

CHAPTER 201.

[S. B. 464.]

PUBLIC UTILITIES—UNDERGROUND STORAGE OF NATURAL GAS.

AN ACT relating to the underground storage of natural gas; and adding a new chapter to Title 80 RCW.

Be it enacted by the Legislature of the State of Washington:

New chapter designated.

SECTION 1. There is added to Title 80 RCW a new chapter to read as set forth in sections 2 through 11 of this act.

Underground storage of natural gas. Definitions.

SEC. 2. As used in this act, unless specifically defined otherwise or unless the context indicates otherwise:

“Commission” shall mean the Washington utilities and transportation commission;

“Committee” shall mean the oil and gas conservation committee established by RCW 78.52.020;

“Natural gas” shall mean gas either in the earth in its original state or after the same has been produced by removal therefrom of component parts not essential to its use for light and fuel;

“Natural gas company” shall mean every corporation, company, association, joint stock association, partnership or person authorized to do business in this state and engaged in the transportation, distribution, or underground storage of natural gas;

“Underground reservoir” shall mean any subsurface sand, strata, formation, aquifer, cavern or void whether natural or artificially created, suitable for the injection and storage of natural gas therein and the withdrawal of natural gas therefrom;

“Underground storage” shall mean the process of injecting and storing natural gas within and withdrawing natural gas from an underground reservoir: *Provided*, The withdrawal of gas from an under-

ground reservoir shall not be deemed a taking or producing within the terms of RCW 82.04.100.

SEC. 3. The underground storage of natural gas will promote the economic development of the state and provide for more economic distribution of natural gas to the domestic, commercial and industrial consumers of this state, thereby serving the public interest. Purpose.

SEC. 4. Any natural gas company having received an order under section 5 of this act shall have the right of eminent domain to be exercised in the manner provided in and subject to the provisions of chapter 8.20 RCW to acquire for its use for the underground storage of natural gas any underground reservoir, as well as such other property or interests in property as may be required to adequately maintain and utilize the underground reservoir for the underground storage of natural gas, including easements and rights of way for access to and egress from the underground storage reservoir. The right of eminent domain granted hereby shall apply to property or property interests held in private ownership, provided condemnor has exercised good faith in negotiations for private sale or lease. No property shall be taken or damaged until the compensation to be made therefor shall have been ascertained and paid. Any property or interest therein so acquired by any natural gas company shall be used exclusively for the purposes for which it was acquired. Any decree of appropriation hereunder shall define and limit the rights condemned and shall provide for the reversion of such rights to the defendant or defendants or their successors in interest upon abandonment of the underground storage project. Good faith exploration work or development work relative to the storage reservoir is conclusive evidence that its use has not been abandoned. The court may include in such Eminent domain.

decree such other relevant conditions, covenants and restrictions as it may deem fair and equitable.

Underground
storage of
natural gas.
Approval of
committee
prerequisite to
eminent
domain—
Procedure.

SEC. 5. Any natural gas company desiring to exercise the right of eminent domain to condemn any property or interest in property for the underground storage of natural gas shall first make application to the oil and gas conservation committee for an order approving the proposed project. Notice of such application shall be given by the committee to the utilities and transportation commission, to the director of the department of conservation, to the commissioner of public lands, and to all other persons known to have an interest in the property to be condemned. Said notice shall be given in the manner provided by RCW 8.20.020 as amended. The committee shall publish notice of said application at least once each week for three successive weeks in some newspaper of general circulation in the county or counties where the proposed underground storage project is located. If no written requests for hearing on the application are received by the committee within forty-five days from the date of service of notice of the application and publication thereof, the committee may proceed without hearing and issue its order. If a hearing is requested, a public hearing on the application will be held within the county or one of the counties where the proposed underground storage project is located. Any order approving the proposed underground storage project shall contain findings that (1) the underground storage of natural gas in the lands or property sought to be condemned is in the public interest and welfare; (2) the underground reservoir is reasonably practicable, and the applicant has complied with all applicable oil and gas conservation laws of the state of Washington; (3) the underground reservoir sought to be condemned is non-productive of economically recoverable valuable minerals or materials, or of oil or gas in commercial

quantities under either primary or secondary recovery methods, and nonproductive of fresh water in commercial quantities with feasible and reasonable pumping lift; (4) the natural gas company has acquired the right by grant, lease or other agreement to store natural gas under at least sixty-five percent of the area of the surface of the land under which such proposed underground storage reservoir extends; (5) the natural gas company carries public liability insurance or has deposited collateral in amounts satisfactory to the committee or has furnished a financial statement showing assets in a satisfactory amount, to secure payment of any liability resulting from any occurrence arising out of or caused by the operation or use of any underground reservoir or facilities incidental thereto; (6) the underground storage project will not injure, pollute, or contaminate any usable fresh water resources; (7) the underground storage project will not injure, interfere with, or endanger any mineral resources or the development or extraction thereof. The order of the committee may be reviewed in the manner provided by chapter 34.04 RCW: *Provided*, That if an appeal is not commenced within thirty days of the date of the order of the committee, the same shall be final and conclusive.

Proviso.

SEC. 6. All natural gas in an underground reservoir utilized for underground storage, whether acquired by eminent domain or otherwise, shall at all times be the property of the natural gas company utilizing said underground storage, its heirs, successors, or assigns; and in no event shall such gas be subject to any right of the owner of the surface of the land under which said underground reservoir lies or of the owner of any mineral interest therein or of any person other than the said natural gas company, its heirs, successors and assigns to release, produce, take, reduce to possession, or otherwise

Rights of company using storage.

Underground storage of natural gas. Rights of owners of condemned land and interests therein.

interfere with or exercise any control thereof: *Provided*, That the right of condemnation hereby granted shall be without prejudice to the rights of the owner of the condemned lands or of the rights and interest therein to drill or bore through the underground reservoir in such a manner as shall protect the underground reservoir against pollution and against the escape of natural gas in a manner which complies with the orders, rules and regulations of the oil and gas conservation committee issued for the purpose of protecting underground storage and shall be without prejudice to the rights of the owners of said lands or other rights or interests therein as to all other uses thereof. The additional cost of complying with regulations or orders to protect the underground storage shall be paid by the condemnor.

Leases by commissioner of public lands.

SEC. 7. The commissioner of public lands is authorized to lease public lands, property, or any interest therein for the purpose of underground storage of natural gas. Any such lease shall be upon such terms and conditions as the said commissioner may deem for the best interests of the state and as are customary and proper for the protection of the rights of the state and of the lessee and of the owners of the surface of the leased lands, and may be for such primary term as said commissioner may determine and as long thereafter as the lessee continues to use such lands, property, or interest therein for underground storage of gas.

Leases by board of county commissioners.

SEC. 8. Whenever it shall appear to the board of county commissioners of any county that it is for the best interests of said county, the taxing districts and the people thereof, that any county-owned or tax-acquired property owned by the county, either absolutely or as trustee, should be leased for the purpose of underground storage of natural gas therein, said board of county commissioners is hereby authorized to enter into written

leases under the terms of which any county-owned lands, property, or interest therein are leased for the aforementioned purposes, with or without an option to purchase the land surface. Any such lease shall be upon such terms and conditions as said county commissioners may deem for the best interests of said county and the taxing districts, and may be for such primary term as said board may determine and as long thereafter as the lessee continues to use the said lands, property, or interest therein for underground storage of natural gas.

SEC. 9. This act shall be known as the "Underground Natural Gas Storage Act". Short title.

SEC. 10. It is intended that the provisions of this chapter shall be liberally construed to accomplish the purposes authorized and provided for. Construction.

SEC. 11. If any part or parts of this act or the application thereof to any person or circumstances be held to be unconstitutional, such invalidity shall not affect the validity of the remaining portions of this chapter, or the application thereof to other persons or circumstances. Severability.

Passed the Senate March 8, 1963.

Passed the House March 12, 1963.

Approved by the Governor March 26, 1963.