

OIL AND GAS OPERATIONS AMENDMENTS

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David P. Hinkins

House Sponsor: Scott H. Chew

LONG TITLE

General Description:

This bill deals with the state preemption of local regulation of oil and gas operations.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ states that oil and gas operations are of statewide concern;
- ▶ states that, subject to relevant federal law, state regulation of oil and gas operations

occupies the whole field of potential regulation in the state; and

- ▶ prohibits a political subdivision from regulating oil and gas operations, except in certain circumstances.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

40-6-2.5, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **40-6-2.5** is enacted to read:



28 **40-6-2.5. Preemption.**

29 (1) As used in this section:

30 (a) "Commercially reasonable" means a condition that permits a reasonably prudent
31 operator to fully, effectively, and economically exploit, develop, produce, process, and
32 transport oil and gas.33 (b) "Oil and gas operation" means activity associated with the exploration,
34 development, production, processing, and transportation of oil and gas, including:35 (i) drilling;36 (ii) hydraulic fracture stimulation;37 (iii) completion, maintenance, reworking, recompletion, disposal, plugging, and
38 abandonment;39 (iv) secondary and tertiary recovery techniques; and40 (v) remediation activities.41 (2) Subject to relevant federal law, regulation of oil and gas operations is of statewide
42 concern and state regulation occupies the whole field of potential regulation.43 (3) The authority of a political subdivision to regulate an oil and gas operation is
44 expressly preempted, except that a political subdivision may enact, amend, or enforce an
45 ordinance or other local measure that:46 (a) regulates only surface activity that is incident to an oil and gas operation;47 (b) is commercially reasonable;48 (c) does not effectively prohibit an oil and gas operation; and49 (d) is not otherwise preempted by state or federal law.50 **Section 2. Effective date.**51 If approved by two-thirds of all the members elected to each house, this bill takes effect
52 upon approval by the governor, or the day following the constitutional time limit of Utah
53 Constitution, Article VII, Section 8, without the governor's signature, or in the case of a veto,
54 the date of veto override.