REVISED PROPOSED REGULATION OF THE
COMMISSION ON MINERAL RESOURCES

LCB File No. R032-19

September 11, 2019

EXPLANATION – Matter in italics is new; matter in brackets [omitted material] is material to be omitted.


A REGULATION relating to geothermal resources; defining certain terms relating to geothermal resources; authorizing a licensed well driller to drill certain geothermal wells; requiring an operator of a geothermal well to provide certain notifications to the Division of Minerals of the Commission on Mineral Resources; authorizing the Administrator to order an inactive well to be plugged under certain circumstances; authorizing the Administrator to grant an exception to certain requirements relating to geothermal resources under certain circumstances; revising certain definitions relating to geothermal resources; revising certain requirements relating to an application to drill or operate a geothermal well; revising certain fees relating to geothermal wells; revising certain bond requirements for a geothermal well; revising certain requirements for constructing and drilling a geothermal well; revising certain requirements for signs identifying certain geothermal wells; setting forth certain requirements to abandon and plug a geothermal well; requiring the submission of certain reports to the Division relating to geothermal resources; requiring an owner or operator to keep certain records relating to geothermal resources; providing certain requirements for a hearing relating to an application to drill or operate a geothermal well; setting forth certain procedures for a petition relating to a permanent regulation; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law authorizes the Commission on Mineral Resources to adopt regulations relating to geothermal resources, including requirements for drilling geothermal wells and
Sections 2-4 of this regulation define certain terms relating to geothermal resources. **Section 5** of this regulation requires a person to be a licensed well driller in order to drill any: (1) geothermal well that uses water consumptively; or (2) geothermal domestic well.

**Section 6** of this regulation requires the operator of a geothermal well to notify the Division of Minerals of the Commission before taking certain actions relating to the geothermal well.

**Section 7** of this regulation provides that if a well is inactive for 2 or more years, the Administrator may order the operator to plug the well if the operator is unable to show cause as to why the well should remain open.

**Section 8** of this regulation requires the operator of a geothermal well to submit daily drilling logs and certain monthly reports.

**Section 9** of this regulation provides that the Administrator may grant an exception to certain requirements of the chapter for geothermal resources under certain circumstances.

**Sections 11 and 12** of this regulation revise certain definitions relating to geothermal resources.

**Section 14** of this regulation revises existing provisions that govern when the Division will consider a geothermal well a geothermal domestic well, a commercial well or an industrial well. **Section 15** of this regulation revises which provisions of the chapter are applicable to geothermal domestic wells, commercial wells and industrial wells.

**Section 16** of this regulation requires an application for a permit to drill or operate a geothermal well to include the global positioning coordinates and the business identification number assigned to the operator by the Secretary of State.

**Section 17** of this regulation requires an operator who wishes to operate an injection well to also obtain a permit for that well from the Division of Environmental Protection of the State Department of Conservation and Natural Resources.

**Sections 19, 20 and 22** of this regulation revise certain application and operation fees for an observation well. **Section 23** of this regulation increases the minimum amount of the bond an operator must provide: (1) for a commercial or industrial well, from $10,000 to $25,000; and (2) for a blanket bond to cover all of the wells of the operator, from $50,000 to $100,000.

**Section 24** of this regulation revises certain requirements for the surface casing of a well and sets forth certain requirements for the casing strings in wells with downhole centralizers and, if utilized, the design of a cellar. **Section 24** also authorizes the Administrator to impose alternative requirements for surface casing and to grant an exception to certain requirements for a
thermal gradient well that is less than 500 feet deep. Section 25 of this regulation revises the minimum specifications which well control and wellhead assemblies must meet. Section 26 of this regulation revises provisions relating to the temperature of mud that is returned up the well bore.

Section 28 of this regulation revises requirements for the sign that must be posted to identify each producing well.

Section 29 of this regulation requires all equipment used to conduct certain measurements relating to a well to be calibrated on a regular basis.

Section 31 of this regulation requires an application for permission to abandon and plug a geothermal well to include a detailed statement of the proposal to abandon and plug the well and, if the well cannot be plugged, an explanation of the conditions and a plan for the owner or operator of the well to substantially comply with certain requirements for abandoning the well. Section 32 of this regulation revises certain requirements for the abandonment of a thermal gradient well. Section 34 of this regulation revises certain requirements for the owner or operator to notify the Division of certain activities relating to a well.

Section 36 of this regulation requires an operator to file with the Division: (1) after the well is completed, a report of the manner in which the well was completed, a directional survey, a lithologic log and certain other logs; and (2) after the well is plugged, a well plugging report. Section 37 of this regulation requires the owner or operator to keep certain records and books at the site of the well or in the nearest office of the owner or operator.

Section 38 of this regulation provides that if the Administrator determines that a public hearing is necessary on an application for a permit to drill or operate a geothermal well: (1) the Administrator is required to hold the hearing; and (2) the Administrator may consult with the State Engineer and determine whether to hold the hearing either jointly or separately. Section 38 further provides certain requirements for a notice of a hearing. Section 39 of this regulation requires the Administrator to maintain a docket for such hearings. Section 40 of this regulation provides certain requirements for the conduct of such hearings. Section 42 of this regulation revises the procedure for a person to submit a petition to the Commission requesting the adoption, filing, amendment or repeal of a permanent regulation.

Sections 10, 21, 33 and 35 of this regulation make conforming changes.

Section 1. Chapter 534A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 9, inclusive, of this regulation.
Sec. 2. “Cement” means a mixture of water and cement in a ratio of not more than 5.2 gallons of water per bag of Portland cement (1 cubic foot or 94 pounds).

Sec. 3. “Well bore” means a cylindrical hole made in the construction or drilling of a well.

Sec. 4. For the purposes of NRS 534A.010, “natural heat of the earth” means energy obtained from any medium used to transfer heat, the temperature of which is greater than 85 degrees Fahrenheit at the surface.

Sec. 5. A person must be licensed to drill wells in this State pursuant to NRS 534.140 in order to drill any:

1. Geothermal well that uses water consumptively and is subject to the appropriation procedures of chapters 533 and 534 of NRS pursuant to NRS 534A.040; or

2. Geothermal domestic well.

Sec. 6. 1. The operator of a geothermal well shall notify the Division by telephone, electronic mail or any other method approved by the Administrator:

(a) At least 48 hours before spudding or testing the production or injection operations for the well; and

(b) At least 24 hours before testing the equipment for the prevention of a blowout pursuant to NAC 534A.270 or testing the casing of the well.

2. In the event of a serious accident, blowout, spill or fire, the operator must immediately notify the Division by telephone or any other method approved by the Administrator.
Sec. 7. 1. If a well is inactive for 2 years or more, the Administrator may issue an order to the operator to show cause as to why the well should remain open and that such action is consistent with:

(a) The policies specified in NRS 445A.305 and 445B.100;
(b) The purposes of chapters 533 and 534 of NRS; and
(c) The purposes specified in chapter 501 of NRS.

2. If the Administrator finds that good cause has not been shown, the Administrator may declare the well abandoned and order the well to be plugged.

3. The Administrator shall send written notice of the order to plug the well to the operator by registered or certified mail with return receipt requested.

4. If the operator fails to plug the well within 45 days after the written notice is mailed pursuant to subsection 3 and:

(a) The well is bonded by a federal agency, the Administrator must notify the federal agency and coordinate with the federal agency to ensure that the well is plugged.
(b) The well is not bonded by a federal agency, the Administrator may, without further notice, take such steps necessary to plug the well. The costs of plugging the well, including labor and material, may be paid from the bond filed pursuant to NAC 534A.250. Any costs above the bond are a lien upon the land on which the well is located.

Sec. 8. The operator shall file with the Division:

1. On each day of drilling, a daily drilling log, which must include, without limitation, the results of any test of the equipment for the prevention of a blowout pursuant to NAC 534A.270; and
2. On or before the last day of each month, a monthly report for the preceding month on a form provided by the Division for any well that produces or injects for any part of the month and includes the following information, as applicable:

(a) For a production well, all geothermal production, sales, average temperatures and the consumptive use from commercial and industrial wells.

(b) For an injection well, the details of any well used to inject geothermal fluids into a reservoir, including, without limitation:

(1) The volume of geothermal fluid;

(2) If utilized, the volume of augmentation water; and

(3) The pressure and temperature of the injection fluid at the wellhead.

(c) For any non-reinjected fluid, the volume and temperature of any water that is not reinjected and the use of that fluid.

Sec. 9. Except for any fee required pursuant to NAC 534A.210 to 534A.216, inclusive, or 534A.540, upon written application and good cause shown, the Administrator may grant an exception to any of the requirements of this chapter.

Sec. 10. NAC 534A.010 is hereby amended to read as follows:

534A.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in NAC 534A.012 to 534A.085, inclusive, and sections 2 and 3 of this regulation have the meanings ascribed to them in those sections.

Sec. 11. NAC 534A.020 is hereby amended to read as follows:

534A.020 “Aquifer” means a geological formation or structure that stores or transmits water.
Sec. 12. NAC 534A.063 is hereby amended to read as follows:

534A.063 "Observational well” means any well used to observe the level of the water and its temperature, pressure and chemistry in a geothermal field.

Sec. 13. NAC 534A.110 is hereby amended to read as follows:

534A.110 Any drilling rig operated in Nevada must be operated in compliance with the licensing procedures of the State Contractors’ Board. [Information may be obtained at the following address:]

State Contractors’ Board
70 Linden Avenue
Reno, Nevada 89502
Telephone: 784-6283]

Sec. 14. NAC 534A.170 is hereby amended to read as follows:

534A.170 A geothermal well is considered by the Division as:

1. A geothermal domestic well if [it] the well is used solely [;

   — (a) For] for domestic heating purposes by one or more single family dwellings on a single parcel of land under the same ownership . [and not more than an annual average of 1,800 gallons of water a day is drawn from the well; or

   — (b)] 2. A commercial well if the well is used:

   (a) By a commercial user who does not produce geothermal heat for sale or the generation of power [.

   2. A commercial well if it primarily is used] ; or
(b) Primarily to provide geothermal resources on a commercial basis for any purpose other than the generation of power.

3. An industrial well if the well primarily is used to generate power.

Sec. 15. NAC 534A.180 is hereby amended to read as follows:

534A.180 1. Only the provisions of NAC 534A.170 to 534A.690, inclusive, and sections 4 to 9, inclusive, of this regulation, listed below apply to geothermal domestic wells:

(a) NAC 534A.190;

(b) **NAC 534A.200**;

(c) NAC 534A.210;

[(e)] (d) NAC 534A.220;

[(d) Subsection 1] (e) Paragraphs (a) and (e) of subsection 1 of NAC 534A.260;

[(e) Subsection] (f) Subsections 1 and 2 of NAC 534A.270;

[(f)] (g) NAC 534A.280;

[(g) NAC 534A.310;]

(h) Subsection [2] 3 of NAC 534A.330;

(i) NAC [534A.340;] **534A.420**;

(j) NAC 534A.470;

(k) NAC 534A.490 (except subsection 9 of that section);

(l) NAC 534A.500;

(m) **Section 7 of this regulation**;

(n) Subsections 5 and 6 of NAC 534A.540;
[(n)]  (o)  NAC 534A.550; [and]

—(o)  (p)  NAC 534A.560; and

(q)  NAC 534A.590 to 534A.690, inclusive.

2. All provisions of NAC 534A.170 to 534A.690, inclusive, and sections 4 to 9, inclusive, of this regulation apply to commercial wells except [):

(a) Paragraph (a) of subsection 1 of NAC 534A.200. [exemption applies to nonprofit organizations only];

(b) Subsections 2, 3 and 4 of NAC 534A.270;

(c) NAC 534A.300;

(d) NAC 534A.320; and

(e) Subsection 9 of NAC 534A.490.]

3. Except as otherwise specifically provided in NAC 534A.170 to 534A.690, inclusive, and sections 4 to 9, inclusive, of this regulation, all of the provisions apply to industrial wells.

Sec. 16. NAC 534A.190 is hereby amended to read as follows:

An application for a permit to drill or operate an individual geothermal well must be submitted to the Division on a form provided by the Administrator. Except as otherwise provided in NAC 534A.196, an application must:

1. Include a statement of the purpose and estimated depth of the well;

2. Include a description of the kind of casing, equipment for the prevention of a blowout and drilling rig which will be used;

3. Include the name of the owner of the land or designated lot on which the well will be located and the owner of the geothermal resource;
4. Include the name and address of the operator and drilling contractor;

5. Be accompanied by the bond required pursuant to NAC 534A.250; and

6. Include a description of the location of the proposed well by the quarter-quarter section, section, township and range. [If the area has not been mapped, the application must state the location by distance and direction from an established landmark.] For domestic and commercial wells a street address may be used, if available.

7. Include the global positioning coordinates of the location of the well which:

   (a) Are identified by latitude and longitude using decimal degrees or coordinates of the Universal Transverse Mercator system; and

   (b) Specify the datum used.

8. Include the business identification number assigned to the operator by the Secretary of State.

Sec. 17. NAC 534A.196 is hereby amended to read as follows:

534A.196 1. An operator shall file with the Division an application for a permit to drill or operate an injection well or a permit to drill or operate injection wells in a project area. The application must contain, in addition to the information required by NAC 534A.190 or 534A.193, as applicable:

   1. (a) A description of the casings in the wells, or the proposed wells, and the proposed method for testing the casings before those wells are used for injection;

   2. (b) The estimated maximum injection pressure and temperature; and

   3. (c) A description of the proposed pipelines, metering equipment and safety devices that will be used to prevent accidental pollution.
2. In addition to the requirements of subsection 1, an operator shall obtain a permit issued by the Division of Environmental Protection of the State Department of Conservation and Natural Resources pursuant to the provisions of NRS 445A.300 to 445A.730, inclusive, and any regulations adopted by the State Environmental Commission pursuant thereto, before the operator may operate an injection well.

Sec. 18. NAC 534A.200 is hereby amended to read as follows:

534A.200 1. No well may be drilled within 100 feet of:

(a) The boundary of the land on which the well is situated.

(b) A public road, street or highway.

2. Upon written application, the Administrator may grant an exception to the provisions of subsection 1. The Administrator shall consider:

(a) The topographic, hydrologic, geographic and geologic characteristics of the area and the characteristics of the reservoir;

(b) The protection of the environment; and

(c) Any existing rights.

Sec. 19. NAC 534A.210 is hereby amended to read as follows:

534A.210 A person who files an application for a permit to drill or operate an individual geothermal well shall pay to the Commission a fee according to the following schedule:

INDUSTRIAL WELLS

Production Well.......................................................... $500
Sec. 20. NAC 534A.212 is hereby amended to read as follows:

534A.212 1. Except as otherwise provided in subsection 2, a person who files an
application for a permit to drill or operate geothermal wells in a project area shall pay to the
Commission an application fee of $500 and an additional fee per well according to the following
schedule:

<table>
<thead>
<tr>
<th>Well Type</th>
<th>First Well</th>
<th>Each Subsequent Well</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Well</td>
<td>$500</td>
<td>$300</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Each Subsequent Well</th>
<th>First Well</th>
<th>of the Same Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Injection Well</td>
<td>500</td>
<td>300</td>
</tr>
<tr>
<td>[Observational Well](over a 7-inch surface casing)</td>
<td>500</td>
<td>300</td>
</tr>
<tr>
<td><a href="Observation">Observational</a> Well</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[(a 7-inch or smaller surface casing)]</td>
<td>300</td>
<td>150</td>
</tr>
<tr>
<td>Thermal Gradient Well</td>
<td>100</td>
<td>50</td>
</tr>
</tbody>
</table>

2. A person who files an application for a permit to drill or operate a thermal gradient well in a project area need not pay the application fee, but shall pay the applicable additional fees listed in subsection 1.

**Sec. 21.** NAC 534A.214 is hereby amended to read as follows:

534A.214 On or before January 31 of each year:

1. The owner of the geothermal resource or the operator of an industrial or commercial geothermal production well or geothermal injection well shall submit to the Division a fee of $600 for each well which produced or was used to dispose of fluids derived from geothermal resources into an underground reservoir during the preceding calendar year. The provisions of this subsection do not apply to an industrial well which produced fluids during the preceding calendar year if no power was generated at the well and the production was only for the purpose of testing the well.
2. The owner or operator of a thermal gradient or an observational well shall submit to the Division a fee of $100 for each such well unless the well has been abandoned and plugged.

Sec. 22. NAC 534A.216 is hereby amended to read as follows:

534A.216 Within 30 days after the completion of the construction of a geothermal well listed in this section and the removal of the drill rig from the location of the well, the person who holds a permit to drill or operate an individual geothermal well or a permit to drill or operate geothermal wells in a project area shall pay to the Division a fee based on the depth of the well according to the following schedule:

<table>
<thead>
<tr>
<th>Depth Range</th>
<th>Fee (INDUSTRIAL WELLS)</th>
<th>Fee (COMMERCIAL WELLS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>300 to 1,000 Feet</td>
<td>$1,000</td>
<td>$200</td>
</tr>
<tr>
<td>1,001 to 5,000 Feet</td>
<td>$2,000</td>
<td>$200</td>
</tr>
<tr>
<td>Over 5,000 Feet Deep</td>
<td>$2,500</td>
<td>$200</td>
</tr>
</tbody>
</table>

Sec. 23. NAC 534A.250 is hereby amended to read as follows:
534A.250 1. Except as otherwise provided in this section, the operator shall provide a sufficient bond [in the sum of not less than $10,000] in favor of the State of Nevada for each geothermal well, conditioned on the plugging of the well upon abandonment in accordance with NAC 534A.170 to 534A.690, inclusive [ ], and sections 4 to 9, inclusive, of this regulation. The bond must be [submitted] :

(a) In the sum of:

(1) For a thermal gradient well, not less than $10,000; and

(2) For a commercial or industrial well, not less than $25,000.

(b) Submitted with the application for a permit to drill or operate an individual geothermal well or an application for a permit to drill or operate geothermal wells in a project area.

2. An operator may file a blanket bond, in [a] the sum of at least [$50,000,$100,000] to cover all wells to be drilled or operated by the operator [ ] in a project area for which the operator has received a permit pursuant to 534A.193.

3. A bond must be:

(a) In cash;

(b) Issued by a surety authorized to do business in Nevada; or

(c) In the form of a savings certificate or time certificate of deposit which is:

(1) Issued by a bank or savings and loan association operating in Nevada; and

(2) Payable to the State of Nevada.

5. If an operator transfers ownership of a well, the Division may review the bond filed pursuant to this section to determine whether the existing amount of the bond for the well is sufficient.

6. The bond required by this section must remain in effect until the well is properly abandoned, the surface is properly restored and the bond is formally released by the Division.

Sec. 24. NAC 534A.260 is hereby amended to read as follows:

534A.260 1. Except as otherwise provided in subsection 2:

(a) All wells must be cased in such a manner as to minimize damage to the environment, ground and surface waters, geothermal resources and property.

[2.] (b) Except as otherwise ordered by the Administrator, the completion equipment for a well must be attached to the surface casing. All casing, except conductor casing, which reaches the surface must provide adequate anchorage for equipment for the prevention of a blowout and control of the pressure in the well.

[3.] (c) Surface casing must provide:

(1) Provide for the control of formation fluids and protection of fresh water. The cement for the surface casing must be circulated up the annulus to the surface. If the cement does not circulate or falls back, the casing must be cemented at the surface. Sufficient casing must be set to reach a depth below all known or reasonably estimated levels of fresh water to protect those aquifers and to prevent blowouts or uncontrolled flows. [Surface casing may not be set less than 10 percent of the proposed total depth of the well or a minimum of 50 feet, whichever is greater.]

(2) Be cemented to a depth that is at least 10 percent of the proposed total depth of the well, with a minimum of 200 feet and a maximum of 1,500 feet of casing.
(3) If the first string of surface casing has not been cemented in a competent geological formation or if an unusual drilling hazard exists, include a second string of surface casing that is cemented into or through a competent geological formation.

[4.] (d) When intermediate casing is installed, cement must be circulated to the surface or to the top of the casing with at least a 100-foot overlap into the next string of casing.

[5.] (e) Production casing may be set above or through the production or injection zone. Casing must be cemented to the surface or, if a liner is used, to the top of the casing. If surface casing overlaps into an intermediate string, the overlap must be at least 100 feet, solidly cemented and tested to withstand at least 750 pounds of pressure per square inch of gauge. A decline in the pressure of 10 percent or less at the surface in 30 minutes is acceptable. For geothermal domestic [or commercial] wells less pressure or another acceptable mechanical test may be approved by the Administrator.

(f) For wells with downhole centralizers, casing strings must be properly centered and the top of the casing must be properly centered with the drilling rig during and immediately after the casing is cemented into place. The number and depth of the casing centralizer must be recorded in the well driller’s log during the installation of the casing strings.

(g) If a cellar is utilized, the design of the cellar must:

(1) Prohibit any contact between soil and water and the casing and wellhead components; and

(2) Prevent the occurrence of standing water around the casing and wellhead components.

2. The Administrator may:
(a) Impose alternate requirements for the surface casing of a well than those provided in paragraph (c) of subsection 1 to ensure that there is adequate protection of fresh water zones and blowout control. In considering whether to impose additional or alternate surface casing requirements, the Administrator may consider, without limitation, the known geological conditions of the area in which the well is drilled and any applicable engineering factors.

(b) Grant an exception to the requirements of this section for a thermal gradient well that is less than 500 feet deep.

Sec. 25. NAC 534A.270 is hereby amended to read as follows:

534A.270 1. An operator shall take all precautions which are necessary to keep wells under control and operating safely at all times. Well control and wellhead assemblies used in any geothermal well must meet the minimum specifications for assemblies prescribed by the American Petroleum Institute, or its successor organization, in the most current edition of Standard 53, ["Blowout Prevention] "Well Control" Equipment Systems for Drilling Wells, " [Fourth Edition," or by its successor organization.] or as may be otherwise prescribed by the Administrator. The most current edition is available by mail from Global Engineering Documents, 15 Inverness Way East, Englewood, Colorado 80112-5776, by telephone at (800) 854-7179 or at the Internet address http://global.ihs.com, for the price of $160.

2. Equipment for the prevention of a blowout, capable of shutting in the well during any operation, must be installed on the surface casing and maintained in good operating condition at all times. This equipment must have a rating for pressure greater than the maximum anticipated pressure at the wellhead. Equipment for the prevention of a blowout is required on any well where temperatures may exceed [250°F] 200°F.
3. An operator shall test the equipment for the prevention of a blowout under pressure. A representative of the Division must observe the test in person or otherwise approve the results of the test before the operator drills the casing shoe out of the casing. An operator shall notify the Division not less than 24 hours before conducting a test pursuant to this subsection.

4. The operator shall submit to the Division the pressure data and supporting information for the equipment for the prevention of a blowout as soon as practicable after the conclusion of the test conducted pursuant to subsection 3. The operator shall record the results of each test in the daily drilling log of the operator.

Sec. 26. NAC 534A.280 is hereby amended to read as follows:

534A.280 1. The temperature of the mud that is returned up the well bore must be observed:

(a) Maintained below 125°F; and

(b) Observed continuously by the operator during the drilling of the well whenever temperatures of the drilling fluids at the surface reach 200°F. These temperatures must be entered into the well log after each joint of pipe has been drilled.

2. Mud cooling equipment is required when the flow line temperature reaches 125°F or higher to maintain the temperature of the mud returned up the well bore below 125°F.

Sec. 27. NAC 534A.310 is hereby amended to read as follows:

534A.310 The operator shall take two sets of cuttings at least every 30 feet. The cuttings and a split of any core must be cleaned.
1. Cleaned, dried, marked for location and depth and placed in envelopes [The cuttings and a split of any core must be submitted]; and

2. Submitted to the Bureau of Mines and Geology of the State of Nevada within 30 days after the well is completed.

**Sec. 28.** NAC 534A.330 is hereby amended to read as follows:

534A.330 1. Each producing well must be identified by a sign posted within [30] 100 feet of the well unless the property on which the well is located has a street address. The sign must be:

(a) Be of durable construction. [The]

(b) Use lettering [must be] kept in legible condition [and be] that is large enough to be legible under normal conditions at a distance of 25 feet. [The wells must be numbered in nonrepetitive, logical and distinctive sequence. Each sign must show]

(c) Show the [number]:

(1) Number of the well. [the name] Every well must be numbered in a nonrepetitive, logical and distinctive sequence.

(2) Name of the lease, which must be different and distinctive for each lease. [the name]

(3) Name of the lessee, owner or operator. [and the location]

(4) Location of the well by quarter-quarter section, section, township and range. [This requirement]

(5) Permit number of the well.

2. The requirements of subsection 1 may be modified by the Administrator for good cause.
3. The Division shall assign to each well a [code number] U.S. Well Number of the American Professional Petroleum Institute Data Management Association when the drilling permit is approved.

Sec. 29. NAC 534A.400 is hereby amended to read as follows:

534A.400

1. The rate of the flow of water or steam, or both, and the pressure and temperature of the fluids from each well must be accurately measured. Metering must be on a continuous basis and each well must be gauged at the frequency prescribed by the Administrator.

2. All equipment used to take the measurements required pursuant to subsection 1 must be calibrated on a regular basis in accordance with the manufacturer’s recommendation.

Sec. 30. NAC 534A.430 is hereby amended to read as follows:

534A.430 Injection wells must be completed with safe and adequate casing which is properly cemented to protect fresh water aquifers. The annular space must be filled by circulating cement up the annulus to the surface. If the cement does not circulate or falls back, the casing must be cemented [at] to the surface.

Sec. 31. NAC 534A.470 is hereby amended to read as follows:

534A.470 [If the] The owner of the geothermal resource or the operator [files] shall file with the Division an application for permission to abandon and plug a geothermal well pursuant to NAC 534A.540. [The] The application must [be] :

1. Be accompanied by a detailed statement of the proposed activity [−] to abandon and plug the geothermal well; and

2. If conditions within the geothermal well make it impossible for the owner or operator to plug the geothermal well, include an explanation of those conditions and a plan for the
owner or operator to substantially comply with the requirements of NAC 534A.480, 534A.490 and 534A.500.

Sec. 32. NAC 534A.480 is hereby amended to read as follows:

534A.480 For abandonment of a thermal gradient well, the following provisions apply:

1. If the well was drilled [with air] and no water was encountered, the [hole] well bore must be backfilled with cuttings and a cement plug 50 feet long must be placed at the top of the well.

2. If the well [was drilled with mud] encountered water when drilled, the well bore must be filled with [mud,] a material approved by the Division and a cement plug of 50 lineal feet must be placed at the top of the well.

3. The surface must be restored as near as practicable to its original condition.

Sec. 33. NAC 534A.490 is hereby amended to read as follows:

534A.490 For abandonment of a geothermal production, injection or [observational] observation well, the following provisions apply:

1. Cement used to plug the well, except cement used for surface plugging, must be placed in the [hole] well bore by pumping through drill pipe or tubing. The cement must consist of a mix which resists high temperatures.

2. Cement plugs must be placed in the uncased portion of wells to protect all subsurface resources. These plugs must extend a minimum of 100 lineal feet above the producing formations and 100 lineal feet below the producing formations or to the total depth drilled, whichever is less. Cement plugs must be placed to isolate formations and to protect the fluids in those formations from interzonal migration.
3. Where there is an open well bore, a cement plug must be placed in the deepest casing string by:

   (a) Placing a cement plug across the guide shoe extending a minimum of 100 lineal feet above and below the guide shoe, or to the total depth drilled, whichever is less; or

   (b) Setting a cement retainer with effective control of back pressure approximately 100 lineal feet above the guide shoe, with at least 200 lineal feet of cement below, or to the total depth drilled, whichever is less, and 100 lineal feet of cement above the retainer.

4. If there is a loss of drilling fluids into the formation or such a loss is anticipated or if the well has been drilled with air or another gaseous substance, a permanent bridge plug must be set at the casing shoe and capped with a minimum of 200 lineal feet of cement.

5. A cement plug must be placed across perforations, extending 100 lineal feet below, or to the total depth drilled, whichever is less, and 100 lineal feet above the perforations. When a cement retainer is used to squeeze cement into or across the perforations, the retainer must be set a minimum of 100 lineal feet above the perforations. Where the casing contains perforations at or below debris or collapsed casing, which prevents cleaning, a cement retainer must be set at least 100 lineal feet above that point, and cement must be squeezed in the interval below the retainer.

6. The approval of the Administrator must be obtained before casing is cut and recovered. A cement plug must be placed in such a manner as to isolate all uncased intervals and guide shoes that are not protected by an inner string of casing. The plug must extend a minimum of 50 feet above and below any such interval or guide shoe.

7. All annular spaces extending to the surface must be plugged with cement.
8. The innermost string of casing which reaches ground level must be cemented to a minimum depth of 50 feet below the top of the casing.

9. The hardness and location of cement plugs placed across perforated intervals and at the top of uncased or open well bores must be verified by setting down with tubing or drill pipe a minimum weight of 15,000 pounds on the plug or, if less than 15,000 pounds, the maximum weight of the available tubing or drill pipe string. If a cement retainer or bridge plug is used to set the bottom plug, a test is not required for that interval.

10. The surface must be restored as near as practicable to its original condition unless the Administrator approves an exception to this requirement requested by the owner of the land.

11. Any interval that is not filled with cement must be filled with good quality, heavy drilling fluids.

Sec. 34. NAC 534A.535 is hereby amended to read as follows:

534A.535 1. The owner of the geothermal resource or operator shall notify the Division of his or her intention to:

(a) Make a minor change in the manner in which a well is operated;

(b) Conduct a temperature or pressure survey; or

(c) Perform routine maintenance of a well.

The notice must be submitted to the Division on Form 4 (Sundry Notices and Reports on Wells) not later than 5 days of initiating the activity.

2. As used in subsection 1, “minor change” includes:

(a) Installing or changing capillary tubing; or
(b) Pulling or replacing a pump.

Any other change for which the Division takes little or no action other than acknowledging the notice and filing it.

Sec. 35. NAC 534A.540 is hereby amended to read as follows:

534A.540 1. A person shall not engage in an activity listed in subsection 3 or 4 without the permission of the Division.

2. The owner of the geothermal resource or operator shall submit an application for permission to engage in an activity listed in subsection 3 or 4 on Form 4 (Sundry Notices and Reports on Wells). Upon request, the Administrator may, as he or she deems appropriate in extraordinary circumstances, grant oral permission to engage in an activity listed in subsection 3 or 4. Oral permission to engage in an activity listed in subsection 3 or 4 does not relieve the owner of the geothermal resource or operator of his or her obligation to submit an application pursuant to this section.

3. The fee is $300 to file an application for permission to engage in any one of the following activities:

(a) Increasing the depth of a well;
(b) Testing of water shut-off;
(c) Entering or opening a plugged well;
(d) Shooting, acidizing or fracture treating;
(e) Drilling in a direction which is not intended to be vertical, including directional drilling;
(f) Changing the construction of a well bore or well, including:

(1) Placing a plug in the well bore or well; and
(2) Recovering or altering the casing;

(g) Conducting a major work over or cleaning of a well; and

(h) Any other proposed activity for which the Division:

(1) Conducts an extensive review;

(2) Conducts a field inspection; or

(3) Evaluates information or documentation regarding the construction of a well bore or well.

4. The fee is $100 to file an application for permission to engage in any one of the following activities:

(a) Extending a permit;

(b) Changing the ownership of a well;

(c) Changing the status of a well;

(d) Changing the name of a well;

(e) Changing the location of a proposed well; and

(f) Abandoning and plugging a well.

5. The owner of the geothermal resource or operator shall report to the Division any progress regarding or the completion of an activity for which permission was required pursuant to this section and any supplemental history of the well.

6. In the case of a geothermal domestic well, the owner of the geothermal resource or the operator shall:
(a) Not engage in an activity listed in paragraph (a) or (c) of subsection 3, subparagraph (1) of paragraph (f) of subsection 3 or paragraph (f) of subsection 4 without the permission of the Division; and

(b) Submit to the Division an application for permission to engage in an activity listed in paragraph (a) or (c) of subsection 3, subparagraph (1) of paragraph (f) of subsection 3 or paragraph (f) of subsection 4. The owner or operator shall file the application on Form 4 (Sundry Notices and Reports on Wells) and is not required to pay a fee to file.

7. The Division may, as it deems appropriate, observe and release information which is not confidential regarding activities for which permission was required pursuant to this section.

Sec. 36. NAC 534A.550 is hereby amended to read as follows:

534A.550 1. Within 30 days after the completion of the construction of a well, the owner of the geothermal resource or the operator shall file with the Division:

(a) A report setting forth the manner in which the well was completed [on a form designated by the Division;]

(b) [Two sets of all well logs.] For a directionally drilled well, a directional survey, which must include, without limitation, a plat obtained by the method used to survey the well;

(c) A lithologic log, which must include the lithologic characteristics and depths of the formations, the depths and temperatures of water-bearing and steam-bearing strata and the temperatures, chemical compositions and other characteristics of fluids encountered during drilling; and

(d) The following well logs, if applicable:
Well Log Type | Industrial or Commercial Production Well | Industrial or Commercial Injection Well | Geothermal Domestic Well | Thermal Gradient Well
--- | --- | --- | --- | ---
Gamma or similar log | Required | Required | Submit if run | Submit if run
Cement bond log | Submit if run | Submit if run | Submit if run | Submit if run
Temperature log | Required | Required | Required | Required
Other logs | Submit if run | Submit if run | Submit if run | Submit if run

2. Within 30 days after the well is plugged, the operator shall file with the Division a well plugging report on a form designated by the Division.

3. The survey and well logs filed pursuant to subsection 1 must include two paper copies, one digital copy and for any electric logs, one copy in LASer (LAS) file format.

4. The Division shall file one set of the well logs filed pursuant to subsection 1 with the Bureau of Mines and Geology of the State of Nevada.

Sec. 37. NAC 534A.560 is hereby amended to read as follows:

534A.560 1. [A] The owner of the geothermal resource or the operator of the well shall keep the following records at the site of the well or at the nearest office of the owner or operator:

(a) A copy of each monthly report of all geothermal production and sales, average temperatures and consumptive use from commercial and industrial wells must be filed in
duplicate with the Division on or before the last day of the month following the month during which the production occurred. The producer shall retain a copy for his or her file.

2. Wells which produce for any part of the month must be included in the monthly report.

 filed by the operator pursuant to section 8 of this regulation;

(b) The lithologic log required pursuant to paragraph (c) of subsection 1 of NAC 534A.550;

(c) A record of the core, which must contain a notation of the depth, lithologic character and fluid content of the cores;

(d) A history of the well, which must describe in detail all significant operations and equipment used during all phases of drilling, testing, completing and abandoning each well;

(e) A summary of the well, which must include all data pertinent to the condition of the well at the time the well is completed; and

(f) Any other appropriate books and records covering his or her operations in this State for a period of at least 5 years after any such operations have ended.

2. The Division may:

(a) Require the operator to provide additional reports, data or other information on the production and use of geothermal energy to prevent waste and conserve natural resources; and

(b) Inspect the records kept pursuant to subsection 1 during normal business hours.

Sec. 38. NAC 534A.590 is hereby amended to read as follows:
534A.590  

1. [Any interested person who desires] If the Administrator determines that a public hearing [before the Division must file an application with the Division. The application must state the purpose or subject for which the hearing is sought and be submitted in triplicate.]

   —2. A petition for rehearing must be filed in the same manner.] is necessary for a full understanding of an application for a permit to drill or operate a geothermal well, the rights involved with the application or to properly guard the public interest, the Administrator shall hold a hearing on the application. The Administrator shall consult with the State Engineer to determine whether the hearing will be held jointly or separately.

2. The Administrator shall send notice of a hearing held pursuant to subsection 1 to the applicant, the State Engineer, the Administrator of the Division of Environmental Protection of the State Department of Conservation and Natural Resources and all known parties at least 10 days before the date of the hearing. The notice of the hearing must include, without limitation, the subjects that will be addressed at the hearing.

3. The applicant or any other party to a hearing held pursuant to subsection 1 may request that additional issues be included by written motion filed with the Administrator at least 5 days before the date set for the hearing.

4. Upon the request of a party to a hearing held pursuant to subsection 1 and for good cause shown, the date of the hearing may be continued. A request for a continuance must be made at least 5 days before the date set for the hearing. Requests may be granted or denied at the discretion of the Administrator who may consult with the State Engineer on the issue.

5. The Administrator shall post a notice of a hearing held pursuant to subsection 1 on the Internet website of the Division and send notice of the hearing by electronic mail to any
person who has requested notifications of such hearings at the time the notice of the hearing is issued.

Sec. 39. NAC 534A.600 is hereby amended to read as follows:

534A.600 The Administrator shall maintain a docket [and all applications] for hearings [and all hearings called on motion of] held by the Division pursuant to NAC 534A.590. All hearings must be docketed with any application relating to the hearing and [given] assigned a docket number. A file carrying the number must be maintained by the Division. [Each application for a hearing and each original document or copy certified by the Division must be stamped with the number of the hearing and placed and kept in the file.]

Sec. 40. NAC 534A.630 is hereby amended to read as follows:

534A.630 The party who initiates the proceeding may open and close the proceeding. The Administrator shall open and close a proceeding which is initiated by the Division. An interested person must be heard immediately following the party with whom the interested person is allied in interest.]

1. A hearing held pursuant to NAC 534A.590 must be opened with a statement of the issues to be heard and by recognizing the parties to the hearing.

2. The applicant must be heard first at the hearing unless the Administrator finds good cause to hear from another party first.

3. Any party recognized by the Administrator must be heard in the order designated at the hearing.

4. A witness may be examined and cross-examined by not more than one representative of each party. The Administrator shall designate the order of the [proceedings] examination.
5. **Before the close of the hearing:**

   (a) A party to the hearing is entitled to make closing arguments; and

   (b) The Administrator may order or allow the presentation of briefs as determined by the Administrator after he or she consults with the parties.

6. **After the hearing,** the Administrator may issue a ruling in writing which sets forth a finding of facts and conclusions of law. A ruling of the Administrator pursuant to this section is a final decision for purposes of judicial review.

**Sec. 41.** NAC 534A.650 is hereby amended to read as follows:

534A.650 At all [formal] hearings, the record of the proceedings must be made by a certified [shorthand] court reporter, or in the absence of such a reporter, by a person designated by the Administrator. The cost of transcribing and reporting the hearing must be borne by the party designated by the Administrator at the time of the hearing.

**Sec. 42.** NAC 534A.690 is hereby amended to read as follows:

534A.690 1. [Any] Pursuant to NRS 233B.100, any interested person may submit a petition to the Commission [in writing] for the adoption, filing, amendment or repeal of a permanent regulation of the Commission.

   2. [The] Upon receipt of the petition, the Commission [will send any correspondence by certified mail to the petitioner.] will refer the petition to the Division to obtain a recommendation whether to approve or deny the petition.

   3. As soon as practicable after receiving the petition, but not later than 30 days after the date the petition is received pursuant to subsection 2, the Division shall:
(a) Review the petition to determine whether there is legal authority for the proposed adoption, filing, amendment or repeal of the permanent regulation; and

(b) Forward to the Commission the petition and the recommendation of the Division whether to approve or deny the petition.

4. Within 30 days after the date on which a petition is submitted, the Commission will:

(a) Notify the petitioner in writing of the decision of the Commission to deny the petition and the reasons for the denial; or

(b) Initiate the adoption, filing, amendment or repeal of the regulation in accordance with the procedures set forth in chapter 233B of NRS.

5. A decision of the Commission to deny a petition is a final decision for the purposes of judicial review.

**TEXT OF REPEALED SECTIONS**

534A.030  **“Artesian hole” defined.** (NRS 532.120, 534.020, 534.110)  “Artesian hole” means a hole tapping aquifer underlying an impervious material in which the static water level in the hole stands above where it is first encountered in the aquifer. The water can be hot or cold.

534A.050  **“Hole” defined.** (NRS 532.120, 534.020, 534.110)  “Hole” means an artificial excavation put down by any method for the purposes of collecting geochemical, geological or geophysical data.

534A.060  **“Hole driller” defined.** (NRS 532.120, 534.020, 534.110)  “Hole driller” means any person who drills a hole for compensation or otherwise.

534A.070  **“Underground water” defined.** (NRS 532.120, 534.020, 534.110)  “Underground water” is synonymous with “groundwater.”

534A.080  **“Waste” defined.** (NRS 532.120, 534.020, 534.110)  “Waste” means permitting an artesian hole to discharge water unnecessarily above or below the surface of the ground so that the water is lost for beneficial use.

534A.090  **License to drill: Application; issuance.** (NRS 532.120, 534.020, 534.110)
1. A person licensed to drill wells in the State of Nevada is not required to possess a license to drill exploration holes during the time the license to drill wells is in effect.

2. Unless licensed to drill wells, a driller shall obtain a license by making application to the State Engineer on a form supplied by the State Engineer, accompanied by a $25 filing fee.

3. Upon receipt of the completed form and $25 the license will be issued, but the State Engineer may, upon investigation and hearing, refuse to issue a license to an applicant if it appears that the applicant:
   (a) Has not had sufficient training or experience to qualify him or her as a well driller;
   (b) Is incompetent;
   (c) Has theretofore intentionally violated the law relating to well drilling or exploration drilling; or
   (d) Has theretofore intentionally made a material misstatement of fact in an application for a well driller’s or an exploration driller’s license.

4. Any license issued pursuant to this chapter expires June 30 of the following year unless renewed.

534A.100 License to drill: Revocation. (NRS 532.120, 534.020, 534.110)

1. The State Engineer, upon investigation and after a hearing held upon at least 15 days’ notice sent by registered mail to a licensed driller, may revoke the driller’s license if the State Engineer finds among other things that the driller has:
   (a) Intentionally made a material misstatement of facts in his or her application for a license;
   (b) Intentionally made a material misstatement of facts in a driller’s log and report;
   (c) Been found to be incompetent as a driller;
(d) Willfully violated any of the prescribed regulations; or

(e) Failed to submit a log and report of holes drilled in accordance with the regulations.

2. The State Engineer may refuse to reissue a license to a driller if it appears that the driller has violated the law or the regulations.

3. Failure to comply with the applicable provisions of this chapter is cause for revocation of a drilling license.

534A.120 Notice of intention to drill. (NRS 532.120, 534.020, 534.110) A driller shall notify the State Engineer whenever the driller is about to commence the drilling of a hole, giving the name of his or her client, the approximate location and the approximate depth to be drilled. The driller may use self-addressed post cards furnished by the State Engineer for this purpose.

534A.130 Hole logs: Information required. (NRS 532.120, 534.020, 534.110) On forms provided by the State Engineer, the driller shall provide the following information:

1. Name and address of the driller’s client;

2. Location of holes drilled by quarter section, section, township and range. An example would be: “Section 10, Township 20 North, Range 51 East.” If the area has not been mapped, then by distance and directions from a well-known landmark. An example would be: “One quarter mile easterly of State Highway 38A at a point 10 miles northerly from the intersection with State Highway 25”; 

3. Temperature of water, steam or heat may be given in general terms. Examples would be: Hot, warm, cool or cold; and

4. Depth, thickness and character of the different strata penetrated and the location of strata bearing water or a geothermal resource.
534A.140  Hole logs: Subsurface information; confidentiality. (NRS 532.120, 534.020, 534.110) Information about the subsurface obtained as a result of exploration drilling disclosed on hole logs as required by NAC 534A.130 must be filed with the State Engineer within 30 days after it is acquired. Such information together with other information concerning the exploration appearing on the logs and the cards containing the notice of intent to drill is confidential for a period of 5 years from the date of filing the cards or logs and must not be disclosed during that time without the express written consent of the driller’s client.

534A.150  Sealing of holes. (NRS 532.120, 534.020, 534.110)

1. All holes must be sealed at the surface with natural soil or concrete regardless of the diameter or depth of the hole.

2. Holes drilled into or through artesian aquifers must be sealed to prevent upward leakage after the drilling pipe is withdrawn at the conclusion of drilling operations. Failure to so seal a hole constitutes waste.

534A.160  Waiver of provisions. (NRS 532.120, 534.020, 534.110) The State Engineer may, upon good cause shown, waive any of the provisions of NAC 534A.090 to 534A.150, inclusive, except NAC 534A.140, if the waiver is in writing and briefly states the reason for the action taken.

534A.300  Logging of wells. (NRS 513.063, 534A.090) All geothermal wells must be logged with an electrical well log or neutron-gamma ray or similar log from the bottom of the hole to the bottom of the surface casing.

534A.320  Limitation on opening of interval in well. (NRS 513.063, 534A.090) No interval in a geothermal well, except for one operated by a nonprofit organization, may be
opened to the well bore closer than 100 feet from the outer boundary of the lease on which the well is located.

**534A.340  Records to be kept by owner of geothermal resource or operator of well; inspection. (NRS 513.063, 534A.090)**

1. The owner of the geothermal resource or the operator of the well shall keep an accurate:
   
   (a) Log, which must include the lithologic characteristics and depths of the formations, the depths and temperatures of water-bearing and steam-bearing strata and the temperatures, chemical compositions and other characteristics of fluids encountered during drilling;
   
   (b) Record of the core, which must contain a notation of the depth, lithologic character and fluid content of the cores;
   
   (c) History of the well, which must describe in detail all significant operations and equipment used during all phases of drilling, testing, completing and abandoning each well; and
   
   (d) Summary, which must include data pertinent to the condition of a well at the time it is completed.

2. These records must be kept at the site of the well or in the nearest office of the owner or operator. The Division may inspect the records during normal business hours.

**534A.350  Filing of logs and other records. (NRS 513.063, 534A.090)**

1. The operator shall, within 60 days after the completion or cessation of drilling, file with the Division the electrical logs required to be kept. The filing must include, without limitation, two printed copies, one digital copy and one copy in LASer (LAS) file format.
2. The operator shall, within 60 days after the removal of the rig, file with the Division all required logs not already filed pursuant to subsection 1, the record of the core, the history of the well and the summary.

534A.360 Filing of directional survey after completion of directionally drilled well. (NRS 513.063, 534A.090) Within 60 days after the completion of a directionally drilled well, a directional survey of the well, including a plat obtained by the method used to survey wells, must be filed with the Division.

534A.410 Monthly reports of production and temperature. (NRS 513.063, 534A.090) The owner of a geothermal resource or the operator of a producing industrial or commercial well shall file, on a form provided by the Division, a monthly report of production and temperature on or before the last day of each month for the preceding month.

534A.460 Monthly report of injection. (NRS 513.063, 534A.090) The owner of the geothermal resource or operator of any well who injects geothermal fluids into a reservoir shall file a report of the injection on a form provided by the Division on or before the last day of the month for the preceding month.

534A.520 Maintenance of records to substantiate reports; requirement of additional reports. (NRS 513.063, 534A.090)

1. All producers and handlers of geothermal resources shall make and keep appropriate books and records covering their operations in Nevada for a period of at least 5 years after cessation of activities, to substantiate the required reports.

2. The Division may require additional reports, data or other information on the production and use of geothermal energy to prevent waste and to conserve natural resources.
534A.530  Filing of organizational chart and amendments. (NRS 513.063, 534A.090)
On a form provided by the Division, an organizational chart must be filed by each applicant
before any permits for drilling are issued. An amended form must be filed if there is a change in
the information initially submitted to the Division.

for recharging, to maintain the pressure or for the disposal of water must be reported in writing to
the Division. The report must be filed in duplicate on or before the last day of the month
following the month during which the injection occurred.

534A.610  Notice of hearing; continuance; notice of certain hearings by publication.
(NRS 513.063, 534A.090)

1.  Notice of a hearing must be sent by the Division to the applicant and all known interested
parties at least 10 days before the date of hearing.

2.  Upon request of a party to a hearing and for good cause shown, the hearing may be
continued. A request to have the date of a hearing changed must be made to the Administrator at
least 5 days before the date set. Requests may be granted or denied at the discretion of the
Administrator.

3.  If the matter set for hearing is determined by the Division to be of general interest
throughout the state, the Administrator shall cause a notice of the hearing to be published 2
weeks before the hearing in a newspaper of general circulation in Reno, in Las Vegas, and in the
area in which the geothermal resource is located.
534A.640 Examination of witnesses. (NRS 513.063, 534A.090) A witness may be examined and cross-examined by not more than one representative of each party. The Administrator will designate the order of examination.

534A.660 Presentation of briefs. (NRS 513.063, 534A.090) Before closing the hearing, and upon the request of a party, the Administrator may permit the presentation of briefs. The order of presenting briefs and the time by which they must be filed must be determined by the Administrator after he or she consults with the parties.