The undersigned intends to circulate and file an initiative petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Attached hereto is the full title and text, in no less than eight point type, of the measure or constitutional amendment intended to be initiated at the next general election.

<table>
<thead>
<tr>
<th>Statutory Measure</th>
<th>Constitutional Amendment</th>
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<tr>
<td>Date of Application</td>
<td>5-3-2019</td>
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<td>Signatures Required</td>
<td>237,445</td>
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<td>Deadline for Filing</td>
<td>7-2-2020</td>
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<tr>
<td>Serial Number Issued</td>
<td>1-12-2020</td>
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The people of Arizona declare that hydraulic fracturing pollutes soil, air and our groundwater, a very limited resource in Arizona. To protect the health and wellbeing of our residents, we shall ban hydraulic fracturing and encourage alternative sources of energy that do not threaten future generations essential water. This Act may be cited as the “Ban Hydraulic Fracturing Within Arizona Act.”

Nicolas R. Guillermo
5755 E. River Rd.
Tucson, AZ 85750
520-250-4656
libertyeconomy.us@gmail.com

Representative Initiatives
201400149
Nicolas R. Guillermo
Chairperson
Tracy Molina
Treasurer
4015 E. Caliente Canyon Place
Tucson, AZ 85749
520-250-4656
libertyeconomy.us@gmail.com

By submitting this Application for Serial Number and checking all boxes below, I acknowledge the following:

- [X] That I have received and will review the accompanying instructions for Statewide Initiatives, including the Secretary of State's recommended best practices for printing copies of the Statewide Initiative Petition to be circulated.

- [X] That at the time of filing, I was provided instructions regarding accurate completion of the Statewide Initiative Petition form.

Applicant Signature: [Signature]
Date: 5/3/19

Office of the Secretary of State
1700 W. Washington Street
Phoenix, Arizona 85007
Rev. 03/04/2019
OFFICIAL TITLE: Ban Hydraulic Fracturing Act

TEXT OF PROPOSED AMENDMENT Be it enacted by the people of the state of Arizona:

Section 1. Title.

This act may be cited as the "Ban Hydraulic Fracturing Within Arizona Act"

Sec. 2. Findings.
The People of the State of Arizona find and declare the following:
A. Hydraulic fracturing releases large amounts of methane, a potent greenhouse gas. B. Hydraulic fracturing consumes large amounts of precious water.
C. Hydraulic fracturing pollutes soil, air and our groundwater, a very limited resource in Arizona.
D. Hydraulic fracturing is strongly associated with causing earthquakes.

27-501. Definitions
In this article, unless the context otherwise requires:
1. "Certificate of clearance" means a permit approved and issued or registered by the commission for transportation or delivery of oil, gas or oil and gas products.
2. "Certificate of compliance" means a certificate issued by the commission prior to connection of an oil or gas well with a pipeline, showing compliance with the conservation laws of this state and conservation rules and orders of the commission.
3. "Commission" or "commissioner" means the oil and gas conservation commission.
4. "Completed well" means a well that meets any of the following conditions:
   (a) Has produced or is ready to produce new formation hydrocarbons or gases.
   (b) Has been declared a dry hole or plugged and abandoned.
   (c) Has been otherwise readied for operation as in the case of injection and service wells.
5. "Developed area" or "developed unit" means a drainage unit having a completed well capable of producing oil or gas in paying quantities.
6. "Drainage unit" or "drilling unit" means the maximum area in a pool which may be drained efficiently by one well to produce the reasonable maximum amount of recoverable oil or gas in the area.
7. "Field" means the general area which is or appears to be underlaid by not less than one pool, including underground reservoirs containing oil or gas, or both.
8. "Fund" means the state general fund.
9. "Gas" means natural gas, casinghead gas, all other hydrocarbons not defined as oil, carbon dioxide and helium or other substances of a gaseous nature. Natural gas and casinghead gas are further defined as follows:
   (a) "Natural gas" means any combustible gas or vapor composed chiefly of hydrocarbons occurring in gaseous or vapor phase at initial reservoir conditions.
   (b) "Casinghead gas" means any gas or vapor indigenous to an oil stratum and produced from such stratum with oil.
10. "HORIZONTAL HYDRAULIC FRACTURING" AS USED IN THIS PART MEANS THE TECHNIQUE OF EXPANDING OR CREATING ROCK FRAC TURES LEADING FROM SUBSTANTIALLY HORIZONTAL WELLBORES, BY INJECTING SUBSTANCES INCLUDING BUT NOT LIMITED TO WATER, FLUIDS, CHEMICALS, AND PROPPANTS, UNDER PRESSURE, INTO OR UNDER ROCK FORMATIONS, FOR PURPOSES OF EXPLORATION, DRILLING, COMPLETION, OR PRODUCTION OF OIL OR NATURAL GAS.
11. "HORIZONTAL HYDRAULIC FRACTURING WASTE" AS USED IN THIS PART MEANS ANY OF THE FOLLOWING IN REGARD TO HORIZONTAL HYDRAULIC FRACTURING:
   (a) INJECTION OF FRACTURING FLUIDS CONSISTING OF, BUT NOT LIMITED TO, WATER, CHEMICALS, PROPPANTS, AND ADDITIVES USED FOR HORIZONTAL HYDRAULIC FRACTURING.
   (b) PRODUCTION OF BRINES, FLOWBACK, PRODUCED WATER, RESIDUAL FLUIDS, OR DRILL CUTTINGS THAT RETURN TO THE SURFACE IN THE HORIZONTAL DRILLING AND HYDRAULIC FRACTURING PROCESS.
12. "Illegal oil" and "illegal gas" means oil or gas produced within the state from any well during any time in which the well has produced more than the amount allowed by law or any rule or order of the commission or the production of which causes waste or loss of oil or gas produced with horizontal hydraulic fracturing.
13. "Illegal product" means any product derived, in whole or in part, from illegal oil or gas.
13 15. "Oil" means crude petroleum oil and all other hydrocarbons, regardless of gravity, which are produced at a well in liquid form by ordinary production methods and which are not the result of condensation of gas.
14 16. "Owner" means the person having the right to drill into, produce and appropriate production of oil or gas, or both, from a pool.
15 17. "Person" includes a corporation, association, partnership, receiver, trustee, guardian, executor, administrator, fiduciary or representative or any group acting as a unit and includes any department, agency or instrumentality of the state or any of its governmental subdivisions.
16 18. "Pool" means an underground reservoir containing a common accumulation of oil or gas, or both, and includes each zone of a general structure completely separated from any other zone in the structure.
17 19. "Producer" means the owner of a well capable of producing oil or gas.
18 20. "Product" means oil, gas or any product, by-product, mixture or blend of oil or gas.
19 21. "Royalty owner" means a person who possesses an interest in the production but who is not an owner.
20 22. "Waste" includes:
(a) Physical waste, as that term is generally understood in the oil and gas industry.
(b) The inefficient, excessive or improper use of or the unnecessary dissipation of reservoir energy.
(c) The locating, spacing, drilling, equipping, operating or producing of any oil or gas well or wells in a manner which causes or tends to cause reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas.

(d) The inefficient storing of oil or gas.
(e) The production of oil or gas in excess of transportation or marketing facilities.
(f) The production of oil or gas when it is unprofitable to dispose of such production.
21 23. "Well" includes any hole drilled or spudded in for the purpose, with the intention or under the representation of penetrating oil or gas bearing strata or of penetrating any strata in search of stratigraphic data pertinent to the location of oil or gas bearing strata, whether or not in either case oil or gas is actually discovered, any hole used in connection with the underground storage of hydrocarbon substances, whether liquid or gaseous, any hole used in connection with a process to inject any substance for purposes of disposal or to increase recovery, any hole used for the purpose of secondary or tertiary recovery and any hole used for the purpose of pressure maintenance. The commission may, as it considers to be in the best interests of the state, determine that any hole drilled or spudded in shall be included within this definition to the extent necessary for the administration and enforcement of the rules required by section 27-516. The determination of the commission shall be final in any circumstance involving the question of purpose, intent or representation, except that the determination shall be subject to appeal as provided by section 27-520.

27-502. Declaration of policy
A. It is the public policy of the state to:
1. Conserve the natural resources of oil and gas and products thereof.
2. Prevent waste of oil and gas resources.
3. Provide for protection and adjustment of correlative rights of owners of land wherein the natural resources lie and of owners and producers of oil and gas resources and products thereof, and of others interested therein.
4. Encourage development of natural resources of oil and gas and their products.
5. Encourage continuous and economic supply thereof and demand thereof.
6. Safeguard the health, property and public welfare of citizens of the state and other interested persons.
7. Promote all purposes indicated by the provisions of this article.
8. PREVENT THE CONTAMINATION OF GROUNDWATER DURING THE PRODUCTION OR THE DISTRIBUTION OF OIL AND GAS PRODUCTS.

B. This article shall be administered by the oil and gas conservation commission.
C. The legislature finds and declares that oil and gas in commercial quantities have now been discovered and are being produced within this state.

27-503. Waste of oil or gas prohibited; powers of commissioner to prevent waste
A. Waste of oil or gas is unlawful and is prohibited.
B. The commissioner shall make inquiries he deems proper to determine whether waste exists or is imminent. In the exercise of such power the commissioner may:
1. Collect data.
2. Make investigations and inspections.
3. Examine property, leases, papers, books and records, including drilling records and logs.
4. Examine, check, test and gauge oil and gas wells, tanks, refineries and modes of transportation.
5. Hold hearings.
6. Require keeping of records and making of reports.
7. Take action he deems necessary to enforce and effectuate the provisions of this article.
C. The commissioner may in order to prevent waste and avoid drilling unnecessary wells, permit the cycling of gas in any pool or portion thereof or the introduction of gas or other substance into an oil or gas reservoir for the purpose of repurposing the reservoir, maintaining pressure or carrying on secondary recovery operations of any type WITH THE EXCEPTION BEING HORIZONTAL HYDRAULIC FRACTURING WHICH SHALL NEVER BE PERMITTED. The commissioner shall permit the pooling or integration of separate tracts when reasonably necessary in connection with the operations.

27-516. Rules
A. The commission shall make rules and amend them as deemed necessary for the proper administration and enforcement of this article, including the following rules and orders:
1. Requiring the drilling, casing and plugging of wells in a manner to prevent:
(a) Escape of oil and gas from one stratum to another.
(b) Intrusion of water into an oil or gas stratum from a separate stratum.
(c) Pollution of fresh water supplies by oil, gas, CHEMICALS USED DURING THE PRODUCTION OF OIL OR GAS, or salt water.
(d) Waste.
2. Requiring reports showing the location of oil and gas wells and requiring filing of logs and drilling records within thirty days after drilling is completed for a well drilled for oil or gas.
3. Requiring a reasonable bond with good and sufficient surety conditioned on the performance of the duties prescribed in paragraphs 1 and 2 of this subsection including the obligation to plug each dry or abandoned well.
4. Preventing drowning by water of any stratum or part capable of producing oil or gas in paying quantities and preventing the premature and irregular encroachment of water which reduces or tends to reduce the total ultimate recovery of oil or gas from any pool.
5. Requiring the operation of wells with efficient gas-oil ratio and fixing the limits of such ratios.
6. Preventing blowouts, caving and seepage.
7. Preventing creation of unnecessary fire hazards.
8. Requiring identification of ownership of oil and gas wells, producing leases, refineries, tanks, plants, structures and storage and transportation equipment and facilities.
9. Regulating shooting, perforating and chemical treatment of wells.
10. Regulating gas cycling operations.
11. Regulating secondary recovery methods, including introduction of gas, air, water or any other substances into producing formations.
12. Regulating spacing of wells and establishing drilling units.
13. Limiting, allocating and apportioning production of oil and gas from a pool or field for prevention of waste, and allocating production between tracts of land under separate ownership in a pool on a fair and equitable basis so that each tract will be permitted to produce not more than its just and equitable share from such pool.
14. Preventing, so far as practicable, reasonably avoidable drainage from each developed unit, not equalized by counterdrainage.
15. Requiring a producer of oil or gas to submit for each oil or gas well operated, on a form prescribed by the commission, a monthly report of actual production from each oil or gas well. Such report shall be submitted on or before the twenty-fifth day of the next succeeding month.
16. Requiring persons making settlement with the owner of oil or gas interests to render statements to the owner showing the quantity and gravity purchased and the price per barrel of oil or the price per one thousand cubic feet of gas.
17. Requiring, either generally or in a particular area, a certificate of clearance for transportation or delivery of oil, gas or any product.
18. Requiring the applicant for a drilling permit, if the surface of the land is owned by another not in a contractual relationship with the applicant, to post bond in a reasonable sum with good and sufficient surety conditioned on payment of just compensation to the landowner for actual damages to the surface or improvements on the land caused by the drilling permittee's operations.
19. Requiring all forms and reports requested by the commission to be submitted to the commission on or before the twentieth day of the next succeeding month for monthly reports or within twenty days following the completion of the action requiring the report, except as otherwise provided by the commission.
20. Requiring the permitting of all wells and the approval of all equipment and methods: (a) To create or use existing storage space for the underground storage of hydrocarbon substances, whether liquid or gaseous.
(b) Used for the injection of any substance into geological strata for the purpose of pressure maintenance or for the purpose of increasing ultimate recovery.
(c) Used for the purpose of secondary and tertiary recovery.
(d) Used for the disposal of any substance.
B. No rule or order, or change, renewal or extension, except as otherwise provided by this article, shall, in the absence of an emergency, be made by the commission under the provisions of this article except after a public hearing of which not less than ten days' notice has been given. The public hearing shall be held at such time and place as may be prescribed by the commission, and any interested person shall be entitled to be heard. Notice shall be given by personal service, by publication or by United States mail
addressed, postage prepaid, to the last known mailing address of the person or persons affected. The date of service shall be the date on which service was made in the case of personal service, the date of first publication in the case of notice by publication and the date of mailing in the case of notice by mailing. The notice shall issue in the name of the state, shall be signed by a member of the commission or its deputy, shall specify the style and number of the proceeding and the time and place of the hearing and shall briefly state the purpose of the proceeding. If the commission gives notice by personal service, such service may be made by an officer authorized to serve process or by the commission in the same manner as is provided by law for the service of process in civil actions in the courts of this state. Proof of service by the commission shall be by the affidavit of the commission or its authorized representative making personal service. If service is made by the sheriff, the proof of service shall be as required by law for service of process in civil actions. If the matter to be heard concerns the adoption, amendment or repeal of a rule of general applicability, notice shall be by publication.

C. If an emergency is found by the commission to exist, which in its judgment requires making, changing, renewing or extending a rule or order without first having a hearing, the emergency rule or order shall have the same validity as if a hearing had been held after due notice. The emergency rule or order shall remain in force for not to exceed thirty days from its effective date but shall expire when a rule or order with respect to the subject matter of the emergency rule or order becomes effective after due notice and hearing.

27-527. Violation; classification
A. Any person who violates any provision of this article, or any rule, regulation or order of the commission, is subject to a civil penalty of not more than one thousand dollars for each violation and for each day the violation continues WITH THE EXCEPTION OF ANY PERSON OR PERSONS WHO CAUSE HORIZONTAL HYDRAULIC FRACTURING TO HAPPEN IN THE STATE OF ARIZONA WILL BE SUBJECT TO A CIVIL PENALTY OF A MINIMUM OF TEN THOUSAND DOLLARS PER DAY OF OPERATIONS INCLUDING EXPLORATIONS.
B. Any person who, with the intent to evade this article, or any rule, regulation or order of the commission, knowingly makes or causes to be made a false entry in any application, report, record, account or memorandum required by this article or by any such rule, regulation or order, or who knowingly omits or causes to be omitted from any application, report, record, account or memorandum, full, true and correct entries as required by this article, or by any such rule, regulation or order, or who knowingly removes from this state, or destroys, mutilates, alters or falsifies any such application, record, account or memorandum or knowingly makes any false statement to the commission or any member, officer, or employee of the commission concerning any matter within the jurisdiction of the commission is guilty of a class 2 misdemeanor.
C. The penalties provided in this section shall be recoverable by action filed by the attorney general, in the name and on behalf of the state, in the superior court of the county in which the defendant resides, or in which any defendant resides if there are more than one defendant, or in the superior court of any county in which the violation occurred. The payment of any penalty shall not operate to legalize so that it is no longer contraband any oil, gas or product involved in the violation for which the penalty is imposed, and shall not relieve a person on whom the penalty is imposed from liability to any other person for damages arising out of the violation.