

1 SB36  
2 215758-1  
3 By Senators Albritton and Reed  
4 RFD: Governmental Affairs  
5 First Read: 11-JAN-22  
6 PFD: 01/06/2022

8 SYNOPSIS: Under existing law, the State Oil and Gas  
9 Board regulates underground storage facilities for  
10 natural gas and certain other hydrocarbons not  
11 defined as oil.

12 This bill would amend the definition of gas  
13 for the purpose of the regulation of underground  
14 storage facilities by the board to include carbon  
15 oxides, ammonia, hydrogen, nitrogen, and noble  
16 gases.

17 This bill would also specify the authority  
18 of the board to regulate underground storage  
19 facilities, including requiring a bond to insure  
20 the performance of any duties relating to an  
21 underground storage facility.

22 This bill would also authorize the board to  
23 adopt rules providing fees to defray the expenses  
24 of the board in regulating underground storage  
25 operations.

27 A BILL

1 TO BE ENTITLED

2 AN ACT

3  
4 Relating to the State Oil and Gas Board; to amend  
5 Sections 9-17-150 and 9-17-151 of the Code of Alabama 1975, to  
6 further define gas to include certain additional gases for the  
7 purpose of regulation of underground storage facilities by the  
8 board; to further specify the authority of the board to  
9 regulate the operation and abandonment of underground storage  
10 facilities, including the authority to require a bond to  
11 insure the performance of any duties relating to an  
12 underground storage facility; and to authorize the board to  
13 adopt rules providing fees to defray the expenses of the board  
14 in regulating underground storage facilities.

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. Sections 9-17-150 and 9-17-151 of the  
17 Code of Alabama 1975, are amended to read as follows:

18 "§9-17-150.

19 "Unless the context otherwise requires, the  
20 following words and terms defined in this section shall have  
21 the following meanings ~~when found~~ in this article:

22 "~~(7)~~ (1) CODE. The Code of Alabama 1975, as amended.

23 "(2) GAS. All natural gas, casinghead gas, carbon  
24 oxides, ammonia, hydrogen, nitrogen, noble gases, and occluded  
25 natural gas found in coal beds, and all other hydrocarbons not  
26 defined as oil in Section 9-17-1(3), except and not including  
27 liquid petroleum gas.

1           "~~(6)~~ (3) STATE OIL AND GAS BOARD or BOARD. The State  
2 Oil and Gas Board of Alabama;~~and~~.

3           "(4) STORAGE FACILITY. Any underground reservoir  
4 used or to be used for the underground storage of gas and all  
5 surface and subsurface rights and appurtenances necessary or  
6 useful in the operation of the facility for the underground  
7 storage of gas, including any necessary or reasonable buffer  
8 zone as designated by the board for the purpose of insuring  
9 the safe operation of the storage of gas and to protect the  
10 storage facility against pollution, invasion, and escape or  
11 migration of gas therefrom, together with any and all  
12 subsequent extensions thereof.

13           "(5) STORAGE OPERATOR. Any company, person,  
14 corporation, partnership, limited partnership, association of  
15 persons, municipality, association of municipalities, public  
16 utility, gas district, or other entity, authorized by the  
17 State Oil and Gas Board pursuant to Section 9-17-152 to  
18 operate any storage facility as defined in this section.

19           "~~(3)~~ (6) UNDERGROUND RESERVOIR. Any subsurface sand,  
20 stratum, formation, aquifer, or cavity, cavern or void  
21 (whether natural or artificially created), suitable for or  
22 capable of being made suitable for the injection and storage  
23 of gas therein and the withdrawal of gas therefrom.

24           "~~(1)~~ (7) UNDERGROUND STORAGE. Storage in an  
25 underground reservoir.

26           "§9-17-151.

1           "(a) (1) The underground storage of gas which  
2 promotes the conservation thereof, which permits the  
3 accumulation of large quantities of gas in reserve for orderly  
4 withdrawal in periods of peak demand, making gas more readily  
5 available to commercial, industrial, or residential consumers,  
6 or which provides more uniform withdrawal from various gas or  
7 oil fields, is in the public interest and welfare of this  
8 state, and is for a public purpose.

9           "(2) The underground storage of carbon oxides,  
10 ammonia, hydrogen, nitrogen, and noble gases is in the public  
11 interest and welfare of this state and is for a public  
12 purpose.

13           "(b) The State Oil and Gas Board shall have  
14 jurisdiction and authority over all persons and property  
15 necessary to administer and enforce effectively the provisions  
16 of this article concerning the underground storage of gas. In  
17 exercising such jurisdiction and authority, the board shall  
18 have and may exercise all powers and authorities granted to it  
19 pursuant to Article 1 of this chapter with respect to holding  
20 hearings and ~~promulgating~~ adopting and enforcing rules,  
21 regulations, and orders.

22           "(c) In addition to any other authority of the  
23 board, the board shall have jurisdiction and authority to  
24 regulate the operation and abandonment of underground storage  
25 facilities. The board may require reasonable bond, with good  
26 and sufficient surety, or other financial security approved by  
27 the board, conditioned on compliance with any rules or orders

1 of the board relating to underground storage facilities,  
2 including the abandonment of underground storage facilities.

3 "(d) The board may adopt rules providing fees and  
4 charges to defray expenses of the board in the regulation of  
5 the operation and abandonment of underground storage  
6 facilities. "

7 Section 2. This act shall become effective on the  
8 first day of the third month following its passage and  
9 approval by the Governor, or its otherwise becoming law.