



## Arizona Oil and Gas Conservation Commission

**Samantha Roberts, R.G.**  
Program Administrator Arizona Oil and Gas Conservation Commission  
1110 W. Washington Street, Phoenix, AZ 85007  
Ph: 602-771-4501 | [azogcc.az.gov](http://azogcc.az.gov)

**Commissioners:**  
Frank Thorwald, Chair  
J. Dale Nations, Ph.D., Vice Chair  
William C. Feyerabend  
F. Michael Conway, Ph.D.  
James (Jim) Ballard  
Robyn Sahid, Land Commissioner  
Ex Officio (non-voting member)

### NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION ARIZONA OIL AND GAS CONSERVATION COMMISSION

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Arizona Oil and Gas Conservation Commission (AZOGCC) and to the general public that the AZOGCC will hold an open public meeting:

**Friday, March 28, 2025**  
**10:00 A.M. MST Phoenix, AZ**  
**via Zoom using the link below:**

<https://us02web.zoom.us/j/84020359394?pwd=Qyb7kxwZNZwyVgLbyZuxlOIulxqqlm.1>

**Dial in:**

+1 669 444 9171 US

**Meeting ID:**

84020359394

**Passcode/Participation ID:**

899816

Please join a few minutes early to avoid technical difficulties and keep all microphones muted except when speaking. This virtual meeting will be recorded. If you experience difficulties logging into the meeting please contact Wendy Flood, at [flood.wendy@azdeq.gov](mailto:flood.wendy@azdeq.gov) or (602) 717.0029 for technical assistance.

Executive Session: Pursuant to A.R.S. § 38-431.03(A)(3), the AZOGCC may vote to go into executive session, which will not be open to the public for the purposes of obtaining legal advice on any item on the Agenda.

#### **CALL TO ORDER**

**1. Establish a quorum and conflicts of interests**

#### **AGENDA ITEMS FOR DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION:**

**2. AZOGCC Chairman Frank Thorwald Report**

**a. Discussion and Vote Regarding Commission Support or Opposition to Senate Bill 1444 and Senate Bill 1733 and any Future Bills Similar in Nature**

**3. Call to the Public**

Members of the public may address the AZOGCC during this Call to the Public. In the interest of maintaining an orderly meeting, comments shall not exceed three minutes per speaker. For any specific issues, the total comment period shall not exceed ten minutes per side. If a member of the public wishes to speak, they may unmute their telephone by pressing \*6.

Pursuant to A.R.S. § 38-431.01(H), the AZOGCC members shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. As a result of public comment, the AZOGCC members may respond to criticism, may direct staff to review a matter, or may ask that a matter be placed on a future agenda.



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### 4. Adjournment of the AZOGCC

For additional information about this meeting, contact Samantha Roberts, Oil and Gas Program Administrator, [azogcc@azdeq.gov](mailto:azogcc@azdeq.gov) or (602) 771-4501. At least 24 hours prior to any meeting, a copy of the agenda will be available for public inspection at the Arizona Department of Environmental Quality (ADEQ), 1110 W. Washington Street, Phoenix, AZ 85007, or online at <http://azogcc.az.gov/notices>. A copy of material provided to AZOGCC (with exception to material relating to possible executive sessions) are available for public inspection upon request by contacting the ADEQ Records Center at (602) 771-4380 or (800) 234-5677.

*ADEQ will take reasonable measures to provide access to department services to individuals with limited ability to speak, write or understand English and/or to those with disabilities. Requests for language translation, ASL interpretation, CART captioning services or disability accommodations must be made at least 48 hours in advance by contacting the Title VI Nondiscrimination Coordinator, Joaquin Marruffo Ruiz, at 520-628-6744 or [Marruffo.Joaquin@azdeq.gov](mailto:Marruffo.Joaquin@azdeq.gov). For a TTY or other device, Telecommunications Relay Services are available by calling 711.*

*ADEQ tomará las medidas razonables para proveer acceso a los servicios del departamento a personas con capacidad limitada para hablar, escribir o entender inglés y/o para personas con discapacidades. Las solicitudes de servicios de traducción de idiomas, interpretación ASL (lengua de signos americano), subtítulo de CART, o adaptaciones por discapacidad deben realizarse con al menos 48 horas de anticipación comunicándose con el Coordinador de Anti-Discriminación del Título VI, Joaquin Marruffo Ruiz, al 520-628-6744 o [Marruffo.Joaquin@azdeq.gov](mailto:Marruffo.Joaquin@azdeq.gov). Para un TTY u otro dispositivo, los servicios de retransmisión de telecomunicaciones están disponible llamando al 711.*

Senate Engrossed

helium exploration; aquifer protection permit

State of Arizona  
Senate  
Fifty-seventh Legislature  
First Regular Session  
2025

# SENATE BILL 1444

AN ACT

AMENDING SECTION 49-250, ARIZONA REVISED STATUTES; RELATING TO THE AQUIFER PROTECTION PROGRAM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 49-250, Arizona Revised Statutes, is amended to  
3 read:

4 49-250. Exemptions

5 A. The director, by rule, may exempt specifically described classes  
6 or categories of facilities from the aquifer protection permit  
7 requirements of this article on a finding either that there is no  
8 reasonable probability of degradation of the aquifer or that aquifer water  
9 quality will be maintained and protected because the discharges from the  
10 facilities are regulated under other federal or state programs that  
11 provide the same or greater aquifer water quality protection as provided  
12 by this article.

13 B. The following are exempt from the aquifer protection permit  
14 requirement of this article:

15 1. Household and domestic activities.

16 2. Household gardening, lawn watering, lawn care, landscape  
17 maintenance and related activities.

18 3. The noncommercial use of consumer products generally available  
19 to and used by the public.

20 4. Ponds used for watering livestock and wildlife.

21 5. Mining overburden returned to the excavation site, including any  
22 common material that has been excavated and removed from the excavation  
23 site and that has not been subjected to any chemical or leaching agent or  
24 process of any kind.

25 6. Facilities used solely for surface transportation or storage of  
26 groundwater, surface water for beneficial use or reclaimed water that is  
27 regulated pursuant to section 49-203, subsection A, paragraph 7 for  
28 beneficial use.

29 7. Discharge to a community sewer system.

30 8. Facilities that are required to obtain a permit for the direct  
31 reuse of reclaimed water.

32 9. Leachate resulting from the direct, natural infiltration of  
33 precipitation through undisturbed regolith or bedrock if pollutants are  
34 not added to the leachate as a result of any material or activity placed  
35 or conducted by man on the ground surface.

36 10. Surface impoundments used solely to contain storm runoff,  
37 except for surface impoundments regulated by the federal clean water act  
38 or article 3.1 of this chapter.

39 11. Closed facilities. However, if the facility ever resumes  
40 operation the facility shall obtain an aquifer protection permit and the  
41 facility shall be treated as a new facility for purposes of section  
42 49-243.

43 12. Facilities for the storage of water pursuant to title 45,  
44 chapter 3.1 unless reclaimed water is added.

1           13. Facilities using central Arizona project water for underground  
2 storage and recovery projects under title 45, chapter 3.1, article 6.

3           14. Water storage at a groundwater saving facility that has been  
4 permitted under title 45, chapter 3.1.

5           15. Application of water from any source, including groundwater,  
6 surface water or wastewater, to grow agricultural crops or for landscaping  
7 purposes, except as provided in section 49-247.

8           16. Discharges to a facility that is exempt pursuant to paragraph 6  
9 of this subsection if those discharges are regulated pursuant to 33 United  
10 States Code section 1342 or article 3.1 of this chapter.

11           17. Solid waste and special waste facilities if rules addressing  
12 aquifer protection are adopted by the director pursuant to section 49-761  
13 or 49-855 and those facilities obtain plan approval pursuant to those  
14 rules. This exemption shall apply only if the director determines that  
15 aquifer water quality standards will be maintained and protected because  
16 the discharges from those facilities are regulated under rules adopted  
17 pursuant to section 49-761 or 49-855 that provide aquifer water quality  
18 protection that is equal to or greater than aquifer water quality  
19 protection provided pursuant to this article.

20           18. Facilities used in:

21           (a) Corrective actions taken pursuant to chapter 6, article 1 of  
22 this title in response to a release of a regulated substance as defined in  
23 section 49-1001 except for those off-site facilities that receive for  
24 treatment or disposal materials that are contaminated with a regulated  
25 substance and that are received as part of a corrective action.

26           (b) Response or remedial actions undertaken pursuant to article 5  
27 of this chapter or pursuant to CERCLA.

28           (c) Corrective actions taken pursuant to the resource conservation  
29 and recovery act of 1976, as amended (42 United States Code sections 6901  
30 through 6992).

31           (d) Other remedial actions that have been reviewed and approved by  
32 the appropriate governmental authority and taken pursuant to applicable  
33 federal or state laws.

34           19. Municipal solid waste landfills as defined in section 49-701  
35 that have solid waste facility plan approval pursuant to section 49-762.

36           20. Storage, treatment or disposal of inert material.

37           21. Structures that are designed and constructed not to discharge  
38 and that are built on an impermeable barrier that can be visually  
39 inspected for leakage.

40           22. Pipelines and tanks designed, constructed, operated and  
41 regularly maintained so as not to discharge.

42           23. Surface impoundments and dry wells that are used to contain  
43 storm water in combination with discharges from one or more of the  
44 following activities or sources:

45           (a) Firefighting system testing and maintenance.

1 (b) Potable water sources, including waterline flushings.

2 (c) Irrigation drainage and lawn watering.

3 (d) Routine external building wash down without detergents.

4 (e) Pavement wash water if no spills or leaks of toxic or hazardous  
5 material have occurred unless all spilled material has first been removed  
6 and no detergents have been used.

7 (f) Air conditioning, compressor and steam equipment condensate  
8 that has not contacted a hazardous or toxic material.

9 (g) Foundation or footing drains in which flows are not  
10 contaminated with process materials.

11 (h) Occupational safety and health administration or mining safety  
12 and health administration safety equipment.

13 24. Industrial wastewater treatment facilities designed,  
14 constructed and operated as required by section 49-243, subsection B,  
15 paragraph 1 and using a treatment system approved by the director to treat  
16 wastewater to meet aquifer water quality standards prior to discharge, if  
17 that water is stored at a groundwater storage facility pursuant to title  
18 45, chapter 3.1.

19 25. Any point source discharge caused by a storm event and  
20 authorized in a permit issued pursuant to section 402 of the clean water  
21 act or an Arizona pollutant discharge elimination system permit under  
22 article 3.1 of this chapter.

23 26. Except for class V wells that are operating as prescribed by  
24 rules adopted pursuant to article 3.3 of this chapter or 42 United States  
25 Code section 300h-1(c), any underground injection well covered by a permit  
26 issued under article 3.3 of this chapter or under 42 United States Code  
27 section 300h-1(c).

28 27. Coal combustion residuals units that are regulated under 40  
29 Code of Federal Regulations part 257, subpart D or by a permit in effect  
30 under the coal combustion residuals program established pursuant to  
31 chapter 4, article 11 of this title and approved by the United States  
32 environmental protection agency as prescribed by 42 United ~~State~~ STATES  
33 Code section 6945(d)(1).

34 28. HELIUM EXPLORATION AND PRODUCTION WELLS THAT ARE DESIGNED,  
35 CONSTRUCTED, OPERATED AND MAINTAINED TO NOT DISCHARGE A CONTAMINANT INTO  
36 AN AQUIFER.

37 Sec. 2. Exemption from rulemaking

38 Notwithstanding any other law, for the purposes of this act, the  
39 department of environmental quality is exempt from the rulemaking  
40 requirements of title 41, chapter 6, Arizona Revised Statutes, for one  
41 year after the effective date of this act.

42 Sec. 3. Legislative intent

43 The legislature intends to reaffirm the public policy of this state  
44 consistent with section 27-502, Arizona Revised Statutes, relating to the  
45 conservation and development of natural resources, including helium.



**ARIZONA STATE SENATE**  
*Fifty-Seventh Legislature, First Regular Session*

FACT SHEET FOR S.B. 1444

helium exploration; aquifer protection permit

Purpose

Exempts helium exploration and production wells that are designed, constructed, operated and maintained to not discharge a contaminant into an aquifer from the statutorily outlined aquifer protection permit requirements.

Background

Any person who discharges or who owns or operates a facility that discharges must obtain an aquifer protection permit from the Director of the Arizona Department of Environmental Quality (ADEQ) or the Director's designee ([A.R.S. § 49-241](#)). The Director of ADEQ, by rule, may exempt specifically described classes or categories of facilities from the aquifer protection permit requirements on a finding either that there is no reasonable probability of degradation of the aquifer or that aquifer water quality will be maintained and protected because the discharges from the facilities are regulated under other federal or state programs that provide the same or greater aquifer water quality protection ([A.R.S. § 49-250](#)).

*Discharge* is the addition of a pollutant from a facility either directly to an aquifer or to the land surface or the vadose zone in such a manner that there is a reasonable probability that the pollutant will reach an aquifer ([A.R.S. § 49-201](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Exempts helium exploration and production wells that are designed, constructed, operated and maintained to not discharge a contaminant into an aquifer from the statutorily outlined aquifer protection permit requirements.
2. Exempts ADEQ from rulemaking requirements for one year.
3. Contains a statement of legislative intent.
4. Makes technical changes.
5. Becomes effective on the general effective date.

Prepared by Senate Research  
February 7, 2025  
SB/slp



# ARIZONA HOUSE OF REPRESENTATIVES

Fifty-seventh Legislature  
First Regular Session

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**SB 1444: helium exploration; aquifer protection permit**

**S/E: helium exploration; production; general permit**

**Sponsor: Senator Shamp, LD 29**

**Committee on Natural Resources, Energy & Water**

**Summary of the Strike-Everything Amendment to SB 1444**

**Overview**

Establishes a helium exploration and production general permit and outlines associated requirements.

**History**

Current law designates the Arizona Oil and Gas Commission (AZOGCC) as the responsible entity for regulating the drilling for and production of oil, gas, helium, carbon dioxide and geothermal resources. The Arizona Department of Environmental Quality (ADEQ) provides staff support to the commission (A.R.S. §§ [27-514](#) and [27-515](#)). AZOGCC is statutorily authorized to:

- 1) review applications for permits to drill;
- 2) monitor oil, gas, helium and geothermal drilling activities;
- 3) inspect wells for regulatory compliance; and
- 4) provide information to the public and exploration and development industry ([AZOGCC](#)).

**Provisions**

1. Requires the Director of the ADEQ to establish, by rule, a helium exploration and production general permit and outlines conditions that would trigger a requirement for a person to obtain an individual permit. (Sec. 1)
2. Requires the rules to include conditions relating to aquifer protection, federal regulations and information on chemical use. (Sec. 1)
3. Provides that rules adopted by the Director require the application of all economically feasible technical requirements determined to be the most practical and effective means of preventing discharge of pollutants. (Sec. 1)
4. Prohibits the Director from requiring more stringent practices of preventing discharging of pollutants if the requirements result in cessation of the regulated activity. (Sec. 1)
5. Prescribes actions and enforcement for violations or plans to violate the rules of the helium exploration and production general permit. (Sec. 1)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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6. Requires the Director to reexamine, evaluate and propose any modification to or the waiver of the general permit once every five years. (Sec. 1)
7. Requires ADEQ to publish a notice of proposed rulemaking no later than six months from the effective date of this measure. (Sec. 2)
8. Contains a legislative intent clause. (Sec. 3)

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1444

(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Title 49, chapter 2, article 3, Arizona Revised  
3 Statutes, is amended by adding section 49-245.03, to read:

4 49-245.03. Helium exploration and production general permit;  
5 rules; requirements

6 A. THE DIRECTOR SHALL ESTABLISH BY RULE A HELIUM EXPLORATION AND  
7 PRODUCTION GENERAL PERMIT. EXCEPT AS PROVIDED IN SUBSECTION D OF THIS  
8 SECTION, A PERSON IS NOT REQUIRED TO OBTAIN AN INDIVIDUAL PERMIT FOR A  
9 REGULATED HELIUM EXPLORATION AND PRODUCTION ACTIVITY.

10 B. THE RULES FOR THE HELIUM EXPLORATION AND PRODUCTION GENERAL  
11 PERMIT ADOPTED PURSUANT TO THIS SECTION MUST REQUIRE THE FOLLOWING:

12 1. THAT HELIUM EXPLORATION AND PRODUCTION WELLS BE DESIGNED,  
13 CONSTRUCTED, OPERATED AND MAINTAINED TO NOT DISCHARGE A CONTAMINANT INTO AN  
14 AQUIFER.

15 2. THAT THE GENERAL PERMIT BE NO LESS PROTECTIVE THAN THE  
16 REQUIREMENTS OF 43 CODE OF FEDERAL REGULATIONS PART 3170, SUBPART 3172 AS  
17 IN EFFECT ON DECEMBER 31, 2024.

18 3. THAT ANY OPERATOR OF A HELIUM EXPLORATION OR PRODUCTION WELL FILE  
19 A PLAN OF WORK THAT INCLUDES, IN DETAIL, ALL CHEMICALS TO BE USED IN THE  
20 OPERATION OF THE WELL AND THE VOLUMES OF THE CHEMICALS TO BE USED.

21 C. IN ADOPTING THE RULES, THE DIRECTOR SHALL REQUIRE THE APPLICATION  
22 OF ALL ECONOMICALLY FEASIBLE TECHNICAL REQUIREMENTS THAT HAVE BEEN  
23 DETERMINED BY THE DIRECTOR TO BE THE MOST PRACTICAL AND EFFECTIVE MEANS OF  
24 PREVENTING THE DISCHARGE OF POLLUTANTS BY THE REGULATED HELIUM EXPLORATION  
25 AND PRODUCTION ACTIVITY, BUT MAY NOT REQUIRE APPLICATION OF MORE STRINGENT

1 PRACTICES IF SUCH A REQUIREMENT WOULD RESULT IN CESSATION OF THE REGULATED  
2 ACTIVITY.

3 D. IF THE DIRECTOR, AFTER PROVIDING A PERSON WITH NOTICE AND AN  
4 OPPORTUNITY FOR A HEARING, DETERMINES THAT A PERSON HAS VIOLATED OR PLANS  
5 TO VIOLATE THE RULES OF THE HELIUM EXPLORATION AND PRODUCTION GENERAL  
6 PERMIT, THE DIRECTOR MAY DO ONE OR MORE OF THE FOLLOWING:

7 1. REVOKE THE HELIUM EXPLORATION AND PRODUCTION GENERAL PERMIT FOR  
8 THAT PERSON

9 2. REQUIRE THAT THE PERSON OBTAIN AN INDIVIDUAL PERMIT PURSUANT TO  
10 SECTION 49-241

11 3. SUBJECT THE PERSON TO ENFORCEMENT PURSUANT TO ARTICLE 4 OF THIS  
12 CHAPTER.

13 E. THE DIRECTOR SHALL REEXAMINE, EVALUATE AND PROPOSE ANY  
14 MODIFICATION TO OR WAIVER OF THE HELIUM EXPLORATION AND EXTRACTION GENERAL  
15 PERMIT ONCE EVERY FIVE YEARS TO MEET THE REQUIREMENTS OF THIS ARTICLE.

16 Sec. 2. Rulemaking

17 The department of environmental quality shall publish a notice of  
18 proposed rulemaking, consistent with section 1 of this act, pursuant to  
19 section 41-1022, Arizona Revised Statutes, not later than six months after  
20 the effective date of this act.

21 Sec. 3. Legislative intent

22 The legislature intends to reaffirm the public policy of this state  
23 consistent with section 27-502, Arizona Revised Statutes, relating to the  
24 conservation and development of natural resources, including helium."

25 Amend title to conform

GAIL GRIFFIN

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03/20/2025  
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H: CW/l's

Senate Engrossed

oil and gas commission; helium

State of Arizona  
Senate  
Fifty-seventh Legislature  
First Regular Session  
2025

## **SENATE BILL 1733**

AN ACT

AMENDING SECTIONS 27-501, 27-513, 27-514, 27-515, 27-517, 27-523, 27-524 AND 27-527, ARIZONA REVISED STATUTES; AMENDING TITLE 27, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 27-528; AMENDING SECTIONS 27-659 AND 49-250, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO RESOURCE EXTRACTION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Heading change

3 The article heading of title 27, chapter 4, article 1, Arizona  
4 Revised Statutes, is changed from "PRODUCTION AND CONSERVATION" to "OIL  
5 AND GAS CONSERVATION COMMISSION".

6 Sec. 2. Section 27-501, Arizona Revised Statutes, is amended to  
7 read:

8 27-501. Definitions

9 In this article, unless the context otherwise requires:

10 1. "Certificate of clearance" means a permit approved and issued or  
11 registered by the commission for transportation or delivery of oil, gas or  
12 oil and gas products.

13 2. "Certificate of compliance" means a certificate issued by the  
14 commission prior to connection of an oil or gas well with a pipeline,  
15 showing compliance with the conservation laws of this state and  
16 conservation rules and orders of the commission.

17 3. "Commission" or "commissioner" means the oil and gas  
18 conservation commission.

19 4. "Completed well" means a well that meets any of the following  
20 conditions:

21 (a) Has produced or is ready to produce new formation hydrocarbons  
22 or gases.

23 (b) Has been declared a dry hole or plugged and abandoned.

24 (c) Has been otherwise readied for operation as in the case of  
25 injection and service wells.

26 5. "Developed area" or "developed unit" means a drainage unit  
27 having a completed well capable of producing oil or gas in paying  
28 quantities.

29 6. "Drainage unit" or "drilling unit" means the maximum area in a  
30 pool which may be drained efficiently by one well to produce the  
31 reasonable maximum amount of recoverable oil or gas in the area.

32 7. "Field" means the general area ~~which~~ THAT is or appears to be  
33 underlaid by not less than one pool, including underground reservoirs  
34 containing oil or gas, or both.

35 8. "Fund" means the ~~state general~~ OIL AND GAS CONSERVATION  
36 COMMISSION fund ESTABLISHED BY SECTION 27-528.

37 9. "Gas" means natural gas, casinghead gas, all other hydrocarbons  
38 not defined as oil, carbon dioxide and helium or other substances of a  
39 gaseous nature. Natural gas and casinghead gas are further defined as  
40 follows:

41 (a) "Natural gas" means any combustible gas or vapor composed  
42 chiefly of hydrocarbons occurring in gaseous or vapor phase at initial  
43 reservoir conditions.

44 (b) "Casinghead gas" means any gas or vapor indigenous to an oil  
45 stratum and produced from such stratum with oil.

1           10. "Illegal oil" and "illegal gas" means oil or gas produced within  
2 the state from any well during any time in which the well has produced  
3 more than the amount allowed by law or any rule or order of the commission  
4 or the production of which causes waste.

5           11. "Illegal product" means any product derived, in whole or in  
6 part, from illegal oil or gas.

7           12. "Net drainage" means drainage not equalized by counterdrainage.

8           13. "Oil" means crude petroleum oil and all other hydrocarbons,  
9 regardless of gravity, ~~which~~ THAT are produced at a well in liquid form by  
10 ordinary production methods and ~~which~~ THAT are not the result of  
11 condensation of gas.

12           14. "Owner" means the person having the right to drill into, produce  
13 and appropriate production of oil or gas, or both, from a pool.

14           15. "Person" includes a corporation, association, partnership,  
15 receiver, trustee, guardian, executor, administrator, fiduciary or  
16 representative or any group acting as a unit and includes any department,  
17 agency or instrumentality of the state or any of its governmental  
18 subdivisions.

19           16. "Pool" means an underground reservoir containing a common  
20 accumulation of oil or gas, or both, and includes each zone of a general  
21 structure completely separated from any other zone in the structure.

22           17. "Producer" means the owner of a well capable of producing oil or  
23 gas.

24           18. "Product" means oil, gas or any product, by-product, mixture or  
25 blend of oil or gas.

26           19. "Royalty owner" means a person who possesses an interest in the  
27 production but who is not an owner.

28           20. "Waste" includes:

29           (a) Physical waste, as that term is generally understood in the oil  
30 and gas industry.

31           (b) The inefficient, excessive or improper use of or the  
32 unnecessary dissipation of reservoir energy.

33           (c) The locating, spacing, drilling, equipping, operating or  
34 producing of any oil or gas well or wells in a manner ~~which~~ THAT causes or  
35 tends to cause reduction in the quantity of oil or gas ultimately  
36 recoverable from a pool under prudent and proper operations or ~~which~~ THAT  
37 causes or tends to cause unnecessary or excessive surface loss or  
38 destruction of oil or gas.

39           (d) The inefficient storing of oil or gas.

40           (e) The production of oil or gas in excess of transportation or  
41 marketing facilities.

42           (f) The production of oil or gas when it is unprofitable to dispose  
43 of such production.

1           21. "Well" includes any hole drilled or spudded in for the purpose,  
2 with the intention or under the representation of penetrating oil or gas  
3 bearing strata or of penetrating any strata in search of stratigraphic  
4 data pertinent to the location of oil or gas bearing strata, whether or  
5 not in either case oil or gas is actually discovered, any hole used in  
6 connection with the underground storage of hydrocarbon substances, whether  
7 liquid or gaseous, any hole used in connection with a process to inject  
8 any substance for purposes of disposal or to increase recovery, any hole  
9 used for the purpose of secondary or tertiary recovery and any hole used  
10 for the purpose of pressure maintenance. The commission may, as it  
11 considers to be in the best interests of ~~the~~ THIS state, determine that  
12 any hole drilled or spudded in shall be included within this definition to  
13 the extent necessary for the administration and enforcement of the rules  
14 required by section 27-516. The determination of the commission shall be  
15 final in any circumstance involving the question of purpose, intent or  
16 representation, except that the determination shall be subject to appeal  
17 as provided by section 27-520.

18           Sec. 3. Section 27-513, Arizona Revised Statutes, is amended to  
19 read:

20           27-513. Permit to drill well

21           BEFORE a person ~~desiring to~~ MAY drill a well in search of oil or  
22 gas, THE PERSON shall notify the commissioner on a form prescribed by the  
23 commissioner, ~~and shall pay a fee of twenty-five dollars~~ AS PRESCRIBED BY  
24 THE COMMISSIONER for each well. ~~Upon~~ ON receipt of notification and the  
25 fee, the commissioner shall promptly issue the person a permit to drill,  
26 unless drilling the well is contrary to law or to a rule, regulation or  
27 order of the commissioner. Drilling the well is prohibited until a permit  
28 to drill is obtained in accordance with ~~the provisions of~~ this section.

29           Sec. 4. Section 27-514, Arizona Revised Statutes, is amended to  
30 read:

31           27-514. Commission; appointment; terms; compensation

32           A. The oil and gas conservation commission is established ~~in the~~  
33 ~~department of environmental quality. The department of environmental~~  
34 ~~quality shall provide staff support to the commission to administer this~~  
35 ~~chapter.~~

36           B. The commission shall consist of the state land commissioner ex  
37 officio who shall have no vote, ~~and~~ five members to be appointed by the  
38 governor, not more than three, of whom shall be of the same political  
39 party. The appointive members shall be United States citizens and shall  
40 have been residents of this state for not less than the five years  
41 immediately preceding their appointment. Three members of the commission  
42 ~~shall constitute~~ CONSTITUTE a quorum for the transaction of business.

43           C. Appointments ~~shall be~~ ARE for a full term of five years and  
44 expire on the third Monday in January in the appropriate year.

1 D. Appointive members ~~of the commission~~ shall receive compensation  
2 ~~as determined~~ pursuant to section 38-611 for each day ~~actually~~ spent ~~in~~  
3 ~~the performance of~~ PERFORMING official duties.

4 Sec. 5. Section 27-515, Arizona Revised Statutes, is amended to  
5 read:

6 27-515. Administration; powers of the commission; fees

7 A. The commission shall administer and enforce this article and  
8 other laws relating to conservation of oil and gas. The commission and  
9 administrative staff, at any time, may enter property and inspect wells  
10 drilled for oil or gas and well records, and shall control property,  
11 machinery and appliances necessary to gauge the wells.

12 B. The commission may:

13 1. Administer oaths to a witness in any hearing, investigation or  
14 proceeding held under this article or any other law relating to  
15 conservation of oil and gas.

16 2. Issue subpoenas requiring attendance and testimony of witnesses  
17 and production of books, papers and records deemed material or  
18 necessary, and direct service of subpoenas by a sheriff or other officer  
19 authorized by law to serve process.

20 3. Prescribe rules and do all acts necessary or advisable to carry  
21 out this article.

22 4. Collect fees to cover the costs of services, including  
23 reproduction of records or any portion of records and copies of rules.  
24 The monies collected are ~~not~~ subject to section 27-523 ~~but shall be~~  
25 ~~deposited, pursuant to sections 35-146 and 35-147, by the commission in~~  
26 ~~the fund from which the expenditure was originally made.~~

27 5. Publish technical maps, cross sections and reports and sell  
28 these materials for fees that will cover the costs incurred in their  
29 preparation, reproduction and distribution.

30 C. The commission may enter into cooperative agreements with  
31 agencies of the United States government, with agencies of state or local  
32 government or with Indian tribes to protect the fresh water supplies of  
33 this state from contamination or pollution brought about by the drilling  
34 of any well or for any other purpose of this article.

35 D. The commission may apply for and accept gifts, devises and  
36 donations of books, well records, maps or other materials. All donated  
37 materials shall become public records.

38 E. Monies collected under subsection B, paragraph 5 of this section  
39 are not subject to section 27-523 but shall be deposited, pursuant to  
40 sections 35-146 and 35-147, in the permit administration fund established  
41 by section 49-455 and shall be used to prepare, reproduce and distribute  
42 further publications.



1           Sec. 6. Section 27-517, Arizona Revised Statutes, is amended to  
2 read:

3           27-517. Hearings; reporter; fees

4           A. Any interested person ~~shall~~, by written request, ~~have the right~~  
5 ~~to have~~ MAY REQUEST the commissioner TO call a hearing ~~for the purpose of~~  
6 ~~taking~~ TO TAKE action in respect to any matter within the jurisdiction of  
7 the commissioner. Hearings shall be held at the time and place the  
8 commissioner directs, and any person having an interest in the subject  
9 matter of the hearing may appear and be heard. ~~Upon~~ ON receipt of the  
10 request, the commissioner shall promptly call a hearing, and, not more  
11 than thirty days thereafter shall take action with regard to the matter as  
12 ~~he~~ THE COMMISSIONER deems appropriate. The request for hearing shall be  
13 accompanied by a fee ~~of fifty dollars~~ ESTABLISHED BY THE COMMISSIONER.

14           B. The commissioner shall prescribe rules of order and procedure in  
15 hearings or other proceedings held under this article. The commissioner  
16 shall appoint a competent shorthand reporter to be present throughout all  
17 public hearings. The reporter shall be sworn by the commissioner  
18 faithfully to perform the duties of a reporter. The commissioner shall  
19 have the same control and authority over the reporter as the judge of the  
20 superior court exercises over a court reporter, and the duties of the  
21 reporter shall, insofar as applicable, be the same as those fixed by law  
22 for a court reporter.

23           C. As soon as possible following the hearing, the commission shall  
24 bill the person requesting the hearing for the total cost of publication  
25 for the notices of ~~such~~ THE hearing and the total cost of the court  
26 reporter's fees less the ~~original fifty dollar~~ fee ESTABLISHED BY THE  
27 COMMISSIONER. The requesting party, ~~shall~~ within ten days after receipt  
28 of the billing by the commission, SHALL reimburse the commission the  
29 amount of money ~~so~~ billed or be subject to the penalties as prescribed in  
30 ~~subsection A of~~ section 27-527, SUBSECTION A. The ~~money so~~ MONIES  
31 collected by the commission ~~shall not be~~ ARE subject to section 27-523 ~~but~~  
32 ~~shall be deposited, pursuant to sections 35-146 and 35-147, by the~~  
33 ~~commission in the fund from which the expenditure was originally made.~~

34           Sec. 7. Section 27-523, Arizona Revised Statutes, is amended to  
35 read:

36           27-523. Deposit of monies; expenses

37           A. Monies collected by the commissioner under this article shall be  
38 deposited, pursuant to sections 35-146 and 35-147, in the fund.

39           B. Expenses incident to the administration of this article shall be  
40 paid from the STATE GENERAL fund, subject to legislative appropriation.

41           Sec. 8. Section 27-524, Arizona Revised Statutes, is amended to  
42 read:

43           27-524. Enforcement

44           A. When it appears that a person is violating or threatening to  
45 violate ~~any provision of~~ this article, or a rule, ~~regulation~~ or order

1 made pursuant to this article, ~~and such~~ THE person fails or refuses, on  
2 notice by the commissioner, to desist from ~~such~~ THE violation or threat of  
3 violation, the commissioner may DO EITHER OF THE FOLLOWING:

4 1. Bring an action in the superior court IN THE COUNTY where the  
5 offending person resides, or in the county in which THE violation is  
6 alleged to have occurred or is threatened, to restrain the person from  
7 continuing the violation or from carrying out a threat of violation.

8 2. ON THE MAJORITY VOTE OF THE COMMISSION, RESTRAIN THE PERSON FROM  
9 CONTINUING THE VIOLATION OR FROM CARRYING OUT A THREAT OF VIOLATION.

10 B. The commissioner may, without bond, obtain a prohibitory or  
11 mandatory injunction, including a temporary restraining order and  
12 preliminary injunction, and, where appropriate, an injunction restraining  
13 THE defendant from moving or disposing of illegal oil or gas or AN illegal  
14 product. ~~Upon~~ ON filing the action, A summons directed to ~~such~~ THE person  
15 may be delivered to the sheriff of any county in this state for service.

16 C. If the commissioner fails to bring AN action within ten days to  
17 enjoin a threatened or actual violation of any statute relating to  
18 conservation of oil and gas, or of any provision of this article, ~~or a~~  
19 rule, ~~regulation~~ or order made pursuant to this article, any person or  
20 party in interest THAT IS adversely affected by the threatened or actual  
21 violation who has notified the commissioner in writing thereof and  
22 requested the commissioner to file the action may bring the action in the  
23 superior court ~~of~~ IN any county in which the commissioner might have  
24 brought the action to prevent the threatened or actual violation. The  
25 commissioner shall be made a party to the action.

26 D. If the court orders that injunctive relief be granted, then the  
27 commissioner shall be substituted for the person who brought the action,  
28 and the injunction shall issue as if the commissioner had at all times  
29 been THE plaintiff.

30 E. The owner or operator is responsible for the full cost of  
31 plugging each dry or abandoned well. If the owner or operator fails to  
32 properly plug and abandon the well, the commission may:

33 1. Forfeit the bond and use the ~~money~~ MONIES for that purpose.

34 2. Sue the owner or operator for costs in excess of the amount of  
35 the bond and the owner or operator is liable for that amount.

36 Sec. 9. Section 27-527, Arizona Revised Statutes, is amended to  
37 read:

38 27-527. Violation; classification

39 A. Any person who violates ~~any provision of~~ this article, ~~or any~~  
40 rule, ~~regulation~~ or order of the commission, ~~is subject to a civil~~  
41 penalty ~~of not more than one thousand dollars~~ AS PRESCRIBED BY THE  
42 COMMISSIONER for each violation and for each day the violation continues.

43 B. Any person ~~who~~, with the intent to evade this article, ~~or any~~  
44 rule, ~~regulation~~ or order of the commission, ~~WHO~~ knowingly makes or  
45 causes to be made a false entry in any application, report, record,

1 account or memorandum required by this article or by any such  
2 rule, ~~regulation~~ or order, or who knowingly omits or causes to be omitted  
3 from any application, report, record, account or memorandum, full, true  
4 and correct entries as required by this article, ~~or~~ or by any such  
5 rule, ~~regulation~~ or order, or who knowingly removes from this state, or  
6 destroys, mutilates, alters or falsifies any such application, record,  
7 account or memorandum or knowingly makes any false statement to the  
8 commission or any member, officer, or employee of the commission  
9 concerning any matter within the jurisdiction of the commission is guilty  
10 of a class 2 misdemeanor.

11 C. The penalties provided in this section ~~shall be~~ ARE recoverable  
12 by EITHER OF THE FOLLOWING:

13 1. AN action filed by the attorney general, ~~in~~ in the name and on  
14 behalf of ~~the~~ THIS state, ~~in~~ in the superior court ~~of~~ IN the county in which  
15 the defendant resides, or in which any defendant resides if there ~~are~~ IS  
16 more than one defendant, ~~or~~ or in the superior court ~~of~~ IN any county in  
17 which the violation occurred.

18 2. A FINDING AND MAJORITY VOTE OF THE COMMISSION THAT A VIOLATION  
19 HAS OCCURRED AND A CIVIL PENALTY ASSESSED.

20 D. The payment of ~~any penalty shall not operate to legalize so that~~  
21 ~~it is no longer contraband~~ A PENALTY DOES NOT LEGALIZE any oil, gas or  
22 product involved in the violation for which the penalty is imposed, and  
23 shall not relieve a person on whom the penalty is imposed from liability  
24 to any other person for damages arising out of the violation.

25 Sec. 10. Title 27, chapter 4, article 1, Arizona Revised Statutes,  
26 is amended by adding section 27-528, to read:

27 27-528. Oil and gas conservation commission fund

28 A. THE OIL AND GAS CONSERVATION COMMISSION FUND IS ESTABLISHED  
29 CONSISTING OF LEGISLATIVE APPROPRIATIONS AND MONIES COLLECTED PURSUANT TO  
30 THIS ARTICLE AND SECTION 27-659. THE COMMISSION SHALL ADMINISTER THE  
31 FUND. MONIES ON THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND ARE  
32 EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF  
33 APPROPRIATIONS. THE COMMISSION MAY USE MONIES IN THE FUND TO CARRY OUT  
34 THE PURPOSES OF THIS ARTICLE.

35 B. THE COMMISSION MAY ACCEPT AND SPEND FEDERAL MONIES AND PRIVATE  
36 GRANTS, GIFTS, CONTRIBUTIONS AND DEVICES TO ASSIST IN CARRYING OUT THE  
37 PURPOSES OF THIS ARTICLE.

38 Sec. 11. Section 27-659, Arizona Revised Statutes, is amended to  
39 read:

40 27-659. Application to drill

41 The owner or operator of any property, before commencing the  
42 drilling of a well or entering or deepening an abandoned well, shall file  
43 with the commission an application to drill, on a form prescribed by the  
44 commission, containing such information as may be required by the  
45 commission. Such application shall be accompanied by a fee ~~of twenty-five~~

1 ~~dollars per well~~ AS ESTABLISHED BY A MAJORITY VOTE OF THE COMMISSION. All  
2 monies so received by the commission shall be deposited, pursuant to  
3 sections 35-146 and 35-147, in the ~~state general fund~~ OIL AND GAS  
4 CONSERVATION COMMISSION FUND ESTABLISHED BY SECTION 27-528.

5 Sec. 12. Section 49-250, Arizona Revised Statutes, is amended to  
6 read:

7 49-250. Exemptions

8 A. The director, by rule, may exempt specifically described classes  
9 or categories of facilities from the aquifer protection permit  
10 requirements of this article on a finding either that there is no  
11 reasonable probability of degradation of the aquifer or that aquifer water  
12 quality will be maintained and protected because the discharges from the  
13 facilities are regulated under other federal or state programs that  
14 provide the same or greater aquifer water quality protection as provided  
15 by this article.

16 B. The following are exempt from the aquifer protection permit  
17 ~~requirement~~ REQUIREMENTS of this article:

18 1. Household and domestic activities.

19 2. Household gardening, lawn watering, lawn care, landscape  
20 maintenance and related activities.

21 3. The noncommercial use of consumer products generally available  
22 to and used by the public.

23 4. Ponds used for watering livestock and wildlife.

24 5. Mining overburden returned to the excavation site, including any  
25 common material that has been excavated and removed from the excavation  
26 site and that has not been subjected to any chemical or leaching agent or  
27 process of any kind.

28 6. Facilities used solely for surface transportation or storage of  
29 groundwater, surface water for beneficial use or reclaimed water that is  
30 regulated pursuant to section 49-203, subsection A, paragraph 7 for  
31 beneficial use.

32 7. Discharge to a community sewer system.

33 8. Facilities that are required to obtain a permit for the direct  
34 reuse of reclaimed water.

35 9. Leachate resulting from the direct, natural infiltration of  
36 precipitation through undisturbed regolith or bedrock if pollutants are  
37 not added to the leachate as a result of any material or activity placed  
38 or conducted by man on the ground surface.

39 10. Surface impoundments used solely to contain storm runoff,  
40 except for surface impoundments regulated by the federal clean water act  
41 or article 3.1 of this chapter.

42 11. Closed facilities. However, if the facility ever resumes  
43 operation the facility shall obtain an aquifer protection permit and the  
44 facility shall be treated as a new facility for purposes of section  
45 49-243.

- 1           12. Facilities for the storage of water pursuant to title 45,  
2 chapter 3.1 unless reclaimed water is added.
- 3           13. Facilities using central Arizona project water for underground  
4 storage and recovery projects under title 45, chapter 3.1, article 6.
- 5           14. Water storage at a groundwater saving facility that has been  
6 permitted under title 45, chapter 3.1.
- 7           15. Application of water from any source, including groundwater,  
8 surface water or wastewater, to grow agricultural crops or for landscaping  
9 purposes, except as provided in section 49-247.
- 10          16. Discharges to a facility that is exempt pursuant to paragraph 6  
11 of this subsection if those discharges are regulated pursuant to 33 United  
12 States Code section 1342 or article 3.1 of this chapter.
- 13          17. Solid waste and special waste facilities if rules addressing  
14 aquifer protection are adopted by the director pursuant to section 49-761  
15 or 49-855 and those facilities obtain plan approval pursuant to those  
16 rules. This exemption shall apply only if the director determines that  
17 aquifer water quality standards will be maintained and protected because  
18 the discharges from those facilities are regulated under rules adopted  
19 pursuant to section 49-761 or 49-855 that provide aquifer water quality  
20 protection that is equal to or greater than aquifer water quality  
21 protection provided pursuant to this article.
- 22          18. Facilities used in:
- 23           (a) Corrective actions taken pursuant to chapter 6, article 1 of  
24 this title in response to a release of a regulated substance as defined in  
25 section 49-1001 except for those off-site facilities that receive for  
26 treatment or disposal materials that are contaminated with a regulated  
27 substance and that are received as part of a corrective action.
- 28           (b) Response or remedial actions undertaken pursuant to article 5  
29 of this chapter or pursuant to CERCLA.
- 30           (c) Corrective actions taken pursuant to the resource conservation  
31 and recovery act of 1976, as amended (42 United States Code sections 6901  
32 through 6992).
- 33           (d) Other remedial actions that have been reviewed and approved by  
34 the appropriate governmental authority and taken pursuant to applicable  
35 federal or state laws.
- 36          19. Municipal solid waste landfills as defined in section 49-701  
37 that have solid waste facility plan approval pursuant to section 49-762.
- 38          20. Storage, treatment or disposal of inert material.
- 39          21. Structures that are designed and constructed not to discharge  
40 and that are built on an impermeable barrier that can be visually  
41 inspected for leakage.
- 42          22. Pipelines and tanks designed, constructed, operated and  
43 regularly maintained so as not to discharge.

1           23. Surface impoundments and dry wells that are used to contain  
2 storm water in combination with discharges from one or more of the  
3 following activities or sources:

4           (a) Firefighting system testing and maintenance.

5           (b) Potable water sources, including waterline flushings.

6           (c) Irrigation drainage and lawn watering.

7           (d) Routine external building wash down without detergents.

8           (e) Pavement wash water if no spills or leaks of toxic or hazardous  
9 material have occurred unless all spilled material has first been removed  
10 and no detergents have been used.

11           (f) Air conditioning, compressor and steam equipment condensate  
12 that has not contacted a hazardous or toxic material.

13           (g) Foundation or footing drains in which flows are not  
14 contaminated with process materials.

15           (h) Occupational safety and health administration or mining safety  
16 and health administration safety equipment.

17           24. Industrial wastewater treatment facilities designed,  
18 constructed and operated as required by section 49-243, subsection B,  
19 paragraph 1 and using a treatment system approved by the director to treat  
20 wastewater to meet aquifer water quality standards prior to discharge, if  
21 that water is stored at a groundwater storage facility pursuant to title  
22 45, chapter 3.1.

23           25. Any point source discharge caused by a storm event and  
24 authorized in a permit issued pursuant to section 402 of the clean water  
25 act or an Arizona pollutant discharge elimination system permit under  
26 article 3.1 of this chapter.

27           26. Except for class V wells that are operating as prescribed by  
28 rules adopted pursuant to article 3.3 of this chapter or 42 United States  
29 Code section 300h-1(c), any underground injection well covered by a permit  
30 issued under article 3.3 of this chapter or under 42 United States Code  
31 section 300h-1(c).

32           27. Coal combustion residuals units that are regulated under 40  
33 Code of Federal Regulations part 257, subpart D or by a permit in effect  
34 under the coal combustion residuals program established pursuant to  
35 chapter 4, article 11 of this title and approved by the United States  
36 environmental protection agency as prescribed by 42 United ~~State~~ STATES  
37 Code section 6945(d)(1).

38           28. HELIUM EXPLORATION, WATER INJECTION WELLS AND PRODUCTION WELLS  
39 THAT ARE DESIGNED, CONSTRUCTED, OPERATED AND MAINTAINED TO NOT DISCHARGE A  
40 CONTAMINANT INTO AN AQUIFER AS DETERMINED BY THE OIL AND GAS CONSERVATION  
41 COMMISSION ESTABLISHED BY SECTION 27-514.

42           Sec. 13. Legislative intent

43           The legislature intends that any fees adopted pursuant to this act  
44 be similar to fees adopted by similarly situated states.

1           Sec. 14. Succession

2           A. All equipment, records, furnishings and other property, all data  
3 and investigative findings, all obligations and all appropriated monies  
4 allocated to the department of environmental quality to serve the oil and  
5 gas conservation commission are allocated to the oil and gas conservation  
6 commission.

7           B. All personnel who are under the state personnel system and  
8 employed by the department of environmental quality to assist the oil and  
9 gas conservation commission are transferred to the oil and gas  
10 conservation commission.



**Bill Number: S.B. 1733**  
**Finchem Floor Amendment**  
**Reference to: printed bill**  
**Amendment drafted by: Sawyer Bessler**

## **FLOOR AMENDMENT EXPLANATION**

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- **Makes technical changes.**



FINCHEM FLOOR AMENDMENT  
SENATE AMENDMENTS TO S.B. 1733  
(Reference to printed bill)

Amendment instruction key:  
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.  
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.  
[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute or previously enacted session law.  
[Green strikethrough in brackets] indicates text removed from existing statute, previously enacted session law or new session law.  
<<Green carets>> indicate a section added to the bill.  
<<Green strikethrough in carets>> indicates a section removed from the bill.

- 1 The bill as proposed to be amended is reprinted as follows:  
2 Section 1. Heading change  
3 The article heading of title 27, chapter 4, article 1, Arizona  
4 Revised Statutes, is changed from "PRODUCTION AND CONSERVATION" to "OIL  
5 AND GAS CONSERVATION COMMISSION".  
6 Sec. 2. Section 27-501, Arizona Revised Statutes, is amended to  
7 read:  
8 27-501. Definitions  
9 In this article, unless the context otherwise requires:  
10 1. "Certificate of clearance" means a permit approved and issued or  
11 registered by the commission for transportation or delivery of oil, gas or  
12 oil and gas products.  
13 2. "Certificate of compliance" means a certificate issued by the  
14 commission prior to connection of an oil or gas well with a pipeline,  
15 showing compliance with the conservation laws of this state and  
16 conservation rules and orders of the commission.  
17 3. "Commission" or "commissioner" means the oil and gas  
18 conservation commission.  
19 4. "Completed well" means a well that meets any of the following  
20 conditions:  
21 (a) Has produced or is ready to produce new formation hydrocarbons  
22 or gases.  
23 (b) Has been declared a dry hole or plugged and abandoned.  
24 (c) Has been otherwise readied for operation as in the case of  
25 injection and service wells.  
26 5. "Developed area" or "developed unit" means a drainage unit  
27 having a completed well capable of producing oil or gas in paying  
28 quantities.

- 1           6. "Drainage unit" or "drilling unit" means the maximum area in a  
2 pool which may be drained efficiently by one well to produce the  
3 reasonable maximum amount of recoverable oil or gas in the area.
- 4           7. "Field" means the general area ~~which~~ THAT is or appears to be  
5 underlaid by not less than one pool, including underground reservoirs  
6 containing oil or gas, or both.
- 7           8. "Fund" means the ~~state general~~ OIL AND GAS CONSERVATION  
8 COMMISSION fund ESTABLISHED BY SECTION 27-528.
- 9           9. "Gas" means natural gas, casinghead gas, all other hydrocarbons  
10 not defined as oil, carbon dioxide and helium or other substances of a  
11 gaseous nature. Natural gas and casinghead gas are further defined as  
12 follows:
- 13           (a) "Natural gas" means any combustible gas or vapor composed  
14 chiefly of hydrocarbons occurring in gaseous or vapor phase at initial  
15 reservoir conditions.
- 16           (b) "Casinghead gas" means any gas or vapor indigenous to an oil  
17 stratum and produced from such stratum with oil.
- 18           10. "Illegal oil" and "illegal gas" means oil or gas produced within  
19 the state from any well during any time in which the well has produced  
20 more than the amount allowed by law or any rule or order of the commission  
21 or the production of which causes waste.
- 22           11. "Illegal product" means any product derived, in whole or in  
23 part, from illegal oil or gas.
- 24           12. "Net drainage" means drainage not equalized by counterdrainage.
- 25           13. "Oil" means crude petroleum oil and all other hydrocarbons,  
26 regardless of gravity, ~~which~~ THAT are produced at a well in liquid form by  
27 ordinary production methods and ~~which~~ THAT are not the result of  
28 condensation of gas.
- 29           14. "Owner" means the person having the right to drill into, produce  
30 and appropriate production of oil or gas, or both, from a pool.
- 31           15. "Person" includes a corporation, association, partnership,  
32 receiver, trustee, guardian, executor, administrator, fiduciary or  
33 representative or any group acting as a unit and includes any department,  
34 agency or instrumentality of the state or any of its governmental  
35 subdivisions.
- 36           16. "Pool" means an underground reservoir containing a common  
37 accumulation of oil or gas, or both, and includes each zone of a general  
38 structure completely separated from any other zone in the structure.
- 39           17. "Producer" means the owner of a well capable of producing oil or  
40 gas.
- 41           18. "Product" means oil, gas or any product, by-product, mixture or  
42 blend of oil or gas.
- 43           19. "Royalty owner" means a person who possesses an interest in the  
44 production but who is not an owner.
- 45           20. "Waste" includes:
- 46           (a) Physical waste, as that term is generally understood in the oil  
47 and gas industry.

1 (b) The inefficient, excessive or improper use of or the  
2 unnecessary dissipation of reservoir energy.

3 (c) The locating, spacing, drilling, equipping, operating or  
4 producing of any oil or gas well or wells in a manner ~~which~~ THAT causes or  
5 tends to cause reduction in the quantity of oil or gas ultimately  
6 recoverable from a pool under prudent and proper operations or ~~which~~ THAT  
7 causes or tends to cause unnecessary or excessive surface loss or  
8 destruction of oil or gas.

9 (d) The inefficient storing of oil or gas.

10 (e) The production of oil or gas in excess of transportation or  
11 marketing facilities.

12 (f) The production of oil or gas when it is unprofitable to dispose  
13 of such production.

14 21. "Well" includes any hole drilled or spudded in for the purpose,  
15 with the intention or under the representation of penetrating oil or gas  
16 bearing strata or of penetrating any strata in search of stratigraphic  
17 data pertinent to the location of oil or gas bearing strata, whether or  
18 not in either case oil or gas is actually discovered, any hole used in  
19 connection with the underground storage of hydrocarbon substances, whether  
20 liquid or gaseous, any hole used in connection with a process to inject  
21 any substance for purposes of disposal or to increase recovery, any hole  
22 used for the purpose of secondary or tertiary recovery and any hole used  
23 for the purpose of pressure maintenance. The commission may, as it  
24 considers to be in the best interests of ~~the~~ THIS state, determine that  
25 any hole drilled or spudded in shall be included within this definition to  
26 the extent necessary for the administration and enforcement of the rules  
27 required by section 27-516. The determination of the commission shall be  
28 final in any circumstance involving the question of purpose, intent or  
29 representation, except that the determination shall be subject to appeal  
30 as provided by section 27-520.

31 Sec. 3. Section 27-513, Arizona Revised Statutes, is amended to  
32 read:

33 27-513. Permit to drill well

34 ~~BEFORE~~ a person ~~desiring to~~ MAY drill a well in search of oil or  
35 gas, ~~THE PERSON~~ shall notify the commissioner on a form prescribed by the  
36 commissioner, ~~and shall pay a fee of twenty-five dollars~~ AS PRESCRIBED BY  
37 ~~THE COMMISSIONER~~ for each well. ~~Upon~~ ON receipt of notification and the  
38 fee, the commissioner shall promptly issue the person a permit to drill,  
39 unless drilling the well is contrary to law or to a rule, regulation or  
40 order of the commissioner. Drilling the well is prohibited until a permit  
41 to drill is obtained in accordance with ~~the provisions of~~ this section.

42 Sec. 4. Section 27-514, Arizona Revised Statutes, is amended to  
43 read:

44 27-514. Commission; appointment; terms; compensation

45 A. The oil and gas conservation commission is established ~~in the~~  
46 ~~department of environmental quality. The department of environmental~~

1 ~~quality shall provide staff support to the commission to administer this~~  
2 ~~chapter.~~

3 B. The commission shall consist of the state land commissioner ex  
4 officio who shall have no vote, and five members to be appointed by the  
5 governor, not more than three of whom shall be of the same political  
6 party. The appointive members shall be United States citizens and shall  
7 have been residents of this state for not less than the five years  
8 immediately preceding their appointment. Three members of the commission  
9 ~~shall constitute~~ CONSTITUTE a quorum for the transaction of business.

10 C. Appointments ~~shall be~~ ARE for a full term of five years and  
11 expire on the third Monday in January in the appropriate year.

12 D. Appointive members ~~of the commission~~ shall receive compensation  
13 ~~as determined~~ pursuant to section 38-611 for each day ~~actually~~ spent ~~in~~  
14 ~~the performance of~~ PERFORMING official duties.

15 Sec. 5. Section 27-515, Arizona Revised Statutes, is amended to  
16 read:

17 27-515. Administration; powers of the commission; fees

18 A. The commission shall administer and enforce this article and  
19 other laws relating to conservation of oil and gas. The commission and  
20 administrative staff, at any time, may enter property and inspect wells  
21 drilled for oil or gas and well records, and shall control property,  
22 machinery and appliances necessary to gauge the wells.

23 B. The commission may:

24 1. Administer oaths to a witness in any hearing, investigation or  
25 proceeding held under this article or any other law relating to  
26 conservation of oil and gas.

27 2. Issue subpoenas requiring attendance and testimony of witnesses  
28 and production of books, papers and records deemed material or  
29 necessary, and direct service of subpoenas by a sheriff or other officer  
30 authorized by law to serve process.

31 3. Prescribe rules and do all acts necessary or advisable to carry  
32 out this article.

33 4. Collect fees to cover the costs of services, including  
34 reproduction of records or any portion of records and copies of rules.  
35 The monies collected are ~~not~~ subject to section 27-523 ~~but shall be~~  
36 ~~deposited, pursuant to sections 35-146 and 35-147, by the commission in~~  
37 ~~the fund from which the expenditure was originally made.~~

38 5. Publish technical maps, cross sections and reports and sell  
39 these materials for fees that will cover the costs incurred in their  
40 preparation, reproduction and distribution.

41 C. The commission may enter into cooperative agreements with  
42 agencies of the United States government, with agencies of state or local  
43 government or with Indian tribes to protect the fresh water supplies of  
44 this state from contamination or pollution brought about by the drilling  
45 of any well or for any other purpose of this article.

1 D. The commission may apply for and accept gifts, devises and  
2 donations of books, well records, maps or other materials. All donated  
3 materials shall become public records.

4 E. Monies collected under subsection B, paragraph 5 of this section  
5 are not subject to section 27-523 but shall be deposited, pursuant to  
6 sections 35-146 and 35-147, in the permit administration fund established  
7 by section 49-455 and shall be used to prepare, reproduce and distribute  
8 further publications.

9 Sec. 6. Section 27-517, Arizona Revised Statutes, is amended to  
10 read:

11 27-517. Hearings; reporter; fees

12 A. Any interested person ~~shall~~, by written request, ~~have the right~~  
13 ~~to have~~ MAY REQUEST the commissioner TO call a hearing ~~for the purpose of~~  
14 ~~taking~~ TO TAKE action in respect to any matter within the jurisdiction of  
15 the commissioner. Hearings shall be held at the time and place the  
16 commissioner directs, and any person having an interest in the subject  
17 matter of the hearing may appear and be heard. ~~Upon~~ ON receipt of the  
18 request, the commissioner shall promptly call a hearing, and, not more  
19 than thirty days thereafter shall take action with regard to the matter as  
20 ~~he~~ THE COMMISSIONER deems appropriate. The request for hearing shall be  
21 accompanied by a fee ~~of fifty dollars~~ ESTABLISHED BY THE COMMISSIONER.

22 B. The commissioner shall prescribe rules of order and procedure in  
23 hearings or other proceedings held under this article. The commissioner  
24 shall appoint a competent shorthand reporter to be present throughout all  
25 public hearings. The reporter shall be sworn by the commissioner  
26 faithfully to perform the duties of a reporter. The commissioner shall  
27 have the same control and authority over the reporter as the judge of the  
28 superior court exercises over a court reporter, and the duties of the  
29 reporter shall, insofar as applicable, be the same as those fixed by law  
30 for a court reporter.

31 C. As soon as possible following the hearing, the commission shall  
32 bill the person requesting the hearing for the total cost of publication  
33 for the notices of ~~such~~ THE hearing and the total cost of the court  
34 reporter's fees less the ~~original fifty dollar~~ fee ESTABLISHED BY THE  
35 COMMISSIONER. The requesting party, ~~shall~~ within ten days after receipt  
36 of the billing by the commission, SHALL reimburse the commission the  
37 amount of money ~~so~~ billed or be subject to the penalties as prescribed in  
38 ~~subsection A of~~ section 27-527, SUBSECTION A. The ~~money so~~ MONIES  
39 collected by the commission ~~shall not be~~ ARE subject to section 27-523 ~~but~~  
40 ~~shall be deposited, pursuant to sections 35-146 and 35-147, by the~~  
41 ~~commission in the fund from which the expenditure was originally made.~~

42 Sec. 7. Section 27-523, Arizona Revised Statutes, is amended to  
43 read:

44 27-523. Deposit of monies; expenses

45 A. Monies collected by the commissioner under this article shall be  
46 deposited, pursuant to sections 35-146 and 35-147, in the fund.

1 B. Expenses incident to the administration of this article shall be  
2 paid from the STATE GENERAL fund, subject to legislative appropriation.

3 Sec. 8. Section 27-524, Arizona Revised Statutes, is amended to  
4 read:

5 27-524. Enforcement

6 A. When it appears that a person is violating or threatening to  
7 violate ~~any provision of~~ this article, ~~or a rule, regulation~~ or order  
8 made pursuant to this article, ~~and such~~ THE person fails or refuses, on  
9 notice by the commissioner, to desist from ~~such~~ THE violation or threat of  
10 violation, the commissioner may DO EITHER OF THE FOLLOWING:

11 1. Bring an action in the superior court IN THE COUNTY where the  
12 offending person resides, or in the county in which THE violation is  
13 alleged to have occurred or is threatened, to restrain the person from  
14 continuing the violation or from carrying out a threat of violation.

15 2. ON THE MAJORITY VOTE OF THE COMMISSION, RESTRAIN THE PERSON FROM  
16 CONTINUING THE VIOLATION OR FROM CARRYING OUT A THREAT OF VIOLATION.

17 B. The commissioner may, without bond, obtain a prohibitory or  
18 mandatory injunction, including a temporary restraining order and  
19 preliminary injunction, and, where appropriate, an injunction restraining  
20 THE defendant from moving or disposing of illegal oil or gas or AN illegal  
21 product. ~~Upon~~ ON filing the action, A summons directed to ~~such~~ THE person  
22 may be delivered to the sheriff of any county in this state for service.

23 C. If the commissioner fails to bring AN action within ten days to  
24 enjoin a threatened or actual violation of any statute relating to  
25 conservation of oil and gas, or of any provision of this article, ~~or a~~  
26 rule, ~~regulation~~ or order made pursuant to this article, any person or  
27 party in interest THAT IS adversely affected by the threatened or actual  
28 violation who has notified the commissioner in writing thereof and  
29 requested the commissioner to file the action may bring the action in the  
30 superior court ~~of~~ IN any county in which the commissioner might have  
31 brought the action to prevent the threatened or actual violation. The  
32 commissioner shall be made a party to the action.

33 D. If the court orders that injunctive relief be granted, then the  
34 commissioner shall be substituted for the person who brought the action,  
35 and the injunction shall issue as if the commissioner had at all times  
36 been THE plaintiff.

37 E. The owner or operator is responsible for the full cost of  
38 plugging each dry or abandoned well. If the owner or operator fails to  
39 properly plug and abandon the well, the commission may:

40 1. Forfeit the bond and use the ~~money~~ MONIES for that purpose.

41 2. Sue the owner or operator for costs in excess of the amount of  
42 the bond and the owner or operator is liable for that amount.

43 Sec. 9. Section 27-527, Arizona Revised Statutes, is amended to  
44 read:

45 27-527. Violation; classification

46 A. Any person who violates ~~any provision of~~ this article, ~~or any~~  
47 rule, ~~regulation~~ or order of the commission, ~~is~~ subject to a civil

1 penalty ~~of not more than one thousand dollars~~ AS PRESCRIBED BY THE  
2 COMMISSIONER for each violation and for each day the violation continues.

3 B. Any person ~~who,~~ with the intent to evade this article, ~~or any~~  
4 ~~rule, regulation~~ or order of the commission, ~~WHO~~ knowingly makes or  
5 causes to be made a false entry in any application, report, record,  
6 account or memorandum required by this article or by any such  
7 ~~rule, regulation~~ or order, or who knowingly omits or causes to be omitted  
8 from any application, report, record, account or memorandum, full, true  
9 and correct entries as required by this article, ~~or by any such~~  
10 ~~rule, regulation~~ or order, or who knowingly removes from this state, or  
11 destroys, mutilates, alters or falsifies any such application, record,  
12 account or memorandum or knowingly makes any false statement to the  
13 commission or any member, officer, or employee of the commission  
14 concerning any matter within the jurisdiction of the commission is guilty  
15 of a class 2 misdemeanor.

16 C. The penalties provided in this section ~~shall be~~ ARE recoverable  
17 by EITHER OF THE FOLLOWING:

18 1. AN action filed by the attorney general, ~~in the name and on~~  
19 behalf of ~~the~~ THIS state, ~~in the superior court of~~ IN the county in which  
20 the defendant resides, or in which any defendant resides if there ~~are~~ IS  
21 more than one defendant, ~~or in the superior court of~~ IN any county in  
22 which the violation occurred.

23 2. A FINDING AND MAJORITY VOTE OF THE COMMISSION THAT A VIOLATION  
24 HAS OCCURRED AND A CIVIL PENALTY ASSESSED.

25 D. The payment of ~~any penalty shall not operate to legalize so that~~  
26 ~~it is no longer contraband~~ A PENALTY DOES NOT LEGALIZE any oil, gas or  
27 product involved in the violation for which the penalty is imposed, and  
28 shall not relieve a person on whom the penalty is imposed from liability  
29 to any other person for damages arising out of the violation.

30 Sec. 10. Title 27, chapter 4, article 1, Arizona Revised Statutes,  
31 is amended by adding section 27-528, to read:

32 27-528. Oil and gas conservation commission fund

33 A. THE OIL AND GAS CONSERVATION COMMISSION FUND IS ESTABLISHED  
34 CONSISTING OF LEGISLATIVE APPROPRIATIONS AND MONIES COLLECTED PURSUANT TO  
35 THIS ARTICLE AND SECTION 27-659. THE COMMISSION SHALL ADMINISTER THE  
36 FUND. MONIES ON THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION AND ARE  
37 EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF  
38 APPROPRIATIONS. THE COMMISSION MAY USE MONIES IN THE FUND TO CARRY OUT  
39 THE PURPOSES OF THIS ARTICLE.

40 B. THE COMMISSION MAY ACCEPT AND SPEND FEDERAL MONIES AND PRIVATE  
41 GRANTS, GIFTS, CONTRIBUTIONS AND DEVICES TO ASSIST IN CARRYING OUT THE  
42 PURPOSES OF THIS ARTICLE.

43 Sec. 11. Section 27-659, Arizona Revised Statutes, is amended to  
44 read:

45 27-659. Application to drill

46 The owner or operator of any property, before commencing the  
47 drilling of a well or entering or deepening an abandoned well, shall file

1 with the commission an application to drill, on a form prescribed by the  
2 commission, containing such information as may be required by the  
3 commission. Such application shall be accompanied by a fee ~~of twenty-five~~  
4 ~~dollars per well~~ AS ESTABLISHED BY A MAJORITY VOTE OF THE COMMISSION. All  
5 monies so received by the commission shall be deposited, pursuant to  
6 sections 35-146 and 35-147, in the ~~state general fund~~ OIL AND GAS  
7 CONSERVATION COMMISSION FUND ESTABLISHED ~~[BY]~~[BY] SECTION 27-528.

8 Sec. 12. Section 49-250, Arizona Revised Statutes, is amended to  
9 read:

10 49-250. Exemptions

11 A. The director, by rule, may exempt specifically described classes  
12 or categories of facilities from the aquifer protection permit  
13 requirements of this article on a finding either that there is no  
14 reasonable probability of degradation of the aquifer or that aquifer water  
15 quality will be maintained and protected because the discharges from the  
16 facilities are regulated under other federal or state programs that  
17 provide the same or greater aquifer water quality protection as provided  
18 by this article.

19 B. The following are exempt from the aquifer protection permit  
20 ~~requirement~~ REQUIREMENTS of this article:

- 21 1. Household and domestic activities.
- 22 2. Household gardening, lawn watering, lawn care, landscape  
23 maintenance and related activities.
- 24 3. The noncommercial use of consumer products generally available  
25 to and used by the public.
- 26 4. Ponds used for watering livestock and wildlife.
- 27 5. Mining overburden returned to the excavation site, including any  
28 common material that has been excavated and removed from the excavation  
29 site and that has not been subjected to any chemical or leaching agent or  
30 process of any kind.
- 31 6. Facilities used solely for surface transportation or storage of  
32 groundwater, surface water for beneficial use or reclaimed water that is  
33 regulated pursuant to section 49-203, subsection A, paragraph 7 for  
34 beneficial use.
- 35 7. Discharge to a community sewer system.
- 36 8. Facilities that are required to obtain a permit for the direct  
37 reuse of reclaimed water.
- 38 9. Leachate resulting from the direct, ~~natural~~ natural infiltration of  
39 precipitation through undisturbed regolith or bedrock if pollutants are  
40 not added to the leachate as a result of any material or activity placed  
41 or conducted by man on the ground surface.
- 42 10. Surface impoundments used solely to contain storm runoff,  
43 except for surface impoundments regulated by the federal clean water act  
44 or article 3.1 of this chapter.
- 45 11. Closed facilities. However, if the facility ever resumes  
46 operation the facility shall obtain an aquifer protection permit and the



1 facility shall be treated as a new facility for purposes of section  
2 49-243.

3 12. Facilities for the storage of water pursuant to title 45,  
4 chapter 3.1 unless reclaimed water is added.

5 13. Facilities using central Arizona project water for underground  
6 storage and recovery projects under title 45, chapter 3.1, article 6.

7 14. Water storage at a groundwater saving facility that has been  
8 permitted under title 45, chapter 3.1.

9 15. Application of water from any source, including groundwater,  
10 surface water or wastewater, to grow agricultural crops or for landscaping  
11 purposes, except as provided in section 49-247.

12 16. Discharges to a facility that is exempt pursuant to paragraph 6  
13 of this subsection if those discharges are regulated pursuant to 33 United  
14 States Code section 1342 or article 3.1 of this chapter.

15 17. Solid waste and special waste facilities if rules addressing  
16 aquifer protection are adopted by the director pursuant to section 49-761  
17 or 49-855 and those facilities obtain plan approval pursuant to those  
18 rules. This exemption shall apply only if the director determines that  
19 aquifer water quality standards will be maintained and protected because  
20 the discharges from those facilities are regulated under rules adopted  
21 pursuant to section 49-761 or 49-855 that provide aquifer water quality  
22 protection that is equal to or greater than aquifer water quality  
23 protection provided pursuant to this article.

24 18. Facilities used in:

25 (a) Corrective actions taken pursuant to chapter 6, article 1 of  
26 this title in response to a release of a regulated substance as defined in  
27 section 49-1001 except for those off-site facilities that receive for  
28 treatment or disposal materials that are contaminated with a regulated  
29 substance and that are received as part of a corrective action.

30 (b) Response or remedial actions undertaken pursuant to article 5  
31 of this chapter or pursuant to CERCLA.

32 (c) Corrective actions taken pursuant to the resource conservation  
33 and recovery act of 1976, as amended (42 United States Code sections 6901  
34 through 6992).

35 (d) Other remedial actions that have been reviewed and approved by  
36 the appropriate governmental authority and taken pursuant to applicable  
37 federal or state laws.

38 19. Municipal solid waste landfills as defined in section 49-701  
39 that have solid waste facility plan approval pursuant to section 49-762.

40 20. Storage, treatment or disposal of inert material.

41 21. Structures that are designed and constructed not to discharge  
42 and that are built on an impermeable barrier that can be visually  
43 inspected for leakage.

44 22. Pipelines and tanks designed, constructed, operated and  
45 regularly maintained so as not to discharge.

1           23. Surface impoundments and dry wells that are used to contain  
2 storm water in combination with discharges from one or more of the  
3 following activities or sources:

- 4           (a) Firefighting system testing and maintenance.
- 5           (b) Potable water sources, including waterline flushings.
- 6           (c) Irrigation drainage and lawn watering.
- 7           (d) Routine external building wash down without detergents.
- 8           (e) Pavement wash water if no spills or leaks of toxic or hazardous  
9 material have occurred unless all spilled material has first been removed  
10 and no detergents have been used.
- 11           (f) Air conditioning, compressor and steam equipment condensate  
12 that has not contacted a hazardous or toxic material.
- 13           (g) Foundation or footing drains in which flows are not  
14 contaminated with process materials.
- 15           (h) Occupational safety and health administration or mining safety  
16 and health administration safety equipment.

17           24. Industrial wastewater treatment facilities designed,  
18 constructed and operated as required by section 49-243, subsection B,  
19 paragraph 1 and using a treatment system approved by the director to treat  
20 wastewater to meet aquifer water quality standards prior to discharge, if  
21 that water is stored at a groundwater storage facility pursuant to title  
22 45, chapter 3.1.

23           25. Any point source discharge caused by a storm event and  
24 authorized in a permit issued pursuant to section 402 of the clean water  
25 act or an Arizona pollutant discharge elimination system permit under  
26 article 3.1 of this chapter.

27           26. Except for class V wells that are operating as prescribed by  
28 rules adopted pursuant to article 3.3 of this chapter or 42 United States  
29 Code section 300h-1(c), any underground injection well covered by a permit  
30 issued under article 3.3 of this chapter or under 42 United States Code  
31 section 300h-1(c).

32           27. Coal combustion residuals units that are regulated under 40  
33 Code of Federal Regulations part 257, subpart D or by a permit in effect  
34 under the coal combustion residuals program established pursuant to  
35 chapter 4, article 11 of this title and approved by the United States  
36 environmental protection agency as prescribed by 42 United States  
37 Code section 6945(d)(1).

38           28. HELIUM EXPLORATION, WATER INJECTION WELLS AND PRODUCTION WELLS  
39 THAT ARE DESIGNED, CONSTRUCTED, OPERATED AND MAINTAINED TO NOT DISCHARGE A  
40 CONTAMINANT INTO AN AQUIFER AS DETERMINED BY THE OIL AND GAS CONSERVATION  
41 COMMISSION ESTABLISHED BY SECTION 27-514.

42           Sec. 13. Legislative intent

43           The legislature intends that any fees adopted pursuant to this act  
44 be similar to fees adopted by similarly situated states.

1           Sec. 14. Succession

2           A. All equipment, records, furnishings and other property, all data  
3 and investigative findings, all obligations and all appropriated monies  
4 allocated to the department of environmental quality to serve the oil and  
5 gas conservation commission are allocated to the oil and gas conservation  
6 commission.

7           B. All personnel who are under the state personnel system and  
8 employed by the department of environmental quality to assist the oil and  
9 gas conversation commission are transferred to the oil and gas  
10 conservation commission.

11 Enroll and engross to conform

12 Amend title to conform

MARK FINCHEM

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**ARIZONA STATE SENATE**  
*Fifty-Seventh Legislature, First Regular Session*

**AMENDED**  
FACT SHEET FOR S.B. 1733

oil and gas commission; helium

Purpose

Removes the Oil and Gas Conservation Commission (Commission) from the purview of the Arizona Department of Environmental Quality (ADEQ). Establishes the Commission Fund (Fund) consisting of legislative appropriations and outlined fees and redirects all Commission fees to the Fund, rather than the state General Fund (state GF).

Background

The Commission is established within the ADEQ and consists of the State Land Commissioner and five members appointed by the Governor. ADEQ must provide support staff for the Commission. The Commission administers and enforces laws relating to the conservation of oil and gas. Any interested person has the right to request the Commissioner to call a hearing to take action in respect to any matter within the Commission's jurisdiction. As soon as possible following a hearing, the Commission must bill the requestor for the total cost of publishing hearing notices and the total cost of the court reporter's fees, minus the original \$50 fee.

A person desiring to drill an oil or gas well must notify the Commission and pay a \$25 fee for each well. Upon receipt, the Commissioner must promptly issue a permit to drill, unless drilling the well is unlawful. Before commencing the drilling of a geothermal resource well, the property owner or operator must apply to the Commission and pay a \$25 fee. Any person who violates the statutes governing oil and gas is subject to a civil penalty of up to \$1,000 for each violation and for each day the violation continues. Monies collected by the Commission are deposited in the state GF and expenses to administer the Commission must be paid from the state GF, subject to legislative appropriation ([A.R.S Title 27, Chapter 4, Article 1](#); [A.R.S. § 27-659](#)).

Directing Commission fees to the Fund, rather than the state GF, will result in a change to revenues that would otherwise be directed to the state GF.

Provisions

1. Removes the Commission from the purview of the ADEQ and removes the requirements for ADEQ to provide staff support.
2. Establishes the Fund, administered by the Commission, and consisting of legislative appropriations and fees assessed by the Commission.
3. Allows the Commission to use Fund monies to carry out the Commission's statutory duties and specifies that Fund monies are subject to legislative appropriation and exempt from lapsing.

4. Allows the Commission to accept and spend federal monies and private grants, gifts, contributions and devises to assist in carrying out the Commission's statutory duties.
5. Redirects all Commission fees to the Fund, rather than the state GF, and allows the Commissioner to set the fees outlined in statute, rather than prescribing the fees in statute.
6. Requires the fee that accompanies an application to drill a geothermal resource well to be established by a majority vote of the Commission.
7. Allows the Commissioner, on the majority vote of the Commission, to restrain a person who has failed or refused to stop a statutory violation from continuing to violate, or from carrying out a threat of violating, the statutes governing oil and gas.
8. Specifies that the civil penalty assessed on a person who violates the statutes governing oil and gas is recoverable by a finding, and majority vote of the Commission, that a violation has occurred and a civil penalty assessed.
9. Exempts, from aquifer protection permit requirements, helium exploration, water injection wells and production wells that are designed, constructed, operated and maintained to not discharge a contaminant into an aquifer.
10. Transfers, to the Commission, from ADEQ:
  - a) all equipment, records, furnishings and other property, all data and investigative findings, all obligations and all appropriated monies allocated to serve the Commission; and
  - b) all personnel who are under the State Personnel System and employed by ADEQ to assist the Commission.
11. Contains a statement of legislative intent.
12. Makes technical and conforming changes.
13. Becomes effective on the general effective date.

Amendments Adopted by Committee of the Whole

- Makes technical changes.

Senate Action

APPROP	2/25/25	DP	6-4-0
NR	2/18/25	DP	4-3-1

Prepared by Senate Research  
March 6, 2025  
MG/slp