

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

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**SENATE BILL 76
Finance Committee Substitute Adopted 2/14/13
Commerce Committee Substitute Adopted 2/25/13
Fourth Edition Engrossed 2/26/13**

Short Title: Domestic Energy Jobs Act.

(Public)

Sponsors:

Referred to:

February 12, 2013

A BILL TO BE ENTITLED

1 AN ACT TO (1) AUTHORIZE THE DEPARTMENT OF ENVIRONMENT AND NATURAL
2 RESOURCES TO ISSUE PERMITS ON OR AFTER MARCH 1, 2015, FOR OIL AND
3 GAS EXPLORATION AND DEVELOPMENT ACTIVITIES IN THE STATE,
4 INCLUDING THE USE OF HORIZONTAL DRILLING AND HYDRAULIC
5 FRACTURING TREATMENTS FOR THAT PURPOSE; (2) DIRECT THE MINING
6 AND ENERGY COMMISSION TO STUDY DEVELOPMENT OF A
7 COMPREHENSIVE ENVIRONMENTAL PERMIT FOR OIL AND GAS
8 EXPLORATION AND DEVELOPMENT ACTIVITIES USING HORIZONTAL
9 DRILLING AND HYDRAULIC FRACTURING TREATMENTS; (3) MODIFY
10 APPOINTMENTS TO THE MINING AND ENERGY COMMISSION; (4) MODIFY
11 PROVISIONS IN THE OIL AND GAS CONSERVATION ACT CONCERNING THE
12 MINING AND ENERGY COMMISSION'S AUTHORITY TO SET "ALLOWABLES";
13 (5) ELIMINATE THE REGISTRATION REQUIREMENTS FOR PERSONS
14 CONDUCTING LANDMEN ACTIVITIES IN THE STATE; (6) CLARIFY BONDING
15 REQUIREMENTS ASSOCIATED WITH OIL AND GAS ACTIVITIES; (7) AMEND
16 THE STATUTE GOVERNING SUBSURFACE INJECTION OF FLUID; (8) PROVIDE A
17 TAX FOR THE SEVERANCE OF ENERGY MINERALS FROM THE SOIL OR
18 WATER OF THE STATE, REPEAL OUTDATED OIL AND GAS TAX STATUTES,
19 AND AUTHORIZE THE SUSPENSION OF PERMITS FOR FAILURE TO FILE A
20 RETURN FOR SEVERANCE TAXES; (9) ASSIGN FUTURE REVENUE FROM
21 ENERGY EXPLORATION, DEVELOPMENT, AND PRODUCTION OF ENERGY
22 RESOURCES IN ORDER TO PROTECT AND PRESERVE THE STATE'S NATURAL
23 RESOURCES, CULTURAL HERITAGE, AND QUALITY OF LIFE; (10) ENCOURAGE
24 THE GOVERNOR TO DEVELOP THE REGIONAL INTERSTATE OFFSHORE
25 ENERGY POLICY COMPACT; (11) AMEND THE ENERGY POLICY ACT OF 1975
26 AND THE ENERGY POLICY COUNCIL; AND (12) DIRECT THE MEDICAL CARE
27 COMMISSION TO ADOPT RULES AUTHORIZING FACILITIES LICENSED BY THE
28 DEPARTMENT OF HEALTH AND HUMAN SERVICES TO USE COMPRESSED
29 NATURAL GAS AS AN EMERGENCY FUEL.

30 The General Assembly of North Carolina enacts:

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32
33 **PART I. ISSUANCE OF PERMITS**



1 **SECTION 1.(a)** All rules required to be adopted by the Mining and Energy
2 Commission, the Environmental Management Commission, and the Commission for Public
3 Health to create a modern regulatory program for the management of oil and gas exploration
4 and development activities in the State, including the use of horizontal drilling and hydraulic
5 fracturing for that purpose, shall be adopted no later than October 1, 2014, as provided in
6 Section 2(m) of S.L. 2012-143. Effective March 1, 2015, the Department of Environment and
7 Natural Resources and the Mining and Energy Commission are authorized to issue permits for
8 oil and gas exploration and development activities using horizontal drilling and hydraulic
9 fracturing treatments in the State pursuant to G.S. 113-395; however, the Department of
10 Environment and Natural Resources and the Mining and Energy Commission are not required
11 to issue such permits until all rules required to be adopted pursuant to Section 2(m) of S.L.
12 2012-143 have become effective.

13 **SECTION 1.(b)** Section 3(d) of S.L. 2012-143 is repealed.

14 **SECTION 1.(c)** The Mining and Energy Commission, with the assistance of the
15 Department of Environment and Natural Resources, shall study development of a coordinated
16 permitting program for oil and gas exploration and development activities using horizontal
17 drilling and hydraulic fracturing treatments in order that a single comprehensive environmental
18 permit may be issued to a permit applicant to govern the applicant's exploration and
19 development activities at a site, including, but not limited to, regulation of the following
20 matters: well construction, siting, and closure requirements; hydraulic fracturing treatments,
21 including subsurface injection of fluids for that purpose; water quality, including stormwater
22 control, and management of water resources; management of waste; and regulation of air
23 emissions. The Department of Environment and Natural Resources shall seek any approvals
24 necessary from the United States Environmental Protection Agency for a coordinated
25 permitting program to allow issuance of a single comprehensive environmental permit for oil
26 and gas exploration and development activities using horizontal drilling and hydraulic
27 fracturing treatments. The Mining and Energy Commission shall report its findings and
28 recommendations to the Environmental Review Commission and the Joint Legislative
29 Commission on Energy Policy on or before October 1, 2013.

30 31 **PART II. MINING AND ENERGY COMMISSION APPOINTMENT** 32 **MODIFICATIONS**

33 **SECTION 2.(a)** G.S. 143B-293.2 reads as rewritten:

34 "**§ 143B-293.2. North Carolina Mining and Energy Commission – members; selection;**
35 **removal; compensation; quorum; services.**

36 (a) Members Selection. – The North Carolina Mining and Energy Commission shall
37 consist of ~~15~~13 members appointed as follows:

- 38 (1) The Chair of the North Carolina State University Minerals Research
39 Laboratory Advisory Committee, or the Chair's designee, ex officio.
- 40 ~~(2) The State Geologist, or the State Geologist's designee, ex officio.~~
- 41 ~~(3) The Assistant Secretary of Energy for the Department of Commerce, ex~~
42 ~~officio.~~
- 43 (4) One appointed by the General Assembly upon recommendation of the
44 Speaker of the House of Representatives who is a member of a
45 nongovernmental conservation interest.
- 46 (5) One appointed by the General Assembly upon recommendation of the
47 Speaker of the House of Representatives ~~who~~who, at the time of initial
48 appointment, is an elected official of a municipal government located in the
49 Triassic Basin of North Carolina, a region of North Carolina that has oil and
50 gas potential. A person serving in this seat may complete a term on the

1 Commission even if they are no longer serving as an elected official of a
 2 municipal government and may be reappointed to a second term.

- 3 (6) One appointed by the General Assembly upon recommendation of the
 4 Speaker of the House of Representatives who is a representative of the
 5 mining industry.
- 6 (7) One appointed by the General Assembly upon recommendation of the
 7 Speaker of the House of Representatives who shall be a geologist with
 8 experience in oil and gas exploration and development.
- 9 (8) One appointed by the General Assembly upon recommendation of the
 10 President Pro Tempore of the Senate who is a member of a nongovernmental
 11 conservation interest.
- 12 (9) One appointed by the General Assembly upon recommendation of the
 13 President Pro Tempore of the Senate ~~who~~ who, at the time of initial
 14 appointment, is a member of a county board of commissioners of a county
 15 located in the Triassic Basin of North Carolina, a region of North Carolina
 16 that has oil and gas potential. A person serving in this seat may complete a
 17 term on the Commission even if they are no longer serving as county
 18 commissioner and may be reappointed to a second term.
- 19 (10) One appointed by the General Assembly upon recommendation of the
 20 President Pro Tempore of the Senate who is a representative of the mining
 21 industry.
- 22 (11) One appointed by the General Assembly upon recommendation of the
 23 President Pro Tempore of the Senate who shall be an engineer with
 24 experience in oil and gas exploration and development.
- 25 (12) One appointed by the Governor who shall be a representative of a publicly
 26 traded natural gas company.
- 27 (13) One appointed by the Governor who shall be a licensed attorney with
 28 experience in legal matters associated with oil and gas exploration and
 29 development.
- 30 (14) One appointed by the Governor who has expertise ~~is a member of the~~
 31 ~~Environmental Management Commission and knowledgeable~~ in the
 32 principles of water and air resources management.
- 33 (15) One appointed by the Governor who has expertise ~~is a member of the~~
 34 ~~Commission for Public Health and knowledgeable~~ in the principles of waste
 35 management.

36 ...
 37 (h) Office May Be Held Concurrently With Others. – Membership on the Mining and
 38 Energy Commission is hereby declared to be an office that may be held concurrently with other
 39 elective or appointive offices in addition to the maximum number of offices permitted to be
 40 held by one person under G.S. 128-1.1.

41"
 42 **SECTION 2.(b)** The terms of the members serving pursuant to subdivisions (14)
 43 and (15) of G.S. 143B-293.2(a) as of the effective date of this act shall expire on the effective
 44 date of this act. Initial appointments for subdivisions (14) and (15) of G.S. 143B-293.2(a), as
 45 amended by Section 2(a) of this act, shall be made no later than 30 days after the bill becomes
 46 law.

47
 48 **PART III. MISCELLANEOUS MODIFICATIONS TO THE OIL AND GAS**
 49 **CONSERVATION ACT: ALLOWABLES AND REPEAL OF LANDMEN REGISTRY**

50 **SECTION 3.(a)** G.S. 113-394 reads as rewritten:

51 "**§ 113-394. Limitations on production; allocating and prorating "allowables."**"

1 (a) ~~Whenever the total amount of oil, including condensate, which all the pools in the~~
2 ~~State can produce, exceeds the amount reasonably required to meet the reasonable market~~
3 ~~demand for oil, including condensate, produced in this State, then the~~The Commission shall
4 may limit the total amount of oil, including condensate, which may be produced in the State by
5 fixing an amount which shall be designated "allowable" for this State, which will not exceed
6 ~~the reasonable market demand for oil, including condensate, produced in this the~~ State. The
7 Commission ~~shall~~may then allocate or distribute the "allowable" for the State among the pools
8 on a reasonable basis and in such manner as to avoid undue discrimination, and so that waste
9 will be prevented. In allocating the "allowable" for the State, and in fixing "allowables" for
10 pools producing oil or hydrocarbons forming condensate, or both oil and such hydrocarbons,
11 the Commission ~~shall~~may take into account the producing conditions and other relevant facts
12 with respect to such pools, including the separate needs for oil, gas and condensate, and ~~shall~~
13 may formulate rules setting forth standards or a program for the distribution of the "allowable"
14 for the State, and ~~shall~~ distribute the "allowable" for the State in accordance with such
15 standards or program, and where conditions in one pool or area are substantially similar to
16 those in another pool or area, then the same standards or programs shall be applied to such
17 pools and areas so that as far as practicable a uniform program will be followed; provided,
18 however, the Commission shall allow the production of a sufficient amount of natural gas from
19 any pool to supply adequately the reasonable market demand for such gas for light and fuel
20 purposes if such production can be obtained without waste, and the condensate "allowable" for
21 such pool shall not be less than the total amount of condensate produced or obtained in
22 connection with the production of the gas "allowable" for light and fuel purposes, and provided
23 further that, if the amount allocated to pool as its share of the "allowable" for the State is in
24 excess of the amount which the pool should produce to prevent waste, then the Commission
25 shall fix the "allowable" for the pool so that waste will be prevented.

26 (b) ~~The Commission shall not be required to determine the reasonable market demand~~
27 ~~applicable to any single pool except in relation to all pools producing oil of similar kind and~~
28 ~~quality and in relation to the demand applicable to the State, and in relation to the effect of~~
29 ~~limiting the production of pools in the State.~~In allocating "allowables" to pools, the
30 Commission shall not be bound by nominations or desires of purchasers to purchase oil from
31 particular fields or areas, and the Commission shall allocate the "allowable" for the State in
32 such manner as will prevent undue discrimination against any pool or area in favor of another
33 or others which would result from selective buying or nominating by purchasers of oil, as such
34 term "selective buying or nominating" is understood in the oil business.

35 (c) Whenever the Commission limits the total amount of oil or gas which may be
36 produced in any pool in this State to an amount less than that which the pool could produce if
37 no restrictions were imposed (which limitation may be imposed either incidental to, or without,
38 a limitation of the total amount of oil or gas which may be produced in the State), the
39 Commission shall prorate or distribute the "allowable" production among the producers in the
40 pool on a reasonable basis, and so that each producer will have the opportunity to produce or
41 receive his just and equitable share, as such share is set forth in subsection G.S. 113-392(d),
42 subject to the reasonable necessities for the prevention of waste.

43 (d) ~~Whenever the total amount of gas which can be produced from any pool in this~~
44 ~~State exceeds the amount of gas reasonably required to meet the reasonable market demand~~
45 ~~therefrom, the Commission shall limit~~ limits the total amount of gas which may be produced
46 from such pool. ~~The~~ a pool, the Commission shall then allocate or distribute the allowable
47 production among the developed areas in the pool on a reasonable basis, so that each producer
48 will have the opportunity to produce his just and equitable share, as such share is set forth in
49 subsection G.S. 113-392(d), whether the restriction for the pool as a whole is accomplished by
50 order or by the automatic operation of the prohibitory provisions of this law. As far as

1 applicable, the provisions of subsection (a) of this section shall be followed in allocating any
2 "allowable" of gas for the State.

3 (e) After the effective date of any rule or order of the Commission fixing the
4 "allowable" production of oil or gas, or both, or condensate, no person shall produce from any
5 well, lease, or property more than the "allowable" production which is fixed, nor shall such
6 amount be produced in a different manner than that which may be authorized."

7 **SECTION 3.(b)** G.S. 113-425 is repealed.

8 **SECTION 3.(c)** G.S. 113-378 reads as rewritten:

9 **"§ 113-378. Persons drilling for oil or gas to register and furnish bond.**

10 Any person, firm or corporation before making any drilling exploration in this State for oil
11 or natural gas shall register with the Department of Environment and Natural Resources. To
12 provide for such registration, the drilling operator must furnish the name and address of such
13 person, firm or corporation, and the location of the proposed drilling operations, and file with
14 the Department a bond running to the State of North Carolina in an amount totaling the sum of
15 (i) five thousand dollars (\$5,000) plus (ii) one dollar (\$1.00) per linear foot proposed to be
16 drilled for the well. Any well opened by the drilling operator shall be plugged upon
17 abandonment in accordance with the rules of the Department."

18 **SECTION 3.(d)** G.S. 113-391(a) is amended by adding a new subdivision to read:

19 "(a) The Mining and Energy Commission, created by G.S. 143B-293.1, in conjunction
20 with rule-making authority specifically reserved to the Environmental Management
21 Commission under subsection (a3) of this section, shall establish a modern regulatory program
22 for the management of oil and gas exploration and development in the State and the use of
23 horizontal drilling and hydraulic fracturing treatments for that purpose. The program shall be
24 designed to protect public health and safety; protect public and private property; protect and
25 conserve the State's air, water, and other natural resources; promote economic development and
26 expand employment opportunities; and provide for the productive and efficient development of
27 the State's oil and gas resources. To establish the program, the Commission shall adopt rules for
28 all of the following purposes:

29 ...

30 (13a) Criteria to set the amount of a bond required pursuant to G.S. 113-421(a3),
31 including, at a minimum, the number of wells proposed at a site, the
32 pre-drilling condition of the property, the amount of acreage that would be
33 impacted by the proposed oil and gas activities, and other factors designed to
34 enable establishment of bonds on a site-by-site basis."

35 **SECTION 3.(e)** G.S. 113-421(a3) reads as rewritten:

36 **"§ 113-421. Presumptive liability for water contamination; compensation for other**
37 **damages; responsibility for reclamation.**

38 ...

39 (a3) Reclamation of Surface Property Required. – An oil or gas developer or operator
40 shall reclaim all surface areas affected by its operations no later than two years following
41 completion of the operations. If the developer or operator is not the surface owner of the
42 property, prior to commencement of activities on the property, the oil or gas developer or
43 operator shall provide a bond running to the surface owner sufficient to cover reclamation of
44 the surface owner's property. Upon registration with the Department pursuant to G.S. 113-378,
45 a developer shall request that the Mining and Energy Commission set the amount of the bond
46 required by this subsection. As part of its request, the developer shall provide supporting
47 documentation, including information about the proposed oil and gas activities to be conducted,
48 the site on which they are to occur, and any additional information required by the
49 Commission. The Commission shall set the amount of the bond in accordance with the criteria
50 adopted by the Commission pursuant to G.S. 113-391(a)(13a), and notify the developer and
51 surface owner of the amount within 30 days of setting the amount of a bond. A surface owner

1 or developer may appeal the amount of a bond set pursuant to this subsection to the
2 Commission within 60 days after receipt of notice from the Commission of the amount
3 required. After evaluation of the appeal and issuance of written findings, the Commission may
4 order that the amount of the bond be modified. Parties aggrieved by a decision of the
5 Commission pursuant to this subsection may appeal the decision as provided under Article 4 of
6 Chapter 150B of the General Statutes within 30 days of the date of the decision."
7

8 PART IV. AMEND STATUTE GOVERNING SUBSURFACE FLUID INJECTION

9 SECTION 4. G.S. 143-214.2 reads as rewritten:

10 "§ 143-214.2. Prohibited discharges.

11 (a) The discharge of any radiological, chemical or biological warfare agent or
12 high-level radioactive waste to the waters of the State is prohibited.

13 (b) The discharge of any wastes to the subsurface or groundwaters of the State by
14 means of wells is prohibited. This section shall not be construed to prohibit (i) the operation of
15 closed-loop groundwater remediation systems in accordance with G.S. 143-215.1A or (ii)
16 injection of hydraulic fracturing fluid for the exploration or development of natural gas
17 ~~resources, resources~~ and water produced from subsurface geologic formations during the
18 extraction of natural gas, condensate, or oil in North Carolina.

19 (c) Unless permitted by a rule of the Commission, the discharge of wastes, including
20 thermal discharges, to the open waters of the Atlantic Ocean over which the State has
21 jurisdiction are prohibited."
22

23 PART V. SEVERANCE TAXES

24 SECTION 5.(a) Chapter 105 of the General Statutes is amended by adding a new
25 Article to read:

26 "Article 5I.

27 "Severance Tax.

28 "§ 105-187.71. Definitions.

29 The following definitions apply in this Article:

- 30 (1) Casinghead gas. – Gas or vapor indigenous to an oil stratum and produced
31 from the stratum with oil.
- 32 (2) Condensate. – Liquid hydrocarbon that is or can be recovered from gas by a
33 separator or other means.
- 34 (3) Energy mineral. – All forms of natural gas, oil, and related condensates.
- 35 (4) First purchaser. – A person who purchases an energy mineral from a
36 producer.
- 37 (5) Gas. – All natural gas, including casinghead gas, and all other hydrocarbons
38 not defined as oil or condensates.
- 39 (6) MCF. – One thousand cubic feet of natural gas.
- 40 (7) Oil. – Crude petroleum oil, and other hydrocarbons, regardless of gravity,
41 which are produced at the well in liquid form by ordinary production
42 methods and which are not the result of condensation of gas after it leaves
43 the reservoir.
- 44 (8) Owner. – An owner of a landowner's royalty interest, of an overriding
45 royalty, of profits and working interests, or any combination thereof in
46 energy minerals. The term does not include an owner of federal, state, or
47 local governmental royalty interest.
- 48 (9) Person. – Defined in G.S. 105-228.90.
- 49 (10) Producer. – A person who takes an energy mineral from the soil or water in
50 this State.

- 1 (11) Return. – Any report or statement required to be filed under this Article to
2 determine the tax due.
- 3 (12) Royalty interest. – An interest in mineral rights in a producing leasehold in
4 the State. A royalty interest does not include the interest of a person having
5 only the management and operation of a well.
- 6 (13) Secretary. – The Secretary of Revenue.
- 7 (14) Severance. – The extraction or other removal of an energy mineral from the
8 soil or water of this State.
- 9 (15) Severed. – The point at which the energy mineral has been separated from
10 the soil or water of this State.
- 11 (16) Standard barrel of oil. – A barrel of oil containing 42 gallons.
- 12 (17) Taxpayer. – Any person required to pay the severance tax levied by this
13 Article.

14 **"§ 105-187.72. Tax on severance of energy minerals.**

15 (a) Purpose. – An excise tax, to be termed a "severance tax," is levied on the privilege
16 of engaging in the severance of energy minerals from the soil or water of this State. The
17 purpose of the tax is to provide revenue to administer and enforce the provisions of this Article,
18 to administer the State's natural gas and oil reclamation regulatory program, to meet the
19 environmental and resource management needs of this State, and to reclaim land affected by
20 exploration for, drilling for, and production of natural gas and oil. The severance tax is imposed
21 upon all energy minerals severed when sold or consumed, whichever occurs first.

22 (b) Calculation of Tax. – The amount of the severance tax shall be determined as
23 follows:

- 24 (1) Condensates. – The applicable percentage rate of tax multiplied by the
25 market value per each barrel of oil equivalents (BOE) of the condensates
26 sold.
- 27 (2) Gas. – The applicable percentage rate of tax multiplied by the market value
28 per each MCF of the gas sold.
- 29 (3) Oil. – The applicable percentage rate of tax multiplied by the market value
30 per each standard barrel of the oil sold.

31 (c) Rate of Tax, Condensates. – The applicable percentage rate of the severance tax on
32 condensates shall be determined in accordance with the following schedule:

- 33 (1) For condensates sold from a well in calendar year 2015, 2016, or 2017, the
34 rate of tax shall be one percent (1%).
- 35 (2) For condensates sold from a well in calendar year 2018 or 2019, the rate of
36 tax shall be two and one-half percent (2.5%).
- 37 (3) For condensates sold from a well in calendar year 2020 and thereafter, the
38 rate of tax shall be six percent (6%).

39 (d) Rate of Tax, Gas. – The applicable percentage rate of the severance tax on gas shall
40 be calculated for each sale of gas. The rate will be the sales price of each MCF divided by 100
41 stated as a percentage, within the following limitations:

- 42 (1) For gas sold from a well in calendar year 2015, 2016, or 2017, the rate of tax
43 shall not exceed one percent (1%).
- 44 (2) For gas sold from a well in calendar year 2018 or 2019, the rate of tax shall
45 not exceed two and one-half percent (2.5%).
- 46 (3) For gas sold from a well in calendar year 2020 and thereafter, the rate of tax
47 shall be at least two and one-half percent (2.5%) and shall not exceed six
48 percent (6%).

49 (e) Rate of Tax, Oil. – The applicable percentage rate of the severance tax on
50 condensates shall be determined in accordance with the following schedule:

- 1 (1) For oil sold from a well in calendar year 2015, 2016, or 2017, the rate of tax
2 shall be one percent (1%).
- 3 (2) For oil sold from a well in calendar year 2018 or 2019, the rate of tax shall
4 be two and one-half percent (2.5%).
- 5 (3) For oil sold from a well in calendar year 2020 and thereafter, the rate of tax
6 shall be six percent (6%).

7 (f) Exemption. – The severance of energy minerals from land or water in this State
8 owned legally or beneficially by the producer, which energy minerals are used on the land from
9 which they are taken by the producer as part of the improvement of or use in the producer's
10 homestead, is exempt from the severance tax. To claim the exemption allowed by this
11 subsection, the taxpayer shall provide any information required by the Secretary. Every
12 taxpayer claiming the exemption under this subsection shall maintain and make available for
13 inspection by the Secretary any records the Secretary considers necessary to determine and
14 verify the amount of the exemption or special rate of tax to which the taxpayer is entitled. The
15 burden of proving eligibility for the exemption and the amount of the exemption shall rest upon
16 the taxpayer, and no exemption shall be allowed to a taxpayer that fails to maintain adequate
17 records or to make them available for inspection.

18 **"§ 105-187.73. Market value.**

19 (a) Market Value. – For the calculation of the severance tax, market value is the
20 following:

- 21 (1) Condensates. – The market value of condensates is the total actual gross
22 price in U.S. dollars paid by the first purchaser of condensates at the mouth
23 of the well from which it was produced.
- 24 (2) Gas. – The market value of gas is the total actual gross price in U.S. dollars
25 paid by the first purchaser at the mouth of the well from which the gas is
26 produced as adjusted in this section. The market value of gas at the mouth of
27 the well shall be determined by subtracting the producer's actual marketing
28 costs from the producer's total gross cash receipts from the sale of the gas.
- 29 (3) Oil. – The market value of oil is the total actual gross price in U.S. dollars
30 paid by the first purchaser of the oil at the mouth of the well from which it
31 was produced.

32 (b) Marketing Costs. – Marketing costs are the costs incurred by the producer to get the
33 gas from the mouth of the well to the market. Marketing costs do not include costs for which a
34 producer receives a cost reimbursement from the gas purchaser. Marketing costs do not include
35 costs incurred in producing the gas, costs incurred in normal lease separation of the oil or
36 condensate from the gas, or insurance premiums on the marketing facility. Marketing costs
37 include all of the following:

- 38 (1) Costs for compressing the gas sold.
- 39 (2) Costs for dehydrating the gas sold.
- 40 (3) Costs for sweetening the gas sold.
- 41 (4) Costs for delivering the gas to the first purchaser.
- 42 (5) Costs for gathering the gas sold.

43 (c) Records. – In order to be eligible to subtract the marketing costs from the producer's
44 gross receipts for purposes of calculating the market value of gas, the producer shall provide
45 any information required by the Secretary. Every producer subtracting the marketing costs as
46 permitted under this section shall maintain and make available for inspection by the Secretary
47 of Revenue any records the Secretary considers necessary to determine and verify the amount
48 of the marketing costs the producer is eligible to subtract. The burden of proving eligibility for
49 subtracting the marketing costs and the amount of the marketing costs to be subtracted shall
50 rest upon the producer, and no subtraction of marketing costs shall be allowed to a producer
51 that fails to maintain adequate records or to make them available for inspection.

"§ 105-187.74. Returns and payment of tax.

(a) General. – Severance taxes are payable when a return is due. A return is due quarterly or monthly as specified in this section. A return must be filed by the producer of the energy mineral with the Secretary on a form prescribed by the Secretary and in the manner required by the Secretary. A return must be signed by the taxpayer or the taxpayer's agent.

(b) Payment. – A producer of energy minerals shall pay the tax for all owners of the energy minerals. The producer shall withhold from any payment due owners the proportionate tax due for remittance to the Secretary.

(c) Quarterly. – A taxpayer who is consistently liable for less than one thousand dollars (\$1,000) a month in severance taxes must file a return and pay the taxes due on a quarterly basis. A quarterly return covers a calendar quarter and is due by the last day of the month following the end of the quarter.

(d) Monthly. – A taxpayer who is consistently liable for at least one thousand dollars (\$1,000) a month in severance taxes must file a return and pay the taxes due on a monthly basis. A monthly return is due by the 20th day of the month following the calendar month covered by the return.

(e) Category. – The Secretary must monitor the amount of severance taxes paid by a taxpayer or estimate the amount of taxes to be paid by a new taxpayer and must direct each taxpayer to pay tax and file returns as required by this section. In determining the amount of taxes due from a taxpayer, the Secretary must consider the total amount due from all places of business owned or operated by the same person as the amount due from that person. A taxpayer must file a return and pay tax in accordance with the Secretary's direction.

(f) Information on Return. – The amount of tax due and any other information required by the Secretary must be included on the return. Returns that do not contain the required information will not be accepted. When an unacceptable return is submitted, the Secretary will require a corrected return to be filed. The return must contain the following information concerning energy minerals produced during the month being reported:

- (1) The gross amount of energy minerals produced that are subject to the tax imposed by this Article.
- (2) The leases from which the energy minerals were produced.
- (3) The names and addresses of the first purchasers of the energy minerals.

"§ 105-187.75. Bond or letter of credit required.

A producer must file with the Secretary a bond or an irrevocable letter of credit if the producer fails to file a return required under this Article. A bond or an irrevocable letter of credit must be conditioned upon compliance with the requirements of this Article, be payable to the State, and be in the form required by the Secretary. The amount of the bond or irrevocable letter of credit is two times the applicant's average expected monthly tax liability under this Article, as determined by the Secretary. When notified to do so by the Secretary, a person that is required to file a bond or an irrevocable letter of credit must file the bond or irrevocable letter of credit in the amount required by the Secretary within 30 days after receiving the notice from the Secretary.

"§ 105-187.76. Allocation of revenue.

The Secretary shall allocate the tax levied in this Article as follows:

- (1) Twenty-five percent (25%), not to exceed one million dollars (\$1,000,000) per year, to the Department of Environment and Natural Resources for purposes of administering its duties and responsibilities under Article 27 of Chapter 113 of the General Statutes.
- (2) After allocation pursuant to subsection (a) of this section, the Secretary shall allocate:
 - a. Fifty percent (50%) to the General Fund.

1 b. Fifty percent (50%) to the Onshore Energy Management Fund until
2 the Fund reaches ten million dollars (\$10,000,000). The Onshore
3 Energy Management Fund is an interest-bearing special revenue fund
4 to be established within the State treasury. This Fund shall be used
5 only for emergency preparation, emergency response, emergency
6 environmental protection, or mitigation associated with a release of
7 liquid hydrocarbons or associated fluids directly related to onshore
8 energy exploration, development, production, or transmission. Once
9 the fund balance reaches the amount of ten million dollars
10 (\$10,000,000), funds over that amount shall be allocated to the
11 General Fund. If monies are withdrawn from the Onshore Energy
12 Emergency Fund to carry out the provisions in this sub-subdivision,
13 revenues generated by the tax levied in this Article shall be deposited
14 in the Onshore Energy Emergency Fund until a total of ten million
15 dollars (\$10,000,000) is reestablished.

16 **"§ 105-187.77. Liability of producer for tax.**

17 The tax imposed by this Article is the primary liability of the producer, except as provided
18 in this section. A first purchaser may not take delivery of energy minerals from a producer
19 unless the producer furnishes the purchaser with a taxpayer identification number assigned by
20 the Secretary. A first purchaser failing to secure the producer's taxpayer number, either from
21 the producer or the Secretary, will be liable for any tax, penalty, and interest due on the energy
22 minerals purchased from the producer.

23 **"§ 105-187.78. Royalty owner's records.**

24 The owner of a royalty interest shall keep both of the following:

- 25 (1) A record of all money received as royalty from each producing leasehold in
26 the State.
27 (2) A copy of all settlement sheets furnished by a purchaser or operator or other
28 statement showing the amount of energy minerals for which a royalty was
29 received and the amount of severance tax deducted.

30 **"§ 105-187.79. Permits suspended for failure to report.**

31 If an entity fails to file any report or return or to pay any tax or fee required by this Article
32 for 90 days after it is due, the Secretary shall inform the Secretary of Environment and Natural
33 Resources of this failure. The Secretary of Environment and Natural Resources shall suspend
34 permits for oil and gas exploration using horizontal drilling and hydraulic fracturing under
35 G.S. 113-395 of any entity that fails to file a return under this Article. The Secretary of
36 Environment and Natural Resources shall immediately notify by mail an entity of a suspension
37 under this section."

38 **"§ 105-187.80. No local taxation.**

39 A city or county may not impose a franchise, privilege, license, income, or excise tax on the
40 severing, production, treating, processing, ownership, sale, storage, purchase, marketing, or
41 transportation on any energy minerals produced in the State, or upon the business of severing,
42 producing, treating, processing, owning, selling, buying, storing, marketing, or transporting
43 such energy minerals, or upon the ownership, operation, or maintenance of plants, facilities,
44 machinery, pipelines, and gathering lines related to the severing, production, treating,
45 processing, ownership, storage, sale, purchase, marketing, or transportation of energy minerals.
46 This section does not preclude the taxation of the property in accordance with Article 11 of this
47 Chapter."

48 **SECTION 5.(b)** G.S. 105-259(b) is amended by adding a new subdivision to read:

49 "(44) To furnish to the Department of Environment and Natural Resources the
50 name, address, tax year end, and account and identification numbers of an
51 entity liable for severance tax to enable the Secretary of Environment and

1 Natural Resources to notify the entity that the Department of Environment
2 and Natural Resources shall suspend permits of the entity for oil and gas
3 exploration using horizontal drilling and hydraulic fracturing under
4 G.S. 113-395."

5 **SECTION 5.(c)** G.S. 113-387 and G.S. 113-388 are repealed.
6

7 **PART VII. REVENUE FROM OFFSHORE ENERGY PRODUCTION**

8 **SECTION 7.** Chapter 113B of the General Statutes is amended by adding a new
9 Article to read:

10 "Article 3.

11 "Revenues From Offshore Energy Production.

12 **"§ 113B-30. Allocation of revenues from offshore energy production; creation of Offshore**
13 **Energy Management Fund.**

14 (a) Any revenues and royalties paid to the State as a result of offshore leasing,
15 exploration, development, and production of all energy resources shall be deposited in the
16 Offshore Emergency Fund until the Fund reaches fifty million dollars (\$50,000,000). The
17 Offshore Energy Management Fund is an interest-bearing special revenue fund to be
18 established within the State treasury. This Fund shall be used only for emergency preparation,
19 emergency response, emergency environmental protection, or mitigation associated with a
20 release of liquid hydrocarbons or associated fluids directly related to offshore energy
21 exploration, development, production, or transmission. Once the Fund balance reaches the
22 amount of fifty million dollars (\$50,000,000), the funds shall be used as provided in subsection
23 (b) of this section. If monies are withdrawn from this Fund to carry out the provisions in this
24 section, all revenues and royalties paid to the State as a result of offshore leasing, exploration,
25 development, and production of all energy resources shall be deposited in the Fund until a total
26 of fifty million dollars (\$50,000,000) is reestablished. Once the Fund balance reaches the
27 amount of fifty million dollars (\$50,000,000), the funds shall be used as provided in subsection
28 (b) of this section.

29 (b) Any revenues and royalties paid to the State as a result of offshore leasing,
30 exploration, development, and production of all energy resources in excess of the amount
31 needed to establish the Fund created in subsection (a) of this section are annually appropriated
32 and shall be used for the following purposes:

- 33 (1) Thirty percent (30%) of such revenues and royalties shall be credited to the
34 General Fund.
- 35 (2) Ten percent (10%) of such revenues and royalties shall be credited to the
36 North Carolina Highway Trust Fund established under G.S. 136-176.
- 37 (3) Ten percent (10%) of such revenues and royalties shall be transferred to the
38 Community Colleges System Office to establish and manage a fund for
39 curriculum development and implementation as well as financial assistance
40 for students attending community college to receive vocational training
41 through this curriculum in fields directly related to energy exploration and
42 development and related energy infrastructure.
- 43 (4) Ten percent (10%) of such revenues and royalties shall be transferred to the
44 Board of Governors of The University of North Carolina System to establish
45 and manage research and development funds for programs directly related to
46 energy research and development.
- 47 (5) Thirty percent (30%) of such revenues and royalties shall be transferred to
48 the Department of Environment and Natural Resources for conservation,
49 protection, and mitigation, including, but not limited to, beach and inlet
50 management projects, dredging operations, channel navigation and

1 maintenance, public beach and water access, water quality management, and
2 habitat restoration.

3 (6) Eight percent (8%) of such revenues and royalties shall be transferred to the
4 State Ports Authority for expansion and maintenance of State Port
5 infrastructure associated with energy-related commerce.

6 (7) Two percent (2%) of such revenues and royalties shall be transferred to the
7 Department of Commerce for recruitment of energy-related industries to the
8 State."

10 PART VIII. REGIONAL INTERSTATE OFFSHORE ENERGY POLICY COMPACT

11 SECTION 8.(a) Development of Regional Interstate Offshore Energy Policy
12 Compact. – The Governor is strongly encouraged to commence negotiations on the
13 development of a regional energy compact with the governors of South Carolina and Virginia
14 in order to develop a unified regional strategy for the exploration, development, and production
15 of all commercially viable federal and state offshore energy resources within the three-state
16 region. The Governor shall develop recommendations for the General Assembly to consider for
17 the development of a statutory regional compact, and these recommendations shall reflect the
18 collective agreement of all three governors in the three-state region in order to provide common
19 language for consideration by each state's General Assembly. During the development of these
20 compact recommendations, the Governor or the Governor's designee is authorized to work
21 directly with each of the three states' Congressional delegations, the United States Department
22 of the Interior, the United States Environmental Protection Agency, and other appropriate
23 federal agencies on behalf of the State of North Carolina to develop appropriate strategies to be
24 considered in the development of the three-state compact for increasing domestic energy
25 exploration, development, and production within each state in the three-state region and their
26 adjacent state and federal waters. The compact negotiations and recommendations shall address
27 at least all of the following:

- 28 (1) Ensure a timely review and consideration of permits and proposals at both
29 the state and federal level for both state and federal waters adjacent to each
30 state in the three-state region for seismic and other marine geophysical
31 exploration to identify and quantify natural gas and related hydrocarbon
32 resources along the continental margin.
- 33 (2) Amend the 2012 to 2017 Five Year Leasing Plan of the United States
34 Department of the Interior to include leasing federal waters adjacent to the
35 State and the three-state region for the exploration, quantification, and
36 development of natural gas and related hydrocarbon energy resources.
- 37 (3) Advocate proactively with each state's Congressional delegation and
38 appropriate federal agencies to ensure direct sharing of royalties and
39 revenues related to energy leasing, exploration, development, and production
40 of all offshore energy resources in federal waters adjacent to the State and
41 the three-state region.
- 42 (4) Request the United States Department of the Interior to reinstate the federal
43 Offshore Policy Committee with new members and new alternate members
44 to be nominated by the governor of the state represented on the Offshore
45 Policy Committee and appointed by the Secretary of the Interior, six of
46 whom are to be one member and one alternate member each from North
47 Carolina, Virginia, and South Carolina.
- 48 (5) Request the United States Department of the Interior to immediately move
49 forward with permitting geological and geophysical data acquisition
50 activities associated with oil and gas exploration in the Mid- and South
51 Atlantic Planning Areas of the Atlantic Outer Continental Shelf immediately

1 as outlined in Alternative A of the Bureau of Ocean Energy Management's
2 Draft Programmatic Environmental Impact Statement entitled "Atlantic OCS
3 Proposed Geological and Geophysical Activities" published in 2012.

4 **SECTION 8.(b)** No later than three months after the effective date of this act, and
5 at least every three months thereafter, the Governor or the Governor's designee shall report to
6 the General Assembly on the progress of the Governor and others in complying with the
7 requirements under this section, to include providing copies of correspondence and other
8 relevant materials to or from the Office of the Governor when the correspondence or materials
9 pertain to the subject under this section or to any requirement under this section. The Governor
10 shall report the Governor's final recommendations for the three-state energy compact to the
11 Joint Energy Oversight Committee no later than March 1, 2014.

12 **SECTION 8.(c)** In addition to the provisions in Sections 8(a) and 8(b) of this act,
13 the Governor is encouraged to join the Governors of Alaska, Texas, Louisiana, Mississippi,
14 Alabama, South Carolina, and Virginia and any others who may sign on to the Outer
15 Continental Shelf Governors Coalition announced on May 3, 2011, to promote a constructive
16 dialogue among the coastal state governors and the federal government on offshore energy
17 issues important to the future of North Carolina and the United States. The Governor is
18 authorized to expend funds related to membership in the Coalition.

19 **SECTION 8.(d)** The Governor is also encouraged to write letters to the North
20 Carolina Congressional delegation, the governors of South Carolina and Virginia, the
21 legislative bodies of South Carolina and Virginia, the Secretary of the United States
22 Department of the Interior, and the President of the United States, urging their support of the
23 recommendations set forth in subdivision (1) through (5) of Section 8(a) of this act.

24 **SECTION 8.(e)** Upon ratification, the Secretary of State shall furnish certified
25 copies of this act to each member of the North Carolina Congressional delegation, the
26 governors of South Carolina and Virginia, the legislative bodies of South Carolina and
27 Virginia, the Secretary of the United States Department of the Interior, and the President of the
28 United States.

29 30 **PART IX. ENERGY POLICY ACT AND ENERGY POLICY COUNCIL** 31 **AMENDMENTS**

32 **SECTION 9.(a)** The title of Chapter 113B of the General Statutes reads as
33 rewritten:

34 **"North Carolina Energy Policy Act of 1975 and Jobs Act."**

35 **SECTION 9.(b)** The title of Article 1 of Chapter 113B of the General Statutes
36 reads as rewritten:

37 "Article 1.

38 "Energy Policy Jobs Council.

39 **SECTION 9.(c)** G.S. 113B-1 reads as rewritten:

40 **"§ 113B-1. Legislative findings and purpose.**

41 Upon investigation the General Assembly hereby finds that:

- 42 (1) Energy is essential to the health, safety and welfare of the people of this
43 State and to the workings of the State ~~economy;~~economy.
- 44 (2) ~~Growth in the consumption of energy resources is in some part due to~~
45 ~~wasteful, uneconomic and inefficient uses of energy and a continuation of~~
46 ~~this trend will adversely affect the future social, economic and~~
47 ~~environmental development of North Carolina;~~
- 48 (3) It is ~~the responsibility of State government to encourage~~in the State's best
49 interest to support the development of a reliable and adequate supply of
50 energy for North Carolina ~~at a level consistent with such energy needs~~
51 ~~required for the protection of public health and safety, and for the promotion~~

of the general welfare; and that is secure, stable, and predictable in order to facilitate economic growth, job creation, and expansion of business and industry opportunities.

(3a) It is in the State's best interest to support the exploration, development, and production of domestic energy supplies, preferably from the resources within the State or region and most certainly from within the country.

(3b) It is the duty of State government to protect and preserve the State's natural resources, cultural heritage, and quality of life and, above all, the public health and safety of its residents during the exploration, development, and production of domestic energy resources.

(4) The State ~~has not provided~~ must provide the basis for development of a long-range unified energy policy to encompass comprehensive energy resource planning and efficient management of ~~the rate of consumption of~~ existing energy resources in relation to economic growth, to effectively meet an energy crisis, to encourage development of alternative sources of ~~energy~~ energy that are capable of achieving a positive benefit-to-cost ratio, and to ~~prudently conserve~~ ensure efficient utilization of energy resources in a manner consistent with assuring a reliable and adequate supply of energy for North ~~Carolina~~ Carolina, including active support and collaboration with the federal government to ensure access to the nation's energy resources located on the outer continental shelf directly adjacent to the State's coastal waters.

(5) It is the expressed intent of this Chapter to provide for development of such a unified domestic energy policy for the State of North Carolina ~~Carolina~~ as part of a nationwide effort for increased domestic energy production in the interest of national security and economic growth and stability."

SECTION 9.(d) G.S. 113B-2 reads as rewritten:

"§ 113B-2. Creation of Energy Policy Jobs Council; purpose of Council.

(a) ~~There~~ The Energy Jobs Council is hereby created a council to advise and make recommendations on increasing domestic energy policy exploration, development, and production within the State and region to promote economic growth and job creation to the Governor and the General Assembly to be known as the Energy Policy Assembly. The Energy Jobs Council ~~which~~ shall be located within the Department of ~~Commerce~~ Environment and Natural Resources.

(b) Except as otherwise provided in this Chapter, the powers, duties and functions of the Energy ~~Policy~~ Jobs Council shall be as prescribed by the Secretary of ~~Commerce~~ Environment and Natural Resources.

(c) The Energy ~~Policy~~ Jobs Council shall serve as the central energy policy planning body of the State and shall communicate and cooperate with federal, State, regional and local bodies and agencies to the end of effecting a coordinated energy policy."

SECTION 9.(e) G.S. 113B-3 reads as rewritten:

"§ 113B-3. Composition of Council; appointments; terms of members; qualifications.

(a) The Energy ~~Policy~~ Jobs Council shall consist of ~~16~~ 13 members to be appointed as follows:

(1) ~~Two members of the North Carolina House of Representatives to be appointed by the Speaker of the House of Representatives;~~

(2) ~~Two members of the North Carolina Senate to be appointed by the President Pro Tempore of the Senate;~~

(2a) The Secretary of Environment and Natural Resources.

(2b) The Secretary of Commerce.

1 (3) ~~Twelve~~Eleven public members who are citizens of the State of North
2 Carolina ~~to be appointed by the Governor. The Governor shall designate one~~
3 ~~of the public members as chair of the Council.~~ Carolina and who are
4 appointed in accordance with subsection (c) of this section.

5 (b) ~~Appointments to the Energy Policy Jobs Council shall be made by July 15, 2009,~~
6 ~~July 1, 2013, and each such appointee shall serve until January 31, 2011. Thereafter, the~~
7 ~~appointed members of the General Assembly shall serve two-year terms, and the appointed~~
8 ~~public members shall serve four-year terms. A member of the Energy Policy Council shall~~
9 ~~continue to serve until his successor is duly appointed, but such holdover shall not affect the~~
10 ~~expiration date of such succeeding term. The terms of office of members of the Council are~~
11 ~~three years. The terms of members appointed under subdivisions (1), (4), and (6) of subsection~~
12 ~~(c) of this section shall expire on June 30 of years evenly divisible by three. The terms of~~
13 ~~members appointed under subdivisions (2), (5), (8), and (10) of subsection (c) of this section~~
14 ~~shall expire on June 30 of years that precede by one year those years that are evenly divisible~~
15 ~~by three. The terms of members appointed under subdivisions (3), (7), (11), and (12) of~~
16 ~~subsection (c) of this section shall expire on June 30 of years that follow by one year those~~
17 ~~years that are evenly divisible by three. Appointments made by the President Pro Tempore of~~
18 ~~the Senate and the Speaker of the House of Representatives shall be allowed when the General~~
19 ~~Assembly is not in session.~~

20 (c) ~~The public members of the Energy Policy Jobs Council shall have the following~~
21 ~~qualifications:~~ qualifications and shall be appointed as follows:

22 (1) ~~One member shall be experienced in the electric power industry;~~a
23 ~~representative of an investor-owned electric public utility, to be appointed by~~
24 ~~the Governor.~~

25 (2) ~~One member shall be experienced in the natural gas industry;~~have
26 ~~experience in natural gas and associated hydrocarbon exploration,~~
27 ~~development, and production, to be appointed by the Governor.~~

28 ~~(2a) One member shall be experienced in energy policy matters;~~

29 (3) ~~One member shall be experienced in alternative fuels and biofuels;~~a
30 ~~representative of an investor-owned natural gas public utility, to be~~
31 ~~appointed by the Speaker of the House of Representatives.~~

32 (4) ~~One member shall be experienced in energy efficient building design or~~
33 ~~construction;~~an energy economist or a person with experience in the
34 ~~financing or business development of an energy-related business, to be~~
35 ~~appointed by the President Pro Tempore of the Senate.~~

36 (5) ~~One member shall be experienced in environmental protection;~~have
37 ~~experience in energy policy, to be appointed by the President Pro Tempore~~
38 ~~of the Senate.~~

39 (6) ~~One member who is engaged in a business providing renewable energy or~~
40 ~~other energy services;~~shall be an industrial energy consumer, to be appointed
41 ~~by the Speaker of the House of Representatives.~~

42 (7) ~~One member shall be knowledgeable of alternative and renewable sources of~~
43 ~~energy;~~energy, to be appointed by the Governor.

44 (8) ~~One member who, at the time of appointment, is a county commissioner; or~~
45 ~~elected municipal officer; provided, the member's term on the Council shall~~
46 ~~expire immediately in the event that he or she vacates office as a county~~
47 ~~commissioner or municipal officer;~~shall have experience in trucking, rail, or
48 ~~shipping transportation, to be appointed by the Speaker of the House of~~
49 ~~Representatives.~~

50 (9) ~~Repealed by Session Laws 2009-446, s. 4, effective August 7, 2009.~~

- 1 (10) ~~One member shall be knowledgeable in the finance, business development,~~
2 ~~or technology development of energy-related business.~~One member shall
3 have experience in energy research and development, to be appointed by the
4 President Pro Tempore of the Senate.
- 5 (11) ~~One member shall be experienced in low income energy policy matters or~~
6 ~~low income residential weatherization.~~One member shall have experience in
7 environmental management, to be appointed by the Speaker of the House of
8 Representatives.
- 9 (12) ~~One member shall be experienced in the petroleum industry.~~One member
10 shall have experience in the biofuels industry, to be appointed by the
11 President Pro Tempore of the Senate."

12 **SECTION 9.(f)** G.S. 113B-4 reads as rewritten:

13 **"§ 113B-4. Chairman of Council; replacement; reimbursement of members.**

14 (a) ~~On August 15, 2009, on January 31, 2011, and every four years thereafter, the~~
15 ~~Governor shall appoint a chair of the Council.~~The Council shall elect one of its members to
16 serve as chair. The chair shall serve for a term of two years and may serve no more than two
17 terms in total.

18 (b) In case of a vacancy in the membership on the Energy ~~Policy~~Jobs Council prior to
19 the expiration of a member's term, a successor shall be appointed within 30 days of such
20 vacancy for the remainder of the unexpired term by the appropriate official pursuant to the
21 provisions of G.S. 113B-3.

22 (c) Members of the Energy ~~Policy~~Jobs Council shall be reimbursed for their services
23 pursuant to the provisions of G.S. 138-5."

24 **SECTION 9.(g)** G.S. 113B-5 reads as rewritten:

25 **"§ 113B-5. Organization of the Council; adoption of rules of procedure therefor.**

26 (a) To facilitate the work of the Energy ~~Policy~~Jobs Council and for administrative
27 purposes, the chairman of the Energy ~~Policy~~Jobs Council, with the consent and approval of the
28 members, may organize the work of the Council so as to carry out the provisions of this
29 Chapter and to insure the efficient operation of the Council.

30 (b) The Energy ~~Policy~~Jobs Council shall adopt its own rules of procedure and shall
31 meet regularly at such times and in such places as it may deem necessary to carry out its
32 functions.

33 (c) The Energy ~~Policy~~Jobs Council is authorized to create such advisory committees as
34 will be needed to assist the Council in its efforts and to assure adequate citizen-consumer input
35 into those efforts. Members of advisory committees shall be appointed by the Council for terms
36 not to exceed the expiration date of terms of then present public members of the Council."

37 **SECTION 9.(h)** G.S. 113B-6 reads as rewritten:

38 **"§ 113B-6. General duties and responsibilities.**

39 The goal of the Energy Jobs Council is to identify and utilize all domestic energy resources
40 in order to ensure a secure, stable, and predictable energy supply and to protect the economy of
41 the State, promote job creation, and expand business and industry opportunities while ensuring
42 the protection and preservation of the State's natural resources, cultural heritage, and quality of
43 life. The Energy ~~Policy~~Jobs Council ~~shall~~may delegate its duties where appropriate to the
44 Division of Energy, Mineral, and Land Resources of the Department of Environment and
45 Natural Resources. The Council shall provide oversight and approval to the duties delegated to
46 the Division. The Energy Jobs Council shall have the following general duties and
47 responsibilities:

- 48 (1) To develop and recommend to the Governor and the General Assembly a
49 comprehensive ~~long-range~~ State energy policy that addresses requirements
50 in the short term (10 years), in the midterm (25 years), and in the long term
51 (50 years) to achieve maximum effective management and use of present

1 and future sources of energy, such policy to include but not be limited to
2 energy efficiency, renewable and alternative sources of energy, research and
3 development into alternative energy technologies, and improvements to the
4 State's energy infrastructure and energy ~~economy~~;economy, including smart
5 grid and domestic energy resources that shall include at least natural gas,
6 coal, hydroelectric power, solar, wind, nuclear energy, and biomass. For
7 utilities regulated under Chapter 62 of the General Statutes, the policy
8 developed under this subdivision shall be consistent with the analysis and
9 plan developed under G.S. 62-110.1(c).

- 10 (2) To conduct an ongoing assessment of the opportunities and constraints
11 presented by various uses of all forms of energy to facilitate the expansion of
12 the domestic energy supply and to encourage the efficient use of all such
13 energy forms in a manner consistent with State energy ~~policy~~;policy.
14 (3) To continually review and coordinate all State government research,
15 education and management programs relating to energy ~~matters and~~matters,
16 to continually educate and inform the general public regarding such energy
17 ~~matters~~;matters, and to actively engage in discussions with the federal
18 government, its agencies, and its leaders to identify opportunities to increase
19 domestic energy supply within North Carolina and its adjacent offshore
20 waters.
21 (4) To recommend to the Governor and to the General Assembly needed energy
22 legislation and rule making, and to recommend for implementation such
23 modifications of energy policy, ~~plans~~—plans, and programs as the Council
24 considers necessary and desirable."

25 **SECTION 9.(i)** G.S. 113B-7 reads as rewritten:

26 **"§ 113B-7. Energy Efficiency Program; components.**

27 (a) The Energy ~~Policy~~—Jobs Council shall prepare a recommended Energy Efficiency
28 Program for transmittal to the Governor, the initial plan to be completed by January 30, 1976.

29 (b) The Energy Efficiency Program shall be designed to assure the public health and
30 safety of the people of North Carolina and to encourage and promote conservation of energy
31 through reducing wasteful, inefficient or uneconomical uses of energy resources.

32 (c) The Energy Efficiency Program shall include but not be limited to the following
33 recommendations:

- 34 (1) Recommendations to the Building Code Council for lighting, insulation,
35 climate control systems and other building design and construction standards
36 which increase the efficient use of energy and are economically feasible to
37 implement;
38 (2) Recommendations to the Building Code Council for per unit energy
39 requirement allotments based upon square footage for various classes of
40 buildings which would reduce energy consumption, yet are both technically
41 and economically feasible and not injurious to public health and safety;
42 (3) Recommendations for minimum levels of operating efficiency for all
43 appliances whose use requires a significant amount of energy based upon
44 both technical and economic feasibility considerations;
45 (4) Recommendations for State government purchases of supplies, vehicles and
46 equipment and such operating practices as will make possible more efficient
47 use of energy;
48 (5) Recommendations on energy conservation policies, programs and
49 procedures for local units of government;
50 (6) Any other recommendations which the Energy ~~Policy~~—Jobs Council
51 considers to be a significant part of a statewide conservation effort and

1 which include provisions for sufficient incentives to further energy
2 conservation;

3 (7) An economic and environmental impact analysis of the recommended
4 program.

5 (d) In addition to specific conservation recommendations, the Energy Efficiency
6 Program shall contain proposals for implementation of such recommendations as can be carried
7 out by executive order. Upon completion of a draft recommended program, the Council shall
8 arrange for its distribution to interested parties and shall make the program available to the
9 public and the Council further shall set a date for public hearing on said program.

10 (e) Upon completion of the Energy Efficiency Program, the Council shall transmit said
11 program, to be known as the State Energy Efficiency Program, to the Governor for approval or
12 disapproval. Upon approval, the Governor shall assign administrative responsibility for such
13 implementation as can be carried out by executive order to appropriate agencies of State
14 government, and submit to the General Assembly such proposals which require legislative
15 action for implementation. The Governor shall have the authority to accept, administer, and
16 enforce federal programs, program measures and permissive delegations of authority delegated
17 to the Governor by the President of the United States, Congress, or the United States
18 Department of Energy, on behalf of the State of North Carolina, which pertain to the
19 conservation of energy resources.

20 (f) The Governor shall transmit the approved Energy Efficiency Program to the
21 President Pro Tempore of the Senate, to the Speaker of the House of Representatives, to the
22 heads of all State agencies and shall further seek to publicize such plan and make it available to
23 all units of local government and to the public at large.

24 (g) At least every two years and whenever such changes take place as would
25 significantly affect energy supply or demand in North Carolina, the Energy ~~Policy-Jobs~~ Council
26 shall review and, if necessary, revise the Energy Efficiency Program, transmitting such revised
27 plan to the Governor pursuant to the procedures contained in subsections (e) and (f) of this
28 section."

29 **SECTION 9.(j)** G.S. 113B-8(a) reads as rewritten:

30 "**§ 113B-8. Energy Management Plan; components.**

31 (a) The Energy ~~Policy-Jobs~~ Council shall prepare a recommended Energy Management
32 Plan for transmittal to the Governor, the initial plan to be completed by June 30, 1976."

33 **SECTION 9.(k)** G.S. 113B-9 reads as rewritten:

34 "**§ 113B-9. Emergency Energy Program; components.**

35 (a) The Energy ~~Policy-Jobs~~ Council shall, in accordance with the provisions of this
36 Article, develop contingency and emergency plans to deal with possible shortages of energy to
37 protect public health, safety and welfare, such plans to be compiled into an Emergency Energy
38 Program.

39 (b) ~~Within four months of July 1, 1975:~~ If required for an update of the program
40 provided under subsection (j) of this section:

41 (1) Each electric utility and natural gas utility in the State shall prepare and
42 submit to the Energy ~~Policy-Jobs~~ Council a proposed emergency curtailment
43 plan setting forth proposals for identifying priority loads or users in the event
44 of the declaration of an energy crisis pursuant to G.S. 113B-20, and
45 proposals for supply allocation to such priority loads or users. Utilities
46 regulated under Chapter 62 of the General Statutes may satisfy this
47 requirement by submitting the General Load Reduction and System
48 Restoration Plan that is prepared annually for the Utilities Commission.

49 (2) Each major oil producer doing business in this State as determined by the
50 Energy ~~Policy-Jobs~~ Council shall prepare and submit to the Energy ~~Policy~~
51 Jobs Council an analysis of how any national supply curtailment pursuant to

1 federal regulations shall affect the supply for North Carolina and how
2 priority users will be determined and available supplies allocated to such
3 users.

4 (c) The Energy ~~Policy-Jobs~~ Council shall encourage the preparation of joint emergency
5 curtailment plans and analyses. If such cooperative plans and analyses are developed between
6 two or more utilities, major producers or by an association of such companies, the joint plans or
7 analyses may be submitted to the Energy ~~Policy-Jobs~~ Council in lieu of information required
8 pursuant to subsection (b) of this section.

9 (d) The Energy ~~Policy-Jobs~~ Council shall collect from all relevant governmental
10 agencies any existing contingency plans for dealing with sudden energy shortages or
11 information related thereto.

12 (e) The Energy ~~Policy-Jobs~~ Council shall hold one or more public hearings, investigate
13 and review the plans submitted pursuant to this section, and, within nine months after July 1,
14 1975, the Energy ~~Policy-Jobs~~ Council shall approve and recommend to the Governor guidelines
15 for emergency curtailment to be known as the Emergency Energy Program and to be
16 implemented upon adoption by the Governor after the declaration of an energy crisis and
17 pursuant to G.S. 113B-20 and 113B-23. Said program shall be based upon the plans presented
18 to the Energy ~~Policy-Jobs~~ Council, upon independent analysis and study by the Council, and
19 upon information provided at the hearing or hearings, provided, however, that they are
20 consistent with such federal programs and regulations as are already in effect at that time.

21 (f) The Emergency Energy Program shall provide for the maintenance of essential
22 services, the protection of public health, safety, and welfare, and the maintenance of a sound
23 basic State economy. For utilities regulated under Chapter 62 of the General Statutes, the
24 program shall be consistent with the General Load Reduction and System Restoration Plan that
25 is prepared annually for the Utilities Commission. Provisions also shall be made in said
26 program to differentiate curtailment of energy consumption by users on the basis of ability to
27 accommodate such curtailments, and shall also include, but not be limited to, the following:

- 28 (1) A variety of strategies and staged conservation measures of increasing
29 intensity and authority to reduce energy use during an energy crisis, as
30 defined in G.S. 113B-20 and guidelines and criteria for allocation of energy
31 sources to priority users. The program shall contain alternative conservation
32 actions and allocation plans to reasonably meet various foreseeable shortage
33 circumstances and to allow a choice of appropriate responses;
- 34 (2) Evidence that the program is consistent with requirements of federal
35 emergency energy conservation and allocation laws and regulations;
- 36 (3) Proposals to assist such individuals, institutions, agriculture and businesses
37 which have engaged in energy saving measures;

38 (g) The Energy ~~Policy-Jobs~~ Council shall carry out such investigations and studies as
39 are necessary to determine if and when potentially serious shortages of energy are likely to
40 affect North Carolina and the Council shall make recommendations to the Governor concerning
41 administrative and legislative actions required to avert such shortages, such recommendations
42 to be included as a section of the Emergency Energy Program.

43 (h) In addition to the above information and recommendations, the program shall
44 contain proposals for implementation of such recommendations which include procedures,
45 rules and regulations and agency administrative responsibilities for implementation, and shall
46 further contain procedures for fair and equitable review of complaints and requests for special
47 exemptions from emergency conservation measures or emergency allocations. Upon
48 completion of a draft recommended plan, the Council shall arrange for its distribution to
49 interested parties and shall make such plan available to the public and the Council further shall
50 set a date for public hearing on said plan.

1 (i) Upon completion of the Emergency Energy Allocation Program, the Council and
2 the Governor shall follow the procedures as outlined in G.S. 113B-7(e) and (f).

3 (j) The Council shall update the Emergency Energy Allocation Program ~~said program~~
4 upon a finding ~~by it~~ that an update is ~~justified and~~ justified. The Council shall follow the
5 procedures for adoption pursuant to G.S. 113B-7(e) and (f).

6 (k) The Governor shall have the authority to accept, administer and enforce federal
7 programs, program measures and permissive delegations of authority delegated to the Governor
8 by the President of the United States, Congress, or the United States Department of Energy, on
9 behalf of the State of North Carolina, which pertain to actions necessary to deal with an actual
10 or impending energy shortage."

11 **SECTION 9.(l)** G.S. 113B-11 reads as rewritten:

12 **"§ 113B-11. Powers and authority.**

13 (a) The Energy ~~Policy~~ Jobs Council is authorized to secure directly from any officer,
14 office, department, commission, board, bureau, institution and other agency of the State and its
15 political subdivisions any information it deems necessary to carry out its functions; and all such
16 officers and agencies shall cooperate with the Council and, to the extent permitted by law,
17 furnish such information to the Council as it may request.

18 ...

19 (e) Staff support required by the Council shall be supplied by the Division of Energy,
20 Mineral, and Land Resources of the Department of Environment and Natural Resources. The
21 Department of Commerce shall provide the staffing capability to the Energy Policy Jobs
22 Council so as to fully and effectively develop recommendations for a comprehensive State
23 energy policy as contained in the provisions of this Article. The Department of Commerce and
24 the Utilities Commission is ~~are~~ hereby authorized to make ~~its~~ their staff available to the Council
25 to assist in the development of a State energy policy."

26 **SECTION 9.(m)** G.S. 113B-12 reads as rewritten:

27 **"§ 113B-12. Annual reports; contents.**

28 (a) ~~Beginning January 1, 1977, and every year~~ Every two years thereafter, the Energy
29 ~~Policy~~ Jobs Council shall transmit to the Governor, the Speaker of the House of
30 Representatives, the President Pro Tempore of the Senate, the Environmental Review
31 Commission, the Joint Legislative Commission on Energy Policy, and the chairman of the
32 Utilities Commission ~~Commission and the appropriate chairmen of the House and Senate~~
33 ~~committees concerned with energy matters,~~ a comprehensive report providing a general
34 overview of energy conditions in the State. ~~On January 1, 1976, the Energy Policy Council~~
35 ~~shall transmit a progress report to the public officials named above.~~

36 (b) The report shall include, but not be limited to, the following:

- 37 (1) An overview of statewide growth and development as they relate to future
38 requirements for energy, including patterns of urban and metropolitan
39 expansion, shifts in transportation modes, modifications in building types
40 and design, and other trends and factors which, as determined by the
41 Council, will significantly affect energy needs;
- 42 (2) The level of statewide and multi-county regional energy demand for a five,
43 10- and 20-year forecast period which, in the judgment of the Council, can
44 reasonably be met, with proposals as to possible energy supply sources;
- 45 (3) An assessment of growth trends in energy consumption and production and
46 an identification of potential adverse social, economic, or environmental
47 impacts which might be imposed by continuation of the present trends,
48 including energy costs to consumers, significant increases in air, water, and
49 other forms of pollution, threats to public health and safety, and loss of
50 scenic and natural areas;

- 1 (4) An analysis of the role of energy efficiency, renewable energy,
2 improvements to the State's energy infrastructure, and other means in
3 meeting the State's current and projected energy demand;
- 4 (5) Repealed by Session Laws 2009-446, s. 9, effective August 7, 2009.
- 5 (6) Recommendations to the Governor and the General Assembly for additional
6 administrative and legislative actions on energy matters;
- 7 (7) A summary of the Council's activities since ~~its inception~~, the last report, a
8 description of major plans developed by the Council, an assessment of plan
9 implementation, and a review of Council plans and programs for the coming
10 biennium."

11 **SECTION 9.(n)** G.S. 113B-21(a) reads as rewritten:

12 "(a) ~~There is hereby created~~ Upon the declaration of an energy crisis by the Governor, a
13 Legislative Committee on Energy Crisis Management shall be created to consist of the Speaker,
14 ~~as chairman, the Speaker pro tempore of the House of Representatives and~~ Representatives, the
15 President pro tempore ~~Pro Tempore~~ of the Senate, and the majority leader of the Senate. The
16 Lieutenant Governor shall serve as chair, and shall be a nonvoting ex officio member,
17 provided, however, that ~~he~~ the chair shall vote to break a tie."

18 **SECTION 9.(o)** G.S. 113B-23 reads as rewritten:

19 **"§ 113B-23. Administration of plans and procedures.**

20 (a) Upon the declaration of an energy crisis, pursuant to G.S. 113B-20, the Energy
21 ~~Policy~~ Jobs Council shall become the emergency energy coordinating body for the State and
22 shall carry out the following duties:

- 23 (1) Identify and determine the nature and severity of expected energy shortages;
- 24 (2) Provide for daily communications with and gather information from
25 significant energy producers, distributors, transporters and major consumers,
26 as determined by the Energy ~~Policy~~ Jobs Council, to carry out its
27 responsibilities pursuant to this section;
- 28 (3) Provide data, carry out continuing assessments of the crisis situation, and
29 make recommendations to the Governor and to the Legislative Committee
30 on Energy Crisis Management for further action.

31 (b) Upon the declaration of an energy crisis, the Governor shall order the Energy ~~Policy~~
32 Jobs Council, the Utilities Commission, the Attorney General and other appropriate State and
33 local agencies to implement and enforce the Emergency Energy Program pursuant to
34 G.S. 113B-9 and any emergency rules, orders or regulations approved pursuant to
35 G.S. 113B-22.

36 (c) Upon the declaration of an energy crisis, the Governor may employ such measures
37 and give such direction to State and local offices and agencies as may be reasonable and
38 necessary for the purpose of securing compliance with the provisions of this Article and with
39 emergency rules, orders and regulations issued pursuant to G.S. 113B-22."

40 **SECTION 9.(p)** G.S. 113B-24(c) reads as rewritten:

41 "(c) The provisions of this Article or any rules, orders or regulations promulgated
42 pursuant to G.S. 113B-22 may be enforced by bringing an action to enjoin such acts or
43 practices as may be in violation and, upon a proper showing, a temporary restraining order or a
44 preliminary or permanent injunction shall be issued. The relief sought may include a mandatory
45 injunction commanding any person to comply with any such order, rule or regulation and
46 restitution of money received in violation of any such order, rule or regulation. The Attorney
47 General shall bring any action under this subsection upon the request of the Governor, the
48 Legislative Committee on Energy Crisis Management, the Energy ~~Policy~~ Jobs Council, or upon
49 his direction if he deems such action advisable and in the public interest. The Attorney General
50 may institute such action in the Superior Court of Wake County, or, in his discretion, in the

1 superior court of the county in which the acts or practices constituting a violation occurred, are
2 occurring or may occur."

3 **SECTION 9.(q)** G.S. 114-4.2D reads as rewritten:

4 "**§ 114-4.2D. Employment of attorney for Energy ~~Policy~~ Jobs Council of the Department**
5 **of Environment and Natural Resources and the Energy Efficiency Program of**
6 **the Department of Commerce.**

7 The Attorney General shall assign an attorney to work full time with the Energy ~~Policy~~ Jobs
8 Council of the Department of Environment and Natural Resources and the Energy Efficiency
9 Program of the Department of Commerce. Such attorney shall be subject to all provisions of
10 Chapter 126 of the General Statutes relating to the State Personnel System. Such attorney shall
11 also perform such additional duties as may be assigned by the Attorney General."

12 **SECTION 9.(r)** G.S. 143-58.5(c) reads as rewritten:

13 "(c) The Fund shall be used to offset the incremental fuel cost of biodiesel and biodiesel
14 blend fuel with a minimum biodiesel concentration of B-20 for use in State vehicles, for the
15 purchase of ethanol fuel with a minimum ethanol concentration of E-85 for use in State
16 vehicles, the incremental vehicle cost of purchasing AFVs, for the development of related
17 refueling infrastructure, for the costs of administering the Fund, and for projects approved by
18 the Energy ~~Policy~~ Jobs Council."

19 **SECTION 9.(s)** G.S. 143-345.13 reads as rewritten:

20 "**§ 143-345.13. Reporting of stocks of coal and petroleum fuels.**

21 The Department of Administration may, with the prior express approval of the Energy
22 ~~Policy~~ Jobs Council and the Governor, require that all coal and petroleum suppliers in North
23 Carolina supplying coal, motor gasoline, middle distillates, residual oils, and propane for resale
24 within the State, file with the Department of Administration, on forms prepared by the
25 Department, accurate reports as to the stocks of coal and petroleum products and storage
26 capacities maintained by the supplier, including the supplier's current inventory and stock of
27 coal, motor gasoline, middle distillates, residual oils and propane, the expected time such
28 supplies will last under ordinary distribution demand and the schedule for receiving additional
29 or replacement stocks. The reports and the information contained therein shall be proprietary
30 information available only to regular employees of the Department of Administration, except
31 that aggregate tables or schedules consolidating information from the reports may be released if
32 they do not reveal individual report data for any named supplier. It is further the intent of this
33 section that no information shall be required from coal and petroleum suppliers, that is, at the
34 time the reports are requested, already on file with any agency, commission, or department of
35 State government.

36 It is the intent of this section that the reports be filed only at such times as the Energy
37 ~~Policy~~ Jobs Council and the Governor determine that an energy crisis as defined in
38 G.S. 113B-20 exists or may be imminent.

39 If any petroleum or coal supplier fails to file the accurate reports as may be required by this
40 section for more than 10 days after the date on which any such report is due, the Secretary of
41 Administration is authorized and empowered to petition the district court, Division of the
42 General Court of Justice, in the county in which the principal office or place of business of the
43 supplier is located, for a mandatory injunction compelling the supplier to file the report."

44 **SECTION 9.(t)** Article 7 of Chapter 143B of the General Statutes is amended by
45 adding a new Part to read:

46 "Part 31. Energy Jobs Council.

47 "**§ 143B-281.1. Energy Jobs Council – transfer.**

48 The Energy Jobs Council, as established by Chapter 113B of the General Statutes and other
49 applicable laws of this State, is hereby transferred to the Department of Environment and
50 Natural Resources by a Type II transfer as defined in G.S. 143A-6."

1 **SECTION 9.(u)** Notwithstanding G.S. 113B-3 or any other law to the contrary, the
2 terms of all members of the Energy Policy Council serving as of the effective date of this act
3 shall expire on the effective date of this act or on June 30, 2013, whichever comes first. Initial
4 appointments shall be made pursuant to subsection (c) of G.S. 113B-3, as amended by Section
5 9(e) of this act, no later than July 1, 2013.

6 **SECTION 9.(v)** The Revisor of Statutes shall make the conforming statutory
7 changes necessary to reflect renaming of the Energy Jobs Act and the Energy Jobs Council as
8 provided in this section. The Revisor of Statutes may correct any reference in the General
9 Statutes to the statutes that are recodified by this section.

10
11 **PART X. MODIFY ELECTRICAL REQUIREMENTS RULE TO ALLOW**
12 **HOSPITALS TO USE COMPRESSED NATURAL GAS AS EMERGENCY FUEL**

13 **SECTION 10.(a)** Definitions. – "Electrical Requirements Rule" means 10A NCAC
14 13B .6227 (Licensing of Hospitals: Electrical Requirements) for purposes of this section and its
15 implementation.

16 **SECTION 10.(b)** Electrical Requirements Rule. – Until the effective date of the
17 revised permanent rule that the Medical Care Commission is required to adopt pursuant to
18 Section 10(c) of this act, the Commission and the Department of Health and Human Services
19 shall implement the Electrical Requirements Rule, as provided in Section 10(c) of this act.

20 **SECTION 10.(c)** Implementation. – Notwithstanding subdivision (2) of subsection
21 (f) of the Electrical Requirements Rule, the Commission shall authorize facilities licensed by
22 the Department to use bi-fuel generators that operate with both liquid fuel and natural gas
23 (methane) that is not stored on the site, provided that the natural gas is delivered via pipe or
24 pipeline by a natural gas utility. These bi-fuel generators shall be exempt from liquid fuel
25 capacity standards established by the Commission. Bi-fuel generators that operate on both
26 liquid and other gaseous fuels, including propane and butane, that are stored on the site shall
27 also be authorized, provided that the combined capacity of both liquid and gaseous fuels meet
28 minimum on-site fuel requirements established by the Commission. The Commission may
29 adopt rules to require a licensed facility with a bi-fuel generator to develop a contingency plan
30 for liquid fuel delivery onto the site in the event of a natural gas (methane) supply disruption.

31 **SECTION 10.(d)** Additional Rule-Making Authority. – The Commission shall
32 adopt a rule to replace the Electrical Requirements Rule. Notwithstanding G.S. 150B-19(4), the
33 rule adopted by the Commission pursuant to this section shall be substantively identical to the
34 provisions of Section 10(c) of this act. Rules adopted pursuant to this section are not subject to
35 G.S. 150B-21.9 through G.S. 150B-21.14. Rules adopted pursuant to this section shall become
36 effective as provided in G.S. 150B-21.3(b1) as though 10 or more written objections had been
37 received as provided by G.S. 150B-21.3(b2).

38 **SECTION 10.(e)** Effective Date. – Subsection (b) of this section expires when
39 permanent rules to replace subsection (b) of this section have become effective, as provided by
40 subsection (c) of this section.

41
42 **PART XI. EFFECTIVE DATE**

43 **SECTION 11.** Section 1(b) of this act becomes effective March 1, 2015. Section
44 3(b) of this act is effective when it becomes law and applies retroactively to October 1, 2012.
45 Sections 5(a) through 5(c) of this act are effective for energy minerals sold on or after March 1,
46 2015, except that G.S. 105-187.76, as enacted by Section 5(a) of this act, becomes effective
47 only if authorized by the General Assembly in the Current Operations and Capital
48 Improvements Appropriations Act of 2013. G.S. 113B-30, enacted by Section 7 of this act,
49 becomes effective only if authorized by the General Assembly in the Current Operations and
50 Capital Improvements Appropriations Act of 2013. The first report due pursuant to
51 G.S. 113B-12, as amended by Section 9(m) of this act, shall be transmitted on or before

1 January 1, 2014. Except as otherwise provided, the remainder of this act is effective when it
2 becomes law.