

1 SENATE BILL NO. 81
2 INTRODUCED BY J. KASSMIER

3 BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

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5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE LEASE OF STATE LANDS FOR
6 UNDERGROUND STORAGE OF GAS OR LIQUIFIED GAS; DEFINING "GAS OR LIQUIFIED GAS";
7 PROVIDING RULEMAKING AUTHORITY; AND AMENDING SECTIONS 77-3-501, 77-3-502, 77-3-505, AND
8 77-3-507, MCA."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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12 **Section 1.** Section 77-3-501, MCA, is amended to read:

13 **"77-3-501. Lease for underground storage of natural gas or liquified gas authorized --**
14 **definition.** (1) ~~The Subject to the Enabling Act, constitutional restrictions, and state law, the board is hereby~~
15 ~~authorized and empowered to lease, in such a manner and upon such on the terms as it may determine, not~~
16 ~~inconsistent with The Enabling Act and the constitution, state lands to which the title has vested in the state,~~
17 ~~subject to existing rights, for use for the underground storage of natural gasgas or liquified gas, as defined in~~
18 ~~subsection (3), upon the prescribed terms and conditions herein prescribed, to any natural gas public utility~~
19 ~~authorized to do business in this state and engaged in the business of transporting or distributing natural gas by~~
20 ~~means of pipelines into, within, or through this state for ultimate public use person or government agency~~
21 ~~qualified to engage in these activities pursuant to 82-11-181 through 82-11-184.~~

22 (2) State lands which that may be leased shall include lands in which that ~~have the capability are~~
23 ~~suitable to store gas or liquified gas without risk of gas leakage or gas migration, or when the deposit of native~~
24 ~~gas shall have been is depleted, provided the lessee pays to the state the amount specified by the board for the~~
25 ~~native gas then remaining in the lands to be leased.~~

26 (3) As used in this chapter, "gas or liquified gas" means all natural gases, carbon dioxide,
27 methane, nitrous oxide, fluorinated gases, other gaseous hydrocarbons, or the liquified state of these gases."

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2 **Section 2.** Section 77-3-502, MCA, is amended to read:

3 **"77-3-502. Rules.** (1) The Subject to the Enabling Act, constitutional restrictions, and state law, the
4 ~~board shall have~~has the power and authority to prescribe such rules and to do and perform all acts and things
5 ~~not inconsistent with The Enabling Act, the constitution, and the statutes of this state~~ as it may deem necessary
6 and proper relating to the leasing of state lands for the underground storage of natural gas or liquified gas and
7 the sale of the gas remaining in state lands in a gas field ~~wherein~~in which native gas deposits have been
8 depleted.

9 (2) The board may exercise its authority to prescribe rules more stringent than federal regulations
10 or guidelines to protect drinking water sources pursuant to the federal Safe Drinking Water Act, 42 U.S.C. 300f,
11 et seq."

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13 **Section 3.** Section 77-3-505, MCA, is amended to read:

14 **"77-3-505. Bond of lessees.** A lessee under 77-3-501 shall furnish bond to the state in a form
15 prescribed by the board and in an amount adequate to indemnify the state against loss, damage, or detriment
16 by reason of failure of the lessee to fully discharge the obligations contained in any lease. ~~No~~A bond in excess
17 ~~of not less than~~ \$20,000 is ~~may not be~~ is required under any one lease for the storage of gas or liquified gas."

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19 **Section 4.** Section 77-3-507, MCA, is amended to read:

20 **"77-3-507. Lessee to prevent waste.** (1) Leases~~All leases~~ issued under the provisions of this part
21 ~~shall all be~~are subject to the conditions that the lessee in conducting the underground storage of natural gas or
22 liquified gas shall use all reasonable precautions to prevent waste of oil or gas developed in the land or the
23 entrance of water, through wells drilled to store natural gas or liquified gas, to the oil or gas sands or oil or gas
24 bearing to oil-bearing or gas-bearing strata to the destruction or injury of oil or gas deposits.

25 (2) Violations~~A violation~~ of any of these conditions shall constitute ~~is~~ grounds for the forfeiture of
26 the lease after ~~a hearing had thereon~~on the violation before the board."

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