

**ALABAMA STATE OIL AND GAS BOARD
GOVERNING THE UNDERGROUND STORAGE OF GAS IN
SOLUTION-MINED CAVITIES
ADMINISTRATIVE CODE**

**CHAPTER 400-6-3
BOND**

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(1) Before the storage operator shall commence operation of any underground storage facility for a solution-mined cavity and storage well said storage operator(s) shall file with the Board a bond on Form OGB 3-D, Bond for an Underground Storage Facility for a Solution-mined Cavity and Storage Well. Such bond shall be payable to the State of Alabama, executed by said storage operator(s) as principal(s) and by a surety approved by the Supervisor or Board; conditioned that such storage operator(s) shall, in connection with operating an underground storage facility for a solution-mined cavity and storage well, prevent the escape of gas out of one stratum to another at such facility, prevent the intrusion of water into any oil and gas stratum from a separate stratum at such facility, prevent the pollution of all surface and ground water; conditioned also that such storage operator shall make all reports required by the Board, including drilling records and all logs of such storage well and solution-mined cavity, if taken; conditioned further that such storage operator shall operate such facility and plug and abandon such storage well and abandon such cavity and underground storage facility in compliance with all lawful rules, regulations, and orders of the Board now existing or hereafter promulgated, and with the laws of the State of Alabama now existing or hereafter promulgated. The bond shall cover such underground storage facility for a solution-mined cavity and storage well and shall be in the amount of one hundred thousand dollars (\$100,000.00).

(2) Any such bond filed with the Board, including any amendment or addendum thereto, must set forth the correct legal name and address of the principal and the surety thereto and must be countersigned by an Alabama agent of such surety, setting forth the correct legal name of such agent and such agent's company affiliation and correct business address. If more than one person is to be designated as operator, then each such person shall file a separate bond or a joint bond, whichever is appropriate.

(3) Provided, further, the Board, in its reasonable discretion for good cause, after notice and hearing, may require a different amount of bond because of environmentally sensitive conditions at the site or for other justifiable reasons for good cause and may deem and determine any existing bond to be inadequate and may require the filing of a new bond, that shall be approved by the Board or Supervisor, upon the Board's own motion or upon petition by any party allowed to file a petition by these rules and regulations, and the amount of such bond required may be more or less than hereinabove set forth.

Author: State Oil And Gas Board

Statutory Authority: Code of Ala. 1975, §§9-17-1 et seq.

History: New Rule: Filed April 11, 2000; effective May 16, 2000.