.00 nor more than  
11 \$20,000.00 for the second offense, and up to \$50,000.00 for the  
12 third and each subsequent offense, to be collected in a civil action  
13 by a summary proceeding under "the penalty enforcement law"  
14 (N. J. S. 2A:58-1 et seq.), or in any case before a court of com-  
15 petent jurisdiction wherein injunctive relief had been requested.  
16 The Superior Court shall have jurisdiction to enforce "the penalty  
17 enforcement law." If the violation is of a continuing nature, each  
18 day during which it continues shall constitute an additional, sep-  
19 arate and distinct offense. ]\*

1 \*17. a. *If any person violates any of the provisions of this act or*  
2 *any rule, regulation or order promulgated or issued pursuant to*  
3 *the provisions of this act, the department may institute a civil action*  
4 *in a court of competent jurisdiction for injunctive or any other*  
5 *appropriate relief to prohibit and prevent this violation and the*  
6 *court may proceed in the action in a summary manner.*

7 b. *Any person who violates the provisions of this act or any rule,*  
8 *regulation or order promulgated pursuant to this act is liable to a*  
9 *civil administrative penalty of not more than \$10,000.00 for the first*  
10 *offense, not more than \$20,000.00 for the second offense, and up to*  
11 *\$50,000.00 for the third and each subsequent offense. If the viola-*  
12 *tion is of a continuing nature, each day during which it continues*  
13 *subsequent to receipt of an order to cease the violation constitutes*  
14 *an additional, separate and distinct offense. No civil administrative*  
15 *penalty shall be levied except subsequent to the notification of the*  
16 *violator by certified mail or personal service. The notice shall in-*  
17 *clude a reference to the section of the statute, regulation, order or*  
18 *permit condition violated; a concise statement of the facts alleged*  
19 *to constitute the violation; a statement of the amount of the civil*  
20 *penalties to be imposed; and a statement of the violator's right to*  
21 *a hearing. The violator shall have 20 days from receipt of the*  
22 *notice within which to deliver to the commissioner a written*  
23 *request for a hearing. Subsequent to the hearing and upon a finding*  
24 *that a violation has occurred, the commissioner may issue a final*  
25 *order after assessing the amount of the fine specified in the notice.*  
26 *If no hearing is requested, the notice shall become a final order*  
27 *upon the expiration of the 20-day period. Payment of the penalty*  
28 *is due when a final order is issued or when the notice becomes a*  
29 *final order. The authority to levy a civil administrative penalty is*

30 in addition to all other enforcement provisions in this act, and the  
 31 payment of a civil administrative penalty shall not be deemed to  
 32 affect the availability of any other enforcement provision in con-  
 33 nection with the violation for which the penalty is levied.

34 c. The department is authorized and empowered to compromise  
 35 and settle any claim for a penalty under this section in such amount  
 36 in the discretion of the department as may appear appropriate and  
 37 equitable under all of the circumstances including the posting of a  
 38 performance bond by the violator.

39 d. Any person who violates this act or an administrative order  
 40 issued pursuant to subsection b. of this section or a court order  
 41 issued pursuant to subsection a. of this section or who fails to pay  
 42 a civil administrative penalty in full pursuant to subsection b. of  
 43 this section is subject, upon order of the court, to a civil penalty  
 44 not to exceed \$10,000.00 per day of the violation, and each day's  
 45 continuance of the violation constitutes a separate and distinct  
 46 violation. Any penalty imposed under this subsection may be  
 47 recovered with costs in a summary proceeding pursuant to "the  
 48 penalty enforcement law" (N. J. S. 2A:58-1 et seq.). The Law  
 49 Division of Superior Court shall have jurisdiction to enforce "the  
 50 penalty enforcement law."\*

1 \***[18. A municipality or county or board of health may, subject to**  
 2 **the approval of the Department of Environmental Protection,**  
 3 **adopt ordinances or regulations more stringent than this act or**  
 4 **a rule or regulation promulgated pursuant thereto. An ordinance**  
 5 **or regulation of a municipality or county or board of health in**  
 6 **effect on or before the effective date of this act shall be superseded**  
 7 **unless approved by the department.]\***

1 \*18. a. Nothing in this act shall be construed to supersede or  
 2 prohibit the adoption, by the governing body of any county or  
 3 municipality, of any ordinance or resolution regulating or pro-  
 4 hibiting the exploration beyond the reconnaissance phase, drilling  
 5 for and the extraction of oil and natural gas. As used in this section  
 6 "reconnaissance" means:

7 (1) A geologic and mineral resource appraisal of a region by  
 8 searching and analyzing published literature, aerial photography,  
 9 and geologic maps;

10 (2) Use of geophysical, geochemical, and remote sensing tech-  
 11 niques that do not involve road building, land clearing or the in-  
 12 troduction of chemicals to a land or water area;

13 (3) Surface geologic, topographic or other mapping and property  
 14 surveying; or

15 (4) *Sample collections which do not involve excavation or*  
16 *drilling equipment or the introduction of chemicals to land or*  
17 *water area.*

18 *b. A municipality or county shall submit a copy of any ordinance*  
19 *or regulation specifically pertaining to activities regulated by this*  
20 *act, or a rule or regulation promulgated pursuant to this act, to the*  
21 *department.*

22 *c. The department shall, within 90 days of submittal, approve or*  
23 *disapprove any ordinance or regulation submitted pursuant to*  
24 *subsection b. of this section. An ordinance or regulation shall be*  
25 *disapproved only if the department finds it unreasonable and pro-*  
26 *vides in writing its reasons for the finding. The failure of the*  
27 *department to act within 90 days of submittal shall constitute*  
28 *approval.*

29 *d. Nothing in this section shall be construed to limit the au-*  
30 *thority of a municipality or county or board of health to enact*  
31 *ordinances or regulations of general applicability to all industrial*  
32 *or commercial activities, including, but not limited to, ordinances*  
33 *and regulations limiting noise, light, and odor.\**

1 19. This act shall take effect immediately.

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SENATE ENERGY AND ENVIRONMENT COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1406**

**STATE OF NEW JERSEY**

DATED: NOVEMBER 19, 1984

This bill would establish a framework for the regulation of oil and natural gas production in this State in order to prevent significant adverse impacts on public health, safety and welfare as well as on the natural resources of the State.

Specifically, the bill requires three permits, each corresponding to a distinct stage of the operations incident to the production of oil and natural gas.

(1) A permit is required for commencing operations incident to the exploration and drilling of wells for oil or natural gas. The prerequisite application for this permit require specific information relevant to insuring the protection of public health, safety and welfare as well as the natural resources of the State and the Department of Environmental Protection must make specific findings to insure that the State's interests are protected.

(2) A second permit is required for the plugging and abandonment of an oil or gas well.

(3) A third permit is mandated for the commencement of any commercial operations for the production or extraction of oil or natural gas. The bill further provides for the imposition of fees for each of these permits to help the program be self-supporting.

This bill also mandates the filing of certain reports needed to facilitate the department's oversight of this program. The bill provides protection to local communities most directly impacted, while allowing the institution of a more stringent standard locally. Finally, the bill provides injunctive relief and a penalty schedule for violations.

The committee amended the bill to provide that the approval of the Department of Environmental Protection would be necessary for the transfer or sale of well ownership, and that the department be notified of a successful oil or gas exploration at the time that it is determined that the well will yield a commercially producible quantity of oil or gas, as opposed to at the time of the actual discovery.

SENATE REPRINT  
**ASSEMBLY, No. 1406**  
[OFFICIAL COPY REPRINT]

**STATE OF NEW JERSEY**

INTRODUCED FEBRUARY 27, 1984

By Assemblymen WEIDEL and ZIMMER

AN ACT concerning oil and natural gas drilling operations and supplementing Title 13 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. The Legislature finds and declares that the production of oil  
2 and natural gas from sources within the State can provide sub-  
3 stantial economic benefits to the public and private sectors of this  
4 State; that notwithstanding such potential, the exploratory, drilling  
5 and extraction operations incident to such production pose sig-  
6 nificant risks to the public health, safety and welfare as well as  
7 the natural resources of the State; and that a strict regulatory  
8 framework is necessary to minimize the potentially adverse impact  
9 of oil and natural gas production operations without jeopardizing  
10 the benefits.

1 2. Notwithstanding any requirements imposed pursuant to P. L.  
2 1947, c. 377 (C. 58:4A-5 et seq.), or any other law, rule, or regula-  
3 tion no person shall commence operations incident to the explora-  
4 tion and drilling of wells for oil or natural gas without having  
5 received a permit therefor from the Department of Environmental  
6 Protection. *\*For the purposes of this act, "natural gas" shall not*  
7 *include methane or other hydrocarbon gases resulting from the*  
8 *decomposition of organic matter in solid waste at any landfill*  
9 *facility.\** Applications for this permit shall be made on forms  
9A prescribed and supplied by the department, and the applicant shall  
9B provide, in addition to any other information required by the  
9C department, the following:

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Assembly committee amendments adopted June 25, 1984.

\*\*—Senate committee amendments adopted November 19, 1984.

- 10 a. The name and address of the owner, and if a corporation,  
11 the name and address of the statutory agent;
- 12 b. The signature of the owner or his authorized agent. When an  
13 authorized agent signs an application it shall be accompanied by  
14 a certified copy of his appointment as such agent;
- 15 c. The names and addresses of all persons holding the royalty  
16 interest in the tract upon which the well is located or is to be  
17 drilled or within a proposed drilling unit;
- 18 d. The location of the tract or drilling unit on which the well is  
19 located or is to be drilled\***[.]**\* *as* identified by \***[section or lot**  
20 **number, city, village, township, and county]**\* *municipal tax map by*  
20A *lot and block*\*;
- 21 e. Designation of the well by name and number;
- 22 f. The geological formation to be tested or used and the proposed  
23 total depth of the well;
- 24 g. The type of drilling equipment to be used;
- 24A *\*h. The name of the New Jersey-licensed well driller or driller*  
24B *who supervises the drilling operations as required by section 9 of*  
24C *P. L. 1947, c. 377 (C. 58:4A-13);\**
- 25 **\***[h.]**\* *i.***\* The name and address of the corporate surety and the  
26 identifying number of the bond required pursuant to section 5 of  
27 this act;
- 28 **\***[i.]**\* *j.***\* A plan for ground and surface water protection, which  
29 shall include a method for disposal of water and other waste sub-  
30 stances—including brine—resulting, obtained, or produced in con-  
31 nection with the exploration and drilling for oil or natural gas;
- 32 **\***[j.]**\* *k.***\* A plan for casing, which shall include the type, method  
33 of installation and depth of installation of each string of casing  
33A *\*and shall meet the State requirements for casing size, ASTM*  
33B *specifications, annulus between casing and borehole, and grouting*  
33C *requirements*\*;
- 34 **\***[k.]**\* *l.***\* A plan for handling muds, which shall include specifica-  
35 tion of their characteristics, use, and testing;
- 36 **\***[l.]**\* *m.***\* A plan for safety, which shall include the installation  
37 of a blowout preventer, shut-off valves and other measures to be  
38 followed in the drilling of wells *\*for oil or natural gas\**;
- 39 **\***[m.]**\* *n.***\* A plan for restoration of the land surface disturbed  
40 by operations incident to the exploration, drilling, and plugging and  
41 abandonment of wells for oil or natural gas, which shall comport  
42 with all restoration requirements adopted by the department pur-  
43 suant to rule or regulation;

44 \***[n.]**\* \*o.\* If the well is for the injection of a liquid, identity of  
 45 the geological formation to be used as the injection medium and the  
 46 composition of the liquid to be injected;

47 \***[o.]**\* \*p.\* A sworn statement that the owner has in force, and  
 48 will maintain until abandonment of any oil or gas well in this State,  
 49 liability insurance coverage in an amount not less than  
 50 \***[\$500,000.00]**\* \*\$10,000,000.00\* for bodily injury and  
 50A \***[\$250,000.00]**\* \*\$10,000,000.00\* for property damage, to pay  
 51 claims arising out of the drilling, operation, or plugging and  
 52 abandonment of the wells;

53 \***[p.]**\* \*q.\* A sworn statement that all requirements of any  
 54 \***[municipal corporation, county or township]**\* \*municipality\*  
 55 having jurisdiction over any activity related to the exploration,  
 56 drilling and plugging and abandonment of any oil or gas well that  
 57 have been filed with the department and are in effect at the time the  
 58 application is filed, including but not limited to zoning ordinances  
 59 and resolutions, will be complied with;

60 \***[q.]**\* \*r.\* A description, by name or number, of the county,  
 61 \***[township]**\* \*state\*, and municipal \***[corporation]**\* roads,  
 62 streets, and highways that the applicant anticipates will be used  
 63 for access to and egress from the well site; and

64-65 \***[r.]**\* \*s.\* A map, on a scale not smaller than four hundred feet  
 66 to the inch, prepared by a \***[registered]**\* surveyor \*licensed in  
 67 New Jersey\*, showing the location of the well and containing such  
 68 other data as may be required by the department.

1 3. A permit required by section 2 of this act shall be issued only  
 2 upon a written finding by the department that the authorized  
 3 activities will not result in:

- 4 a. Any adverse consequences to groundwater and surface water;
- 5 b. Any significant degradation of landscape;
- 6 c. Any threat to public health and safety; and
- 7 d. Any substantial air and noise pollution.

1 4. Each application for the permit required by section 2 of this  
 2 act, or renewal thereof, shall be accompanied by a fee, established  
 3 in accordance with a fee schedule adopted by the department by  
 4 rule or regulation, reflecting the costs of reviewing and processing  
 5 the application, and monitoring permitted activities as deemed  
 6 necessary by the department. \*\*The permit holder shall submit to  
 6A the Department of Environmental Protection for approval any  
 6B transfer or sale of well ownership.\*\*

7 The original permit, or photostatic copy thereof, shall be promi-  
 8 nently displayed in a conspicuous location at the well site, together  
 9 with a document providing the name, current address, and tele-



10 phone number of the permit holder and the telephone numbers of  
11 fire and emergency medical services. The permit or copy and the  
12 emergency numbers shall remain prominently displayed at all  
13 times during the course of all work authorized or required by the  
14 permit.

15 The department may, by rule or regulation, establish a period  
16 of time during which, and the conditions under which, permits  
17 will be valid.

18 *\*Prior to the approval of any permit or amended permit, the*  
19 *department shall provide timely and informative notice of the*  
20 *permit application to the public in the affected area. The public*  
21 *shall be afforded an opportunity to review the permit application.*  
22 *Any public comment submitted to the department shall be made*  
23 *part of the record and considered by the department in determining*  
24 *whether to approve the permit. The department shall hold a public*  
25 *hearing on a permit application upon request by any person.\**

1 5. As a precondition to the issuance of a permit under section 2  
2 of this act, the applicant shall execute and file with the department  
3 a surety bond guaranteeing compliance with all provisions of this  
4 act and all rules and regulations adopted pursuant thereto and  
5 all provisions and conditions of the permit. The bond shall be in  
6 an amount established by rule or regulation by the department.  
7 The surety bond required by this section shall be executed by a  
8 surety company authorized to do business in this State. The  
9 department shall not approve any bond until it is personally  
10 signed and acknowledged by both principal and surety, or as to  
11 either by his attorney in fact, with a certified copy of the power  
12 of attorney attached thereto. The department shall not approve  
13 a bond unless there is attached a certificate of the Commissioner  
14 of Insurance that the company is authorized to transact a fidelity  
15 and surety business in this State.

16 All bonds shall be given in a form to be prescribed by the  
17 department and shall run to the State as obligee.

1 6. The department may order the immediate suspension of any  
2 exploration, drilling, or plugging activities if it finds that the  
3 activity poses an imminent danger to public health or safety or  
4 results in, or is likely to result in, substantial damage to natural  
5 resources. Within five calendar days after the issuance of the  
6 order the department shall provide the permittee an opportunity  
7 to be heard and to present evidence that the allegedly dangerous  
8 condition or activity is not likely to result in substantial damage  
9 to natural resources and does not present an imminent danger to

10 public health or safety. After the hearing, the department shall  
11 make a final determination.

1 7. If the department finds that a holder of a permit issued under  
2 section 2 of this act has violated a provision or condition of his  
3 permit or a rule or regulation adopted pursuant to this act, the  
4 department ~~\*[shall]\*~~ *\*may\** declare the surety bond filed to  
5 guarantee compliance forfeited. The department shall certify the  
6 forfeiture to the Attorney General who shall proceed to collect the  
7 amount thereof, and forward it to the department.

8 Forfeiture moneys shall be expended by the department only to  
9 plug wells ~~\*[or]\*~~ *\*,\* to properly restore the land surface as re-*  
10 *quired in section 8 of this act\*, or to purify contaminated ground or*  
11 *surface waters in the event contamination occurs\*.*

1 8. A holder of a permit issued under section 2 of this act shall  
2 restore, or cause to be restored, the land surface within the area  
3 distributed in siting, drilling and plugging and abandonment of  
4 the well in accordance with rules and regulations adopted by the  
5 department.

1 9. The location of a well drilling operation may be changed after  
2 the issuance of a permit under section 2 of this act only with  
3 the approval of the department. Requests for a change of location  
4 shall be accompanied by an amended application.

5 Drilling shall not be commenced at a new location until the  
6 amended permit, approved by the department, is posted at the  
7 well site.

1 10. A person drilling an oil or gas well within this State shall,  
2 within 30 days *\*after the conclusion of drilling or\** after the plugg-  
3 ing and abandonment of the well, file with the Department of  
4 Environmental Protection in a form and manner prescribed by the  
5 department an accurate ~~\*[log]\*~~ *\*report\** designating:

6 a. The purpose for which the well was drilled;

7 b. The character, depth, and thickness of geological formations  
8 encountered, including freshwater, mineral beds, brine and oil  
9 and gas bearing formations;

10 c. The length in feet of the various sizes of casing and tubing  
11 used in drilling the well, the amount removed after completion,  
12 the type and setting depth of each packer, and all other data  
13 relating to mudding in the annular space behind the casing or  
14 tubing, indicating completion as a dry, gas, oil, combination oil and  
15 gas, brine, or artificial brine well; and

16 d. The elevation above mean sea level of the point from which  
17 the depth measurements were made, stating also the height of the  
18 point above ground level at the well.

19 Upon request in writing by the department prior to the com-  
 20 mencement of drilling of the well, the person performing the  
 21 drilling operation shall make available a complete set of cuttings  
 22 accurately identified as to depth. *\*The department may, at its dis-*  
 23 *cretion, conduct geophysical borehole logs independent of the appli-*  
 24 *cant before plugging a productive well.\**

1 11. No person shall plug and abandon an oil or gas well except  
 2 in accordance with a permit issued therefor by the Department of  
 3 Environmental Protection pursuant to this section. An application  
 4 for this permit shall be made on forms prescribed and supplied  
 5 by the department and shall contain at least the following infor-  
 6 mation:

- 7 a. The name and address of the owner;
- 8 b. The signature of the owner or his authorized agent and when  
 9 an authorized agent signs an application it shall be accompanied  
 10 by a certified copy of his appointment as an agent of the owner;
- 11 c. The location of the well *\*as\** identified by *\*[section or lot*  
 12 *number, city, village, township, and county]\* \*the municipal tax*  
 12A *map by lot and block\**;
- 13 d. Designation of well by name and number;
- 14 e. The total depth of the well to be plugged;
- 15 f. The date and amount of last production from the well; and  
 16 g. Any other data the department may require.

17 An application for a permit to plug and abandon a well shall  
 18 be accompanied by a fee, established in accordance with a fee  
 19 schedule adopted by the department by rule or regulation, reflect-  
 20 ing the costs of reviewing and processing the application. No well  
 21 plugging or abandonment operation shall commence unless the  
 22 holder of a permit provides at least five-days notice to the State  
 23 *\*[geologist]\* \*Geologist\**, to the owner of the land upon which the  
 24 well is located, to the owners or agents of adjoining land, and to  
 25 adjoining well owners or agents of his intention to abandon the  
 26 well, and of the time when plugging operations will commence.

1 12. Subsequent to the plugging and abandonment of each well,  
 2 the holder of a permit therefor shall make a written report to the  
 3 department. The report shall include at least the following:

- 4 a. The date of abandonment;
- 5 b. The name of the owner or operation of the well at the time  
 6 of abandonment and his post-office address;
- 7 c. The location of the well as to township and county and the  
 8 name of the owner of the surface upon which the well is drilled,  
 9 with the address thereof;
- 10 d. The date of the permit to drill;

- 11 e. The date when drilled;
- 12 f. Whether the well has been \***[mapped]**\* *logged*;
- 13 g. The depth of the well;
- 14 h. The depth of the top of the formation to which the well was  
15 drilled; and
- 16 i. A report detailing how the well was plugged, and the date of  
17 the plugging of the well, including the names of those who wit-  
18 nessed the plugging of the well.

19 This report shall be signed by the owner or operator agent  
20 thereof who abandons and plugs the well and verified by the oath  
21 of the party so signing.

1 13. A well *drilled for the production of oil or gas* which is  
2 incapable of producing oil or gas in commercial quantities shall be  
3 plugged unless written permission is granted by the department to  
4 do otherwise. If the department finds that a well should be plugged  
5 or repaired, it shall notify the permittee to that effect by order in  
6 writing and shall specify in the order a reasonable time for com-  
7 pliance.

1 14. Within seven days of **\*\*[the discovery of]** *\*\*determining*  
2 *that the well will yield\*\** a commercially producible quantity of oil  
3 or natural gas, the holder of a permit issued under section 2 of this  
4 act shall file a written report to the department providing, in addi-  
5 tion to any other information required by the department, the loca-  
6 tion and depth of the well, the estimated quantity of oil or natural  
7 gas producible from the well and any plans for its extraction.

1 15. No person shall commence commercial operations to extract  
2 or produce oil or natural gas without receiving a permit therefor  
3 from the Department of Environmental Protection. The applica-  
4 tion for this permit shall include information the department  
5 deems necessary and shall be accompanied by a fee and other  
6 surety as the department may require.

1 16. The Department of Environmental Protection, within **\*[60]\***  
2 *\*180\** days of the effective date of this act and pursuant to the  
3 "Administrative Procedure Act," P. L. 1968, c. 440 (C. 52:14B-1  
4 et seq.), shall adopt rules and regulations necessary to carry out  
5 the purposes of this act.

1 **\*[17. a.** If any person violates a provision of this act or a rule,  
2 regulation or order adopted or issued pursuant to a provision of  
3 this act, the Department of Environmental Protection may insti-  
4 tute a civil action in a court of competent jurisdiction for injunctive  
5 relief to prohibit and prevent any further violation and the court  
6 may proceed in the action in a summary manner.

7 b. A person who violates a provision of this act or a rule,  
8 regulation or order adopted pursuant to this act shall be liable  
9 to a penalty of not less than \$1,000.00 nor more than \$10,000.00  
10 for the first offense, not less than \$10,000.00 nor more than  
11 \$20,000.00 for the second offense, and up to \$50,000.00 for the  
12 third and each subsequent offense, to be collected in a civil action  
13 by a summary proceeding under "the penalty enforcement law"  
14 (N. J. S. 2A:58-1 et seq.), or in any case before a court of com-  
15 petent jurisdiction wherein injunctive relief had been requested.  
16 The Superior Court shall have jurisdiction to enforce "the penalty  
17 enforcement law." If the violation is of a continuing nature, each  
18 day during which it continues shall constitute an additional, sep-  
19 arate and distinct offense.]\*

1 \*17. a. *If any person violates any of the provisions of this act or*  
2 *any rule, regulation or order promulgated or issued pursuant to*  
3 *the provisions of this act, the department may institute a civil action*  
4 *in a court of competent jurisdiction for injunctive or any other*  
5 *appropriate relief to prohibit and prevent this violation and the*  
6 *court may proceed in the action in a summary manner.*

7 b. *Any person who violates the provisions of this act or any rule,*  
8 *regulation or order promulgated pursuant to this act is liable to a*  
9 *civil administrative penalty of not more than \$10,000.00 for the first*  
10 *offense, not more than \$20,000.00 for the second offense, and up to*  
11 *\$50,000.00 for the third and each subsequent offense. If the viola-*  
12 *tion is of a continuing nature, each day during which it continues*  
13 *subsequent to receipt of an order to cease the violation constitutes*  
14 *an additional, separate and distinct offense. No civil administrative*  
15 *penalty shall be levied except subsequent to the notification of the*  
16 *violator by certified mail or personal service. The notice shall in-*  
17 *clude a reference to the section of the statute, regulation, order or*  
18 *permit condition violated; a concise statement of the facts alleged*  
19 *to constitute the violation; a statement of the amount of the civil*  
20 *penalties to be imposed; and a statement of the violator's right to*  
21 *a hearing. The violator shall have 20 days from receipt of the*  
22 *notice within which to deliver to the commissioner a written*  
23 *request for a hearing. Subsequent to the hearing and upon a finding*  
24 *that a violation has occurred, the commissioner may issue a final*  
25 *order after assessing the amount of the fine specified in the notice.*  
26 *If no hearing is requested, the notice shall become a final order*  
27 *upon the expiration of the 20-day period. Payment of the penalty*  
28 *is due when a final order is issued or when the notice becomes a*  
29 *final order. The authority to levy a civil administrative penalty is*

30 *in addition to all other enforcement provisions in this act, and the*  
 31 *payment of a civil administrative penalty shall not be deemed to*  
 32 *affect the availability of any other enforcement provision in con-*  
 33 *nection with the violation for which the penalty is levied.*

34 *c. The department is authorized and empowered to compromise*  
 35 *and settle any claim for a penalty under this section in such amount*  
 36 *in the discretion of the department as may appear appropriate and*  
 37 *equitable under all of the circumstances including the posting of a*  
 38 *performance bond by the violator.*

39 *d. Any person who violates this act or an administrative order*  
 40 *issued pursuant to subsection b. of this section or a court order*  
 41 *issued pursuant to subsection a. of this section or who fails to pay*  
 42 *a civil administrative penalty in full pursuant to subsection b. of*  
 43 *this section is subject, upon order of the court, to a civil penalty*  
 44 *not to exceed \$10,000.00 per day of the violation, and each day's*  
 45 *continuance of the violation constitutes a separate and distinct*  
 46 *violation. Any penalty imposed under this subsection may be*  
 47 *recovered with costs in a summary proceeding pursuant to "the*  
 48 *penalty enforcement law" (N. J. S. 2A:58-1 et seq.). The Law*  
 49 *Division of Superior Court shall have jurisdiction to enforce "the*  
 50 *penalty enforcement law."\**

1 *\*[18. A municipality or county or board of health may, subject to*  
 2 *the approval of the Department of Environmental Protection,*  
 3 *adopt ordinances or regulations more stringent than this act or*  
 4 *a rule or regulation promulgated pursuant thereto. An ordinance*  
 5 *or regulation of a municipality or county or board of health in*  
 6 *effect on or before the effective date of this act shall be superseded*  
 7 *unless approved by the department.]\**

1 *\*18. a. Nothing in this act shall be construed to supersede or*  
 2 *prohibit the adoption, by the governing body of any county or*  
 3 *municipality, of any ordinance or resolution regulating or pro-*  
 4 *hibiting the exploration beyond the reconnaissance phase, drilling*  
 5 *for and the extraction of oil and natural gas. As used in this section*  
 6 *"reconnaissance" means:*

7 *(1) A geologic and mineral resource appraisal of a region by*  
 8 *searching and analyzing published literature, aerial photography,*  
 9 *and geologic maps;*

10 *(2) Use of geophysical, geochemical, and remote sensing tech-*  
 11 *niques that do not involve road building, land clearing or the in-*  
 12 *troduction of chemicals to a land or water area;*

13 *(3) Surface geologic, topographic or other mapping and property*  
 14 *surveying; or*

15 (4) Sample collections which do not involve excavation or  
16 drilling equipment or the introduction of chemicals to land or  
17 water area.

18 b. A municipality or county shall submit a copy of any ordinance  
19 or regulation specifically pertaining to activities regulated by this  
20 act, or a rule or regulation promulgated pursuant to this act, to the  
21 department.

22 c. The department shall, within 90 days of submittal, approve or  
23 disapprove any ordinance or regulation submitted pursuant to  
24 subsection b. of this section. An ordinance or regulation shall be  
25 disapproved only if the department finds it unreasonable and pro-  
26 vides in writing its reasons for the finding. The failure of the  
27 department to act within 90 days of submittal shall constitute  
28 approval.

29 d. Nothing in this section shall be construed to limit the au-  
30 thority of a municipality or county or board of health to enact  
31 ordinances or regulations of general applicability to all industrial  
32 or commercial activities, including, but not limited to, ordinances  
33 and regulations limiting noise, light, and odor.\*

1 19. This act shall take effect immediately.

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ADOPTED

MAR 7 1985

SENATE AMENDMENTS

Proposed by Senator Foran

to

ASSEMBLY BILL No. 1406

Sponsored by Assemblyman Weidel

Amend:

Page	Sec.	Line
10	after 18 <del>A</del>	after line 33

Insert a new subsection <sup>"e."</sup> as follows:

"e. The Department shall not approve any ordinance or regulation submitted pursuant to subsection b. of this section which governs activities within the Pinelands Area designated in the "Pinelands Protection Act, P.L. 1979, c. 111 (C.13:18A-1 et seq.), unless the Pinelands Commission has approved ~~such~~ <sup>the</sup> ordinance or regulation. The Department shall not disapprove an ordinance or regulation, or portion thereof, which has been certified by the Pinelands Commission as consistent with the requirements of the Comprehensive Management Plan as required by ~~said~~ Pinelands Protection Act."

STATEMENT

This amendment provides that any local ordinance regulating the exploration of oil on lands within the Pinelands area must receive approval from the Pinelands Commission.



[SECOND SENATE REPRINT]  
**ASSEMBLY, No. 1406**  
[OFFICIAL COPY REPRINT]

**STATE OF NEW JERSEY**

INTRODUCED FEBRUARY 27, 1984

By Assemblymen WEIDEL and ZIMMER

AN ACT concerning oil and natural gas drilling operations and  
supplementing Title 13 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. The Legislature finds and declares that the production of oil  
2 and natural gas from sources within the State can provide sub-  
3 stantial economic benefits to the public and private sectors of this  
4 State; that notwithstanding such potential, the exploratory, drilling  
5 and extraction operations incident to such production pose sig-  
6 nificant risks to the public health, safety and welfare as well as  
7 the natural resources of the State; and that a strict regulatory  
8 framework is necessary to minimize the potentially adverse impact  
9 of oil and natural gas production operations without jeopardizing  
10 the benefits.

1 2. Notwithstanding any requirements imposed pursuant to P. L.  
2 1947, c. 377 (C. 58:4A-5 et seq.), or any other law, rule, or regula-  
3 tion no person shall commence operations incident to the explora-  
4 tion and drilling of wells for oil or natural gas without having  
5 received a permit therefor from the Department of Environmental  
6 Protection. *\*For the purposes of this act, "natural gas" shall not*  
7 *include methane or other hydrocarbon gases resulting from the*  
8 *decomposition of organic matter in solid waste at any landfill*  
9 *facility.\** Applications for this permit shall be made on forms  
9A prescribed and supplied by the department, and the applicant shall  
9B provide, in addition to any other information required by the  
9C department, the following:

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Assembly committee amendments adopted June 25, 1984.

\*\*—Senate committee amendments adopted November 19, 1984.

\*\*\*—Senate amendment adopted March 7, 1985.

- 10 a. The name and address of the owner, and if a corporation,  
11 the name and address of the statutory agent;
- 12 b. The signature of the owner or his authorized agent. When an  
13 authorized agent signs an application it shall be accompanied by  
14 a certified copy of his appointment as such agent;
- 15 c. The names and addresses of all persons holding the royalty  
16 interest in the tract upon which the well is located or is to be  
17 drilled or within a proposed drilling unit;
- 18 d. The location of the tract or drilling unit on which the well is  
19 located or is to be drilled\***[.]**\* *as* identified by **[.]** section or lot  
20 number, city, village, township, and county**]**\* *municipal tax map by*  
20A *lot and block*\*;
- 21 e. Designation of the well by name and number;
- 22 f. The geological formation to be tested or used and the proposed  
23 total depth of the well;
- 24 g. The type of drilling equipment to be used;
- 24A *\*h. The name of the New Jersey-licensed well driller or driller*  
24B *who supervises the drilling operations as required by section 9 of*  
24C *P. L. 1947, c. 377 (C. 58:4A-13);\**
- 25 **[h.]**\* *i.*\* The name and address of the corporate surety and the  
26 identifying number of the bond required pursuant to section 5 of  
27 this act;
- 28 **[i.]**\* *j.*\* A plan for ground and surface water protection, which  
29 shall include a method for disposal of water and other waste sub-  
30 stances—including brine—resulting, obtained, or produced in con-  
31 nection with the exploration and drilling for oil or natural gas;
- 32 **[j.]**\* *k.*\* A plan for casing, which shall include the type, method  
33 of installation and depth of installation of each string of casing  
33A *and shall meet the State requirements for casing size, ASTM*  
33B *specifications, annulus between casing and borehole, and grouting*  
33C *requirements*\*;
- 34 **[k.]**\* *l.*\* A plan for handling muds, which shall include specifica-  
35 tion of their characteristics, use, and testing;
- 36 **[l.]**\* *m.*\* A plan for safety, which shall include the installation  
37 of a blowout preventer, shut-off valves and other measures to be  
38 followed in the drilling of wells *for oil or natural gas*\*;
- 39 **[m.]**\* *n.*\* A plan for restoration of the land surface disturbed  
40 by operations incident to the exploration, drilling, and plugging and  
41 abandonment of wells for oil or natural gas, which shall comport  
42 with all restoration requirements adopted by the department pur-  
43 suant to rule or regulation;

44 \***[n.]**\* \*o.\* If the well is for the injection of a liquid, identity of  
 45 the geological formation to be used as the injection medium and the  
 46 composition of the liquid to be injected;

47 \***[o.]**\* \*p.\* A sworn statement that the owner has in force, and  
 48 will maintain until abandonment of any oil or gas well in this State,  
 49 liability insurance coverage in an amount not less than  
 50 \***[\$500,000.00]**\* \*\$10,000,000.00\* for bodily injury and  
 50A \***[\$250,000.00]**\* \*\$10,000,000.00\* for property damage, to pay  
 51 claims arising out of the drilling, operation, or plugging and  
 52 abandonment of the wells;

53 \***[p.]**\* \*q.\* A sworn statement that all requirements of any  
 54 \***[municipal corporation, county or township]**\* \*municipality\*  
 55 having jurisdiction over any activity related to the exploration,  
 56 drilling and plugging and abandonment of any oil or gas well that  
 57 have been filed with the department and are in effect at the time the  
 58 application is filed, including but not limited to zoning ordinances  
 59 and resolutions, will be complied with;

60 \***[q.]**\* \*r.\* A description, by name or number, of the county,  
 61 \***[township]**\* \*state\*, and municipal \***[corporation]**\* roads,  
 62 streets, and highways that the applicant anticipates will be used  
 63 for access to and egress from the well site; and

64-65 \***[r.]**\* \*s.\* A map, on a scale not smaller than four hundred feet  
 66 to the inch, prepared by a \***[registered]**\* surveyor \*licensed in  
 67 New Jersey\*, showing the location of the well and containing such  
 68 other data as may be required by the department.

1 3. A permit required by section 2 of this act shall be issued only  
 2 upon a written finding by the department that the authorized  
 3 activities will not result in:

- 4 a. Any adverse consequences to groundwater and surface water;
- 5 b. Any significant degradation of landscape;
- 6 c. Any threat to public health and safety; and
- 7 d. Any substantial air and noise pollution.

1 4. Each application for the permit required by section 2 of this  
 2 act, or renewal thereof, shall be accompanied by a fee, established  
 3 in accordance with a fee schedule adopted by the department by  
 4 rule or regulation, reflecting the costs of reviewing and processing  
 5 the application, and monitoring permitted activities as deemed  
 6 necessary by the department. \*\**The permit holder shall submit to*  
 6A *the Department of Environmental Protection for approval any*  
 6B *transfer or sale of well ownership.\*\**

7 The original permit, or photostatic copy thereof, shall be promi-  
 8 nently displayed in a conspicuous location at the well site, together  
 9 with a document providing the name, current address, and tele-

10 phone number of the permit holder and the telephone numbers of  
11 fire and emergency medical services. The permit or copy and the  
12 emergency numbers shall remain prominently displayed at all  
13 times during the course of all work authorized or required by the  
14 permit.

15 The department may, by rule or regulation, establish a period  
16 of time during which, and the conditions under which, permits  
17 will be valid.

18 *\*Prior to the approval of any permit or amended permit, the*  
19 *department shall provide timely and informative notice of the*  
20 *permit application to the public in the affected area. The public*  
21 *shall be afforded an opportunity to review the permit application.*  
22 *Any public comment submitted to the department shall be made*  
23 *part of the record and considered by the department in determining*  
24 *whether to approve the permit. The department shall hold a public*  
25 *hearing on a permit application upon request by any person.\**

1 5. As a precondition to the issuance of a permit under section 2  
2 of this act, the applicant shall execute and file with the department  
3 a surety bond guaranteeing compliance with all provisions of this  
4 act and all rules and regulations adopted pursuant thereto and  
5 all provisions and conditions of the permit. The bond shall be in  
6 an amount established by rule or regulation by the department.  
7 The surety bond required by this section shall be executed by a  
8 surety company authorized to do business in this State. The  
9 department shall not approve any bond until it is personally  
10 signed and acknowledged by both principal and surety, or as to  
11 either by his attorney in fact, with a certified copy of the power  
12 of attorney attached thereto. The department shall not approve  
13 a bond unless there is attached a certificate of the Commissioner  
14 of Insurance that the company is authorized to transact a fidelity  
15 and surety business in this State.

16 All bonds shall be given in a form to be prescribed by the  
17 department and shall run to the State as obligee.

1 6. The department may order the immediate suspension of any  
2 exploration, drilling, or plugging activities if it finds that the  
3 activity poses an imminent danger to public health or safety or  
4 results in, or is likely to result in, substantial damage to natural  
5 resources. Within five calendar days after the issuance of the  
6 order the department shall provide the permittee an opportunity  
7 to be heard and to present evidence that the allegedly dangerous  
8 condition or activity is not likely to result in substantial damage  
9 to natural resources and does not present an imminent danger to

10 public health or safety. After the hearing, the department shall  
11 make a final determination.

1 7. If the department finds that a holder of a permit issued under  
2 section 2 of this act has violated a provision or condition of his  
3 permit or a rule or regulation adopted pursuant to this act, the  
4 department ~~\*[shall]~~ \*may\* declare the surety bond filed to  
5 guarantee compliance forfeited. The department shall certify the  
6 forfeiture to the Attorney General who shall proceed to collect the  
7 amount thereof, and forward it to the department.

8 Forfeiture moneys shall be expended by the department only to  
9 plug wells ~~\*[or]~~ \*,\* to properly restore the land surface as re-  
10 quired in section 8 of this act\*, *or to purify contaminated ground or*  
11 *surface waters in the event contamination occurs\**.

1 8. A holder of a permit issued under section 2 of this act shall  
2 restore, or cause to be restored, the land surface within the area  
3 distributed in siting, drilling and plugging and abandonment of  
4 the well in accordance with rules and regulations adopted by the  
5 department.

1 9. The location of a well drilling operation may be changed after  
2 the issuance of a permit under section 2 of this act only with  
3 the approval of the department. Requests for a change of location  
4 shall be accompanied by an amended application.

5 Drilling shall not be commenced at a new location until the  
6 amended permit, approved by the department, is posted at the  
7 well site.

1 10. A person drilling an oil or gas well within this State shall,  
2 within 30 days *\*after the conclusion of drilling or\** after the plugg-  
3 ing and abandonment of the well, file with the Department of  
4 Environmental Protection in a form and manner prescribed by the  
5 department an accurate ~~\*[log]~~ \*report\* designating:

- 6 a. The purpose for which the well was drilled;
- 7 b. The character, depth, and thickness of geological formations  
8 encountered, including freshwater, mineral beds, brine and oil  
9 and gas bearing formations;
- 10 c. The length in feet of the various sizes of casing and tubing  
11 used in drilling the well, the amount removed after completion,  
12 the type and setting depth of each packer, and all other data  
13 relating to mudding in the annular space behind the casing or  
14 tubing, indicating completion as a dry, gas, oil, combination oil and  
15 gas, brine, or artificial brine well; and
- 16 d. The elevation above mean sea level of the point from which  
17 the depth measurements were made, stating also the height of the  
18 point above ground level at the well.

19 Upon request in writing by the department prior to the com-  
 20 mencement of drilling of the well, the person performing the  
 21 drilling operation shall make available a complete set of cuttings  
 22 accurately identified as to depth. *\*The department may, at its dis-*  
 23 *cretion, conduct geophysical borehole logs independent of the appli-*  
 24 *cant before plugging a productive well.\**

1 11. No person shall plug and abandon an oil or gas well except  
 2 in accordance with a permit issued therefor by the Department of  
 3 Environmental Protection pursuant to this section. An application  
 4 for this permit shall be made on forms prescribed and supplied  
 5 by the department and shall contain at least the following infor-  
 6 mation:

- 7 a. The name and address of the owner;
- 8 b. The signature of the owner or his authorized agent and when  
 9 an authorized agent signs an application it shall be accompanied  
 10 by a certified copy of his appointment as an agent of the owner;
- 11 c. The location of the well *\*as\** identified by *\*[section or lot*  
 12 *number, city, village, township, and county]\* \*the municipal tax*  
 12A *map by lot and block\**;
- 13 d. Designation of well by name and number;
- 14 e. The total depth of the well to be plugged;
- 15 f. The date and amount of last production from the well; and
- 16 g. Any other data the department may require.

17 An application for a permit to plug and abandon a well shall  
 18 be accompanied by a fee, established in accordance with a fee  
 19 schedule adopted by the department by rule or regulation, reflect-  
 20 ing the costs of reviewing and processing the application. No well  
 21 plugging or abandonment operation shall commence unless the  
 22 holder of a permit provides at least five-days notice to the State  
 23 *\*[geologist]\* \*Geologist\**, to the owner of the land upon which the  
 24 well is located, to the owners or agents of adjoining land, and to  
 25 adjoining well owners or agents of his intention to abandon the  
 26 well, and of the time when plugging operations will commence.

1 12. Subsequent to the plugging and abandonment of each well,  
 2 the holder of a permit therefor shall make a written report to the  
 3 department. The report shall include at least the following:

- 4 a. The date of abandonment;
- 5 b. The name of the owner or operation of the well at the time  
 6 of abandonment and his post-office address;
- 7 c. The location of the well as to township and county and the  
 8 name of the owner of the surface upon which the well is drilled,  
 9 with the address thereof;
- 10 d. The date of the permit to drill;

- 11 e. The date when drilled;
- 12 f. Whether the well has been **\*[mapped]\*** *\*logged\**;
- 13 g. The depth of the well;
- 14 h. The depth of the top of the formation to which the well was  
15 drilled; and
- 16 i. A report detailing how the well was plugged, and the date of  
17 the plugging of the well, including the names of those who wit-  
18 nessed the plugging of the well.

19 This report shall be signed by the owner or operator agent  
20 thereof who abandons and plugs the well and verified by the oath  
21 of the party so signing.

1 13. A well *\*drilled for the production of oil or gas\** which is  
2 incapable of producing oil or gas in commercial quantities shall be  
3 plugged unless written permission is granted by the department to  
4 do otherwise. If the department finds that a well should be plugged  
5 or repaired, it shall notify the permittee to that effect by order in  
6 writing and shall specify in the order a reasonable time for com-  
7 pliance.

1 14. Within seven days of **\*\*[the discovery of]\*\*** *\*\*determining*  
2 *that the well will yield\*\** a commercially producible quantity of oil  
3 or natural gas, the holder of a permit issued under section 2 of this  
4 act shall file a written report to the department providing, in addi-  
5 tion to any other information required by the department, the loca-  
6 tion and depth of the well, the estimated quantity of oil or natural  
7 gas producible from the well and any plans for its extraction.

1 15. No person shall commence commercial operations to extract  
2 or produce oil or natural gas without receiving a permit therefor  
3 from the Department of Environmental Protection. The applica-  
4 tion for this permit shall include information the department  
5 deems necessary and shall be accompanied by a fee and other  
6 surety as the department may require.

1 16. The Department of Environmental Protection, within **\*[60]\***  
2 *\*180\** days of the effective date of this act and pursuant to the  
3 "Administrative Procedure Act," P. L. 1968, c. 440 (C. 52:14B-1  
4 et seq.), shall adopt rules and regulations necessary to carry out  
5 the purposes of this act.

1 **\*[17. a.** If any person violates a provision of this act or a rule,  
2 regulation or order adopted or issued pursuant to a provision of  
3 this act, the Department of Environmental Protection may insti-  
4 tute a civil action in a court of competent jurisdiction for injunctive  
5 relief to prohibit and prevent any further violation and the court  
6 may proceed in the action in a summary manner.

7 b. A person who violates a provision of this act or a rule,  
8 regulation or order adopted pursuant to this act shall be liable  
9 to a penalty of not less than \$1,000.00 nor more than \$10,000.00  
10 for the first offense, not less than \$10,000.00 nor more than  
11 \$20,000.00 for the second offense, and up to \$50,000.00 for the  
12 third and each subsequent offense, to be collected in a civil action  
13 by a summary proceeding under "the penalty enforcement law"  
14 (N. J. S. 2A:58-1 et seq.), or in any case before a court of com-  
15 petent jurisdiction wherein injunctive relief had been requested.  
16 The Superior Court shall have jurisdiction to enforce "the penalty  
17 enforcement law." If the violation is of a continuing nature, each  
18 day during which it continues shall constitute an additional, sep-  
19 arate and distinct offense.]\*

1 \*17. a. *If any person violates any of the provisions of this act or*  
2 *any rule, regulation or order promulgated or issued pursuant to*  
3 *the provisions of this act, the department may institute a civil action*  
4 *in a court of competent jurisdiction for injunctive or any other*  
5 *appropriate relief to prohibit and prevent this violation and the*  
6 *court may proceed in the action in a summary manner.*

7 b. *Any person who violates the provisions of this act or any rule,*  
8 *regulation or order promulgated pursuant to this act is liable to a*  
9 *civil administrative penalty of not more than \$10,000.00 for the first*  
10 *offense, not more than \$20,000.00 for the second offense, and up to*  
11 *\$50,000.00 for the third and each subsequent offense. If the viola-*  
12 *tion is of a continuing nature, each day during which it continues*  
13 *subsequent to receipt of an order to cease the violation constitutes*  
14 *an additional, separate and distinct offense. No civil administrative*  
15 *penalty shall be levied except subsequent to the notification of the*  
16 *violator by certified mail or personal service. The notice shall in-*  
17 *clude a reference to the section of the statute, regulation, order or*  
18 *permit condition violated; a concise statement of the facts alleged*  
19 *to constitute the violation; a statement of the amount of the civil*  
20 *penalties to be imposed; and a statement of the violator's right to*  
21 *a hearing. The violator shall have 20 days from receipt of the*  
22 *notice within which to deliver to the commissioner a written*  
23 *request for a hearing. Subsequent to the hearing and upon a finding*  
24 *that a violation has occurred, the commissioner may issue a final*  
25 *order after assessing the amount of the fine specified in the notice.*  
26 *If no hearing is requested, the notice shall become a final order*  
27 *upon the expiration of the 20-day period. Payment of the penalty*  
28 *is due when a final order is issued or when the notice becomes a*  
29 *final order. The authority to levy a civil administrative penalty is*



30 *in addition to all other enforcement provisions in this act, and the*  
 31 *payment of a civil administrative penalty shall not be deemed to*  
 32 *affect the availability of any other enforcement provision in con-*  
 33 *nection with the violation for which the penalty is levied.*

34 *c. The department is authorized and empowered to compromise*  
 35 *and settle any claim for a penalty under this section in such amount*  
 36 *in the discretion of the department as may appear appropriate and*  
 37 *equitable under all of the circumstances including the posting of a*  
 38 *performance bond by the violator.*

39 *d. Any person who violates this act or an administrative order*  
 40 *issued pursuant to subsection b. of this section or a court order*  
 41 *issued pursuant to subsection a. of this section or who fails to pay*  
 42 *a civil administrative penalty in full pursuant to subsection b. of*  
 43 *this section is subject, upon order of the court, to a civil penalty*  
 44 *not to exceed \$10,000.00 per day of the violation, and each day's*  
 45 *continuance of the violation constitutes a separate and distinct*  
 46 *violation. Any penalty imposed under this subsection may be*  
 47 *recovered with costs in a summary proceeding pursuant to "the*  
 48 *penalty enforcement law" (N. J. S. 2A:58-1 et seq.). The Law*  
 49 *Division of Superior Court shall have jurisdiction to enforce "the*  
 50 *penalty enforcement law."\**

1 *\*[18. A municipality or county or board of health may, subject to*  
 2 *the approval of the Department of Environmental Protection,*  
 3 *adopt ordinances or regulations more stringent than this act or*  
 4 *a rule or regulation promulgated pursuant thereto. An ordinance*  
 5 *or regulation of a municipality or county or board of health in*  
 6 *effect on or before the effective date of this act shall be superseded*  
 7 *unless approved by the department.]\**

1 *\*18. a. Nothing in this act shall be construed to supersede or*  
 2 *prohibit the adoption, by the governing body of any county or*  
 3 *municipality, of any ordinance or resolution regulating or pro-*  
 4 *hibiting the exploration beyond the reconnaissance phase, drilling*  
 5 *for and the extraction of oil and natural gas. As used in this section*  
 6 *"reconnaissance" means:*

7 *(1) A geologic and mineral resource appraisal of a region by*  
 8 *searching and analyzing published literature, aerial photography,*  
 9 *and geologic maps;*

10 *(2) Use of geophysical, geochemical, and remote sensing tech-*  
 11 *niques that do not involve road building, land clearing or the in-*  
 12 *troduction of chemicals to a land or water area;*

13 *(3) Surface geologic, topographic or other mapping and property*  
 14 *surveying; or*

15 (4) *Sample collections which do not involve excavation or*  
16 *drilling equipment or the introduction of chemicals to land or*  
17 *water area.*

18 *b. A municipality or county shall submit a copy of any ordinance*  
19 *or regulation specifically pertaining to activities regulated by this*  
20 *act, or a rule or regulation promulgated pursuant to this act, to the*  
21 *department.*

22 *c. The department shall, within 90 days of submittal, approve or*  
23 *disapprove any ordinance or regulation submitted pursuant to*  
24 *subsection b. of this section. An ordinance or regulation shall be*  
25 *disapproved only if the department finds it unreasonable and pro-*  
26 *vides in writing its reasons for the finding. The failure of the*  
27 *department to act within 90 days of submittal shall constitute*  
28 *approval.*

29 *d. Nothing in this section shall be construed to limit the au-*  
30 *thority of a municipality or county or board of health to enact*  
31 *ordinances or regulations of general applicability to all industrial*  
32 *or commercial activities, including, but not limited to, ordinances*  
33 *and regulations limiting noise, light, and odor.\**

34 *\*\*\*e. The department shall not approve any ordinance or regula-*  
35 *tion submitted pursuant to subsection b. of this section which*  
36 *governs activities within the Pinelands Area designated in the*  
37 *"Pinelands Protection Act," P. L. 1979, c. 111 (C. 13:18A-1 et*  
38 *seq.), unless the Pinelands Commission has approved the ordinance*  
39 *or regulation. The department shall not disapprove an ordinance*  
40 *or regulation, or portion thereof, which has been certified by the*  
41 *Pinelands Commission as consistent with the requirements of the*  
42 *Comprehensive Management Plan as required by the Pinelands*  
43 *Protection Act.\*\*\**

1 19. This act shall take effect immediately.

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CHAPTER 432 LAWS OF N. J. 1985  
APPROVED 1-13-86

A-1406 (2d OCR)

THE ABOVE VERSION OF THIS BILL  
WAS NOT PRINTED



## OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: PAUL WOLCOTT  
609-292-8956

TRENTON, N.J. 08625  
Release: MON., JAN 13, 1986

Governor Thomas H. Kean has signed the following bills:

A-307, sponsored by Assemblyman Robert D. Franks, R-Union, which amends the statute governing the State Health Benefits Program to provide coverage for service rendered by an extended care facility or by a home health agency regardless of whether the patient has been hospitalized.

A-505, sponsored by Assemblyman Garabed Haytaian, R-Warren, which amends the Local Public Contracts Law to require notification to bidders of revisions or additions to advertisements or bid documents.

A-727, sponsored by Assemblyman John O. Bennett, R-Monmouth, which transfers membership of the Clean Air Council and the Coastal Area Review Board from the Labor Commissioner to the Commissioner of Commerce and Economic Development.

A-994, sponsored by Assemblyman Richard A. Zimmer, R-Hunterdon, which limits the liability of the owner, occupant or lessee of land who grants written permission to another to operate a motor vehicle or ride horseback on his or her land.

A-1406, sponsored by Assemblyman Karl Weidel, R-Mercer, which establishes a comprehensive framework for the regulation of oil and natural gas production.

The bill sets requirements for permits at each stage of oil or natural gas production: exploration, extraction and plugging or abandoning a well and authorizes the Department of Environmental Protection to administer the permits and regulate the activity.