

1 HB503
2 150899-2
3 By Representative Wren
4 RFD: Boards, Agencies and Commissions
5 First Read: 02-APR-13

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8 SYNOPSIS: Under existing law, the State Oil and Gas
9 Board has authority to administer and enforce the
10 laws relating to oil and gas.

11 This bill would specify that the authority
12 of the board includes oil sands.

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14 A BILL
15 TO BE ENTITLED
16 AN ACT

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18 To amend Section 9-17-6 of the Code of Alabama 1975,
19 relating to the Oil and Gas Board, to specify that the
20 authority of the board relating to oil and gas includes oil
21 sands.

22 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

23 Section 1. Section 9-17-6 of the Code of Alabama
24 1975, is amended to read as follows:

25 "§9-17-6.

26 "(a) The board shall have jurisdiction and authority
27 over all persons and property necessary to administer and

1 enforce effectively the provisions of this article and all
2 other articles relating to the conservation of oil and gas.

3 "(b) The board shall have the authority and it shall
4 be its duty to make such inquiries as it may think proper to
5 determine whether or not waste, over which it has
6 jurisdiction, exists or is imminent. In the exercise of such
7 power the board shall have the authority to perform the
8 following:

9 "(1) Collect data.

10 "(2) Make investigation and inspection.

11 "(3) Examine properties, leases, papers, books, and
12 records, including drilling records, logs, and other
13 geological and geophysical data.

14 "(4) Examine, check, test, and gauge oil and gas
15 wells, tanks, plants, processing facilities, structures,
16 natural gas pipelines and gathering lines, and storage and
17 transportation equipment and facilities, and other modes of
18 transportation.

19 "(5) Hold hearings.

20 "(6) Appoint a hearing officer for the purpose of
21 conducting public hearings on behalf of the board and making
22 recommendations to the board.

23 "(7) Require the keeping of records and making of
24 reports.

25 "(8) Take such action as may be reasonably necessary
26 to enforce this article.

1 "(c) The board shall have the authority to make,
2 after hearing and notice as provided in this article, such
3 reasonable rules, regulations, and orders as may be necessary
4 from time to time in the proper administration and enforcement
5 of this article, including rules, regulations, and orders for
6 the following purposes:

7 "(1) To require the drilling, casing, and plugging
8 of wells to be done in such a manner as to prevent the escape
9 of oil or gas out of one stratum to another.

10 "(2) To prevent the intrusion of water into an oil
11 or gas stratum from a separate stratum.

12 "(3) To prevent the pollution of fresh water
13 supplies by oil, gas, salt water, or other contaminants
14 resulting from oil and gas operations, including surface
15 mining operations to recover oil from oil sands.

16 "(4) To require the making of reports showing the
17 location of oil and gas wells and surface or underground
18 operations for the recovery of oil from oil sands and to
19 require the filing of logs, including electrical logs, and
20 drilling records and the lodgment in the office of the State
21 Oil and Gas Supervisor of typical drill cuttings or cores, if
22 cores are taken, within six months from the time of the
23 completion of any well or surface or underground operations
24 for the recovery of oil from oil sands.

25 "(5) To require reasonable bond, with good and
26 sufficient surety, or other financial security approved by the
27 board, conditioned for the performance of the duties outlined

1 in subdivisions (1), (2), (3), and (4) of this subsection,
2 including the duty to plug each dry or abandoned well and to
3 restore the well site for each dry or abandoned well and
4 associated production and processing facility and plant upon
5 the abandonment of such well, facility, or plant and to
6 reclaim all surfaces disturbed during surface mining
7 operations for the recovery of oil from oil sands.

8 "(6) To prevent wells from being drilled, operated,
9 or produced in such a manner as to cause injury to neighboring
10 leases or property and to protect neighboring leases or
11 property from being damaged or injured by operations to
12 recover oil from oil sands.

13 "(7) To prevent the drowning by water of any stratum
14 or part thereof capable of producing oil or gas in paying
15 quantities and to prevent the premature and irregular
16 encroachment of water which reduces or tends to reduce the
17 total ultimate recovery of oil or gas from any pool.

18 "(8) To require the operation of wells with
19 efficient gas-oil ratios and to fix such ratios.

20 "(9) To prevent "blowouts," "caving," and "seepage"
21 in the sense that conditions indicated by such terms are
22 generally understood in the oil and gas business.

23 "(10) To prevent fires.

24 "(11) To identify the ownership of all oil and gas
25 wells, surface mining operations to recover oil from oil
26 sands, producing leases, tanks, plants, processing facilities,

1 structures, natural gas pipelines and gathering lines, and
2 storage and transportation equipment and facilities.

3 "(12) To regulate the "shooting," perforating, and
4 chemical treatment of wells.

5 "(13) To regulate enhanced recovery methods, which
6 include Class II injection wells as defined in the Federal
7 Safe Drinking Water Act, 42 U.S.C. 300f et seq.

8 "(14) To establish drilling units, to determine the
9 spacing of wells, to establish oil and gas fields for each oil
10 and gas pool, including fields for operations to recover oil
11 from oil sands, to establish the spacing of wells for each
12 pool, and to establish drainage or production units.

13 "(15) To limit and prorate the production of oil or
14 gas or both from any pool or field for the prevention of waste
15 as defined in this article.

16 "(16) To require, either generally or in or from
17 particular areas, certificates of clearance or tenders in
18 connection with the transportation of oil, gas, or any
19 product.

20 "(17) To prevent, so far as is practical, reasonably
21 avoidable drainage from each developed unit which is not
22 equalized by counterdrainage.

23 "(18) To require the placing of meters of a type
24 approved by the board wherever the board may designate in
25 plants and processing facilities on all pipelines, gathering
26 systems, barge terminals, loading racks, or other places
27 deemed necessary or proper to prevent waste and the

1 transportation of illegally produced oil or gas. Such meters
2 at all times shall be under the supervision and control of the
3 board; and it shall be a violation of this article, subject to
4 the penalties provided in this article, for any person to
5 refuse to attach or install such meter when ordered to do so
6 by the board or in any way to tamper with such meter so as to
7 produce a false or inaccurate reading or to have any bypass at
8 such a place where the oil or gas can be passed around such
9 meter, unless expressly authorized by written permit of the
10 board."

11 Section 2. This act shall become effective
12 immediately following its passage and approval by the
13 Governor, or its otherwise becoming law.