

SB174 ENROLLED



1 SB174
2 I3DGF66-2
3 By Senator Albritton
4 RFD: Transportation and Energy
5 First Read: 20-Jan-26



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1 Enrolled, An Act,

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3 Relating to natural resources; to authorize the State
4 Oil and Gas Board to regulate alternative energy wells and
5 associated operations and facilities, to adopt rules for
6 regulation of the operation and abandonment of alternative
7 energy wells and associated operations, to set fees and
8 charges to defray expenses of the board in relation to
9 regulation of alternative energy operations, to allow an oil
10 or gas well and associated infrastructure to be converted into
11 an alternative energy facility, to amalgamate alternative
12 energy rights for an alternative energy facility under certain
13 circumstances; to require alternative energy facility
14 operators to adhere to certain conduct; to amend Section
15 9-17-60, Code of Alabama 1975, to add the exploration and
16 production of energy sources and related uses to the purposes
17 for which the Commissioner of Conservation and Natural
18 Resources may lease state lands; and to authorize the
19 commissioner to modify such leases.

20 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

21 Section 1. (a) For purposes of this section, the
22 following terms have the following meanings:

23 (1) ALTERNATIVE ENERGY FACILITY or FACILITY. An
24 alternative energy well and associated infrastructure used for
25 developing, producing, or supporting alternative energy
26 resources.

27 (2) ALTERNATIVE ENERGY RESOURCES. a. The earth's
28 natural heat and the energy, in whatever form, which is below



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29 the earth's surface and which is present in, results from, or
30 is created by, or which may be extracted from, the earth's
31 natural heat.

32 b. The term includes:

33 1. All products of geothermal processes and byproducts
34 derived therefrom such as indigenous steam, hot water, and hot
35 brines;

36 2. Steam, gases, hot water, and hot brines resulting
37 from water, gas, or other fluids artificially introduced into
38 geothermal formations;

39 3. Heat or other associated energy found in geothermal
40 formations; and

41 4. Other forms of energy, energy generation, energy
42 capture, energy storage, and related uses, including
43 hydropower derived from natural underground water flows or
44 from injecting water into lower pressure reservoirs with water
45 processed at the surface or by using the energy potential
46 between two subsurface formations within a wellbore.

47 c. The term does not include the heating and cooling
48 capacity of the earth which may be used for heating and
49 cooling buildings through an on-site heat pump or similar
50 on-site system.

51 (3) ALTERNATIVE ENERGY WELL. A well that has been
52 permitted pursuant to the board's authorization to produce or
53 support the production of alternative energy resources.

54 (b) (1) The State Oil and Gas Board, after providing
55 notice and a public hearing, may authorize the development and
56 operation of an alternative energy facility or the conversion



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57 of an existing oil and gas well and associated infrastructure
58 into an alternative energy facility, so long as any
59 alternative energy well extends 5,000 feet or more below the
60 surface of the land, regardless of whether the land is
61 submerged.

62 (2) As determined by rule of the board, an applicant
63 seeking approval to operate an alternative energy facility
64 shall submit a petition fee, a well permit fee, and financial
65 security instruments specific to the proposed uses of the
66 alternative energy facility.

67 (c) An alternative energy facility operator shall do
68 all of the following:

69 (1) Adhere to all rules adopted by the board relating
70 to alternative energy wells and facilities.

71 (2) Make a good faith effort to obtain the consent of
72 all persons that own the facility's alternative energy
73 resources.

74 (3) Obtain the consent of persons that own not less
75 than 66 and two-thirds percent of the facility's alternative
76 energy resources.

77 (4) Upon an order of the board to amalgamate pursuant
78 to subsection (d), compensate all nonconsenting owners on
79 terms deemed equitable and reasonable by the board.

80 (5) Employ commercially reasonable efforts to limit the
81 adverse impacts to surface uses of lands owned by the
82 nonconsenting owners of the alternative energy resources of
83 the facility.

84 (6) If seeking approval to operate a facility within a



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85 10-mile radius of a coal mine operation, obtain the written
86 consent of the coal mine operator and mineral owner with an
87 operation or mineral interest within the radius, provided
88 consent shall not be unreasonably withheld or delayed.

89 (d) Upon an alternative energy facility operator
90 obtaining the consent of persons that own not less than 66 and
91 two-thirds percent of a facility's alternative energy
92 resources, the board, after providing notice and a public
93 hearing, may enter an order to amalgamate and pool the
94 alternative energy resources owned by nonconsenting owners
95 into the facility.

96 (e) (1) The board shall require the owner or operator of
97 an alternative energy facility that has ceased alternative
98 energy production for 12 months or more to properly plug and
99 abandon the facility and take any other appropriate action as
100 deemed necessary by the board. When completed, the facility
101 shall be deemed abandoned.

102 (2) Upon the board's order approving the conversion of
103 an oil and gas well and associated infrastructure into an
104 alternative energy facility, the approved well shall not be
105 considered an inactive or abandoned oil or gas well.

106 (f) The board may adopt rules to administer this
107 section, including regulating the operation and abandonment of
108 alternative energy facilities and associated operations.

109 (g) The board may set fees and charges to defray
110 expenses incurred by the board in regulating alternative
111 energy facilities pursuant to this section. All well permit
112 fees, filing fees for petitions, and other fees paid to the



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113 State Treasurer pursuant to this section shall be paid into
114 the Alabama State Oil and Gas Board Special Fund established
115 by Section 9-17-24, Code of Alabama 1975, and disbursed by the
116 State Treasurer upon warrants drawn by the Comptroller for the
117 purpose of defraying expenses incurred by the board in the
118 performance of its duties.

119 (h) Nothing in this section shall:

120 (1) Be construed to amend, repeal, enlarge, or
121 otherwise affect any provision of Title 37 of the Code of
122 Alabama 1975, including, but not limited to, Chapters 1, 4,
123 and 14 of that title;

124 (2) Notwithstanding the use of the term "hydropower,"
125 apply to any hydropower project that is subject to the
126 licensing jurisdiction of the Federal Energy Regulatory
127 Commission under Subchapter 1 of Chapter 12 of Title 16 of the
128 United States Code;

129 (3) Apply to coal mines or coal mining, or operations
130 related to coal mines or coal mining, except as provided in
131 subsection (c) (6); or

132 (4) Apply to active or prospective oil and natural gas
133 exploration and production or gas storage operations regulated
134 by the board pursuant to Articles 1, 3, or 6 of Chapter 17,
135 Title 9, Code of Alabama 1975, and any rules adopted by the
136 board pursuant these articles.

137 Section 2. Section 9-17-60, Code of Alabama 1975, is
138 amended to read as follows:

139 "§9-17-60

140 (a) The Commissioner of Conservation and Natural



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141 Resources, on behalf of the state, is hereby authorized to
142 lease any lands or interest therein under the jurisdiction of
143 the Department of Conservation and Natural Resources for the
144 exploration, development, and production of oil, gas, ~~and~~
145 other minerals, energy sources and related uses, or any one or
146 more of them, on, in, and under such lands.

147 (b) The term "energy sources and related uses"
148 includes, but is not limited to, energy generation, energy
149 capture, energy storage, and transmission of geothermal
150 energy, solar energy, and hydropower.

151 (c) The commissioner may modify the renewal or
152 extension terms of a lease entered into pursuant to subsection
153 (a). If the lease under consideration is an existing lease
154 authorized under subsection (a), the commissioner's actions
155 and negotiations shall be exempt from the requirements of
156 Section 9-17-65. This subsection shall not be construed to
157 authorize the commissioner to sell any lands.

158 (d) Nothing in this section shall be construed to
159 amend, repeal, enlarge, or otherwise affect any provision of
160 Title 37, including, but not limited to, Chapters 1, 4, and 14
161 of that title."

162 Section 3. This act shall become effective immediately.



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President and Presiding Officer of the Senate

Speaker of the House of Representatives

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Senate 03-Feb-26

I hereby certify that the within Act originated in and passed the Senate, as amended.

Senate 08-Apr-26

I hereby certify that the within Act originated in and passed the Senate, as amended by Conference Committee Report.

Patrick Harris,
Secretary.

House of Representatives
Passed: 02-Apr-26, as amended.

House of Representatives
Passed: 09-Apr-26, as amended by Conference Committee Report.

By: Senator Albritton