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SYNOPSIS:

Under existing administrative rule of the State Oil and Gas Board, carbon dioxide storage facility operators are charged certain statutorily authorized fees adopted by the board.

This bill would codify and modify certain existing fees and add an additional fee.

This bill would prohibit carbon dioxide being stored in a storage facility that is more than 50 miles from where the carbon dioxide was generated.

This bill would also prohibit carbon dioxide generated outside of the state from being stored in in the state.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to carbon dioxide underground storage; to amend Sections 9-17-162 and 9-17-166, Code of Alabama 1975, to require the State Oil and Gas Board to adopt certain fees to be levied on carbon dioxide storage facility operators.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 9-17-162 and 9-17-166, Code of



29 Alabama 1975, are amended to read as follows:

30 "§9-17-162

31 (a) For a storage facility that is used for the storage  
32 and sequestration of carbon dioxide, all of the following  
33 shall apply:

34 (1) A storage operator shall adhere to all rules  
35 adopted by the board relating to the underground storage of  
36 carbon dioxide.

37 (2) A storage operator shall make a good faith effort  
38 to obtain the consent of all persons that own a storage  
39 facility's pore space and storage rights for carbon dioxide.

40 (3) A storage operator shall obtain the consent of  
41 persons that own not less than 66 and two-thirds percent of a  
42 storage facility's pore space and storage rights for carbon  
43 dioxide.

44 (4) Upon a storage operator obtaining the consent of  
45 persons that own not less than 66 and two-thirds percent of a  
46 storage facility's pore space and storage rights for carbon  
47 dioxide, the board, after providing notice and a public  
48 hearing, may enter an order to amalgamate and pool the pore  
49 space and storage rights for carbon dioxide owned by  
50 nonconsenting owners into the storage facility on terms that  
51 are just and reasonable as determined by the board.

52 (5) All nonconsenting owners of a storage facility's  
53 pore space and storage rights for carbon dioxide shall be  
54 fairly and equitably compensated.

55 (6) A storage operator shall use commercially  
56 reasonable efforts to limit the adverse surface-use impact



57 upon the lands of nonconsenting owners of a storage facility's  
58 pore space and storage rights.

59 (7) A storage operator seeking approval to operate in  
60 the Blue Creek or Mary Lee coal seams in Jefferson,  
61 Tuscaloosa, or Walker counties, or within a 10-mile radius of  
62 any coal mine operation, shall obtain the written consent of  
63 the coal mine operator and mineral owner with an operation or  
64 mineral interest in the seams or within the radius; provided,  
65 ~~however,~~ that the consent shall not be unreasonably withheld  
66 or delayed.

67 (b) Carbon dioxide may not be stored or otherwise  
68 sequestered in a storage facility that is more than 50 miles  
69 from where the carbon dioxide was generated.

70 (c) Carbon dioxide that is generated or otherwise from  
71 outside of the state may not be stored or otherwise  
72 sequestered in a storage facility in the state."

73 "§9-17-166

74 (a) The board may adopt rules as necessary to  
75 implement and administer this division.

76 (b) The board shall adopt the following fees to be  
77 levied on carbon dioxide storage facility operators for  
78 remittance to the board:

79 (1) Two cents (\$0.02) on each ton of carbon dioxide  
80 injected for storage to be deposited into the Underground  
81 Carbon Dioxide Storage Facility Administrative Fund.

82 (2) Four cents (\$0.04) on each ton of carbon dioxide  
83 injected for storage to be deposited into the Underground  
84 Carbon Dioxide Storage Facility Trust Fund.



85           (3) Eighteen cents (\$0.18) on each ton of carbon  
86 dioxide injected for storage to be distributed as follows:

87           (i) 50 percent to the State General Fund; and

88           (ii) The remaining 50 percent to the county in which  
89 the carbon dioxide was injected, or, if carbon dioxide was  
90 injected within a municipality, 50 percent of the 50 percent  
91 due to the county to be distributed to the governing body of  
92 the municipality, to be expended at the discretion of the  
93 relevant governing body.

94           (4) A fee of one hundred seventy-five thousand dollars  
95 (\$175,000) for the filing of a petition for approval of a  
96 storage facility for the storage of carbon dioxide to be  
97 deposited into the Underground Carbon Dioxide Storage Facility  
98 Administrative Fund.

99           (5) A fee of twenty-five thousand dollars (\$25,000)  
100 for the filing of a petition to approve a post-injection site  
101 care and facility closure plan for the storage of carbon  
102 dioxide to be deposited into the Underground Carbon Dioxide  
103 Storage Facility Trust Fund.

104           (6) A fee of twenty-five thousand dollars (\$25,000)  
105 for the filing of a petition to approve a facility closure and  
106 final assessment to be deposited into the Underground Carbon  
107 Dioxide Storage Facility Trust Fund.

108           (7) An annual monitoring fee of twenty thousand  
109 dollars (\$20,000) for carbon dioxide storage facilities to be  
110 deposited into the Underground Carbon Dioxide Storage Facility  
111 Trust Fund.

112           (c) By the end of each November, the State Oil and Gas



113 Supervisor may submit to the State Oil and Gas Board a  
114 recommendation of an increase to any fee levied pursuant to  
115 subsection (b) based on the percentage increase in the  
116 Consumer Price Index for All Urban Consumers (CPI-U) (All  
117 Items-U.S. City Average) maintained by the U.S. Department of  
118 Labor, Bureau of Labor Statistics, for the immediately  
119 preceding fiscal year, rounded down to the nearest five cents  
120 (\$0.05). If the increase is approved by the board, the  
121 supervisor, by the end of March of each year, shall submit the  
122 recommended increase to the Legislative Council for approval.  
123 In the event the recommended increase is not disapproved by  
124 the council by the end of April, the recommendation shall be  
125 deemed approved. In the event one or more years elapse during  
126 which there is no adjustment, the same procedure may be  
127 followed to obtain a net cumulative increase since the  
128 previous increase.

129           Section 2. This act shall become effective on October  
130 1, 2026.