

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 1246

Short Title: Well Grouting Inspection/Bond Requirement. (Public)

Sponsors: Representative Haire.

Referred to: Commerce, Small Business, and Entrepreneurship, if favorable, Environment and Natural Resources.

April 9, 2009

1 A BILL TO BE ENTITLED  
2 AN ACT TO ALLOW WATER WELL CONTRACTORS TO GROUT WATER WELLS  
3 WITHOUT A PRIOR INSPECTION BY THE LOCAL HEALTH DEPARTMENT AND  
4 TO REQUIRE WATER WELL CONTRACTORS TO OBTAIN A BOND OR OTHER  
5 SECURITY PAYABLE FOR LOSSES DUE TO DEFECTIVE WELL CONSTRUCTION  
6 OR WELL REPAIR.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 87-97 is amended by adding a new subsection to read:

9 "(g1) Grout Certificate Issued by Water Well Contractor. – A water well contractor may  
10 grout a private drinking water well without a prior inspection by the local health department,  
11 and, upon completing the grouting, the water well contractor may provide, within 10 days of  
12 completing the grouting, a written certification to the local health department that the well has  
13 been grouted in compliance with the requirements of this Article and rules adopted pursuant to  
14 this Article. For purposes of issuing a certificate of completion under subsection (g) of this  
15 section, the well contractor's grout certification shall be accepted by the Department as  
16 evidence the grout complies with the requirements of this Article and rules adopted pursuant to  
17 this Article."

18 **SECTION 2.** G.S. 87-97(g) reads as rewritten:

19 "(g) Certificate of Completion. – Upon completion of construction of a private drinking  
20 water well or repair of a private drinking water well for which a permit is required under this  
21 section, the local health department shall inspect the well to determine whether it was  
22 constructed or repaired in compliance with the construction permit or repair permit. If the local  
23 health department determines that the private drinking water well has been constructed or  
24 repaired in accordance with the requirements of the construction permit or repair permit, the  
25 construction and repair requirements of this Article, and rules adopted pursuant to this Article,  
26 the local health department shall issue a certificate of completion. No person shall place a  
27 private drinking water well into service without first having obtained a certificate of  
28 completion. No person shall return a private drinking water well that has undergone repair to  
29 service without first having obtained a certificate of completion. This subsection is subject to  
30 subsection (g1) of this section."

31 **SECTION 3.** Article 7 of Chapter 87 of the General Statutes is amended by adding  
32 a new section to read:

33 **"§ 87-97.3. Bond requirement for water well contractors.**

34 (a) Each water well contractor that applies for a construction permit or a repair permit  
35 under G.S. 87-97 or for the renewal of such a permit shall not obtain the permit unless the  
36 contractor files and maintains in force a bond in favor of the State of North Carolina, executed



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1 by a surety approved by the Commissioner of Insurance, in the amount of twenty-five thousand  
2 dollars (\$25,000) for each water well contractor. The bond shall be continuous in nature and  
3 shall remain in force until cancelled by the surety. Cancellation by the surety shall be  
4 effectuated only upon 60 days' written notice thereof to the Department and to the water well  
5 contractor.

6 (b) The water well contractor that applies for a construction permit or a repair permit  
7 under G.S. 87-97 or for the renewal of such a permit shall have the option of filing a separate  
8 bond for each such permit or of filing a blanket bond covering all well construction and repairs  
9 requiring a permit within the State for which the applicant holds a permit.

10 (c) The bond under subsection (a) of this section shall be conditioned upon the faithful  
11 performance of the requirements of this Article and rules adopted pursuant to this Article and  
12 shall be payable for losses due to defective well construction or well repair by the water well  
13 contractor or the contractor's agents operating in the course and scope of the contractor's  
14 agency. Upon filing the bond with the Department, the water well contractor shall lose all right,  
15 title, and interest in the bond while the bond is held by the Department. In no event shall the  
16 liability of the surety exceed the amount of the surety bond required by this section.

17 (d) In lieu of the surety bond required by this section, the water well contractor may file  
18 with the Department a cash deposit, an irrevocable letter of credit, a guaranty of payment from  
19 an acceptable bank, an assignment of a savings account in an acceptable bank on an assignment  
20 form prescribed by the Department, or other security acceptable to the Department.

21 (e) If the license to do business in North Carolina of any surety upon a bond filed  
22 pursuant to this section should be suspended or revoked, the water well contractor shall, within  
23 60 days after receiving notice thereof, substitute for the surety a good and sufficient corporate  
24 surety authorized to do business in this State. Upon failure of the water well contractor to  
25 substitute sufficient surety within the time specified, the contractor's construction permit or  
26 repair permit shall be automatically revoked.

27 (f) After a hearing, the Environmental Management Commission may initiate claims on  
28 the bond or other security under this section for the cost of remediation or abatement of the  
29 losses under subsection (c) of this section. Claims are limited to actual damages. The person  
30 who owns the property on which the well is located where the defective well construction or  
31 well repair occurred may initiate a civil action in the county in which that well is located to  
32 recover against the bond."

33 **SECTION 4.** This act becomes effective October 1, 2009, and Section 1 and  
34 Section 2 of this act apply to the construction or repair of wells that occurs on or after that date.  
35 The bond requirement under G.S. 87-97.3, as enacted by Section 3 of this act, applies to water  
36 well contractors, as defined in G.S. 87-85, that apply for a construction permit or a repair  
37 permit or for the renewal of such a permit on or after that date.