

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

FIRST SPECIAL SESSION

**LEGISLATIVE BILL 6**

Introduced by Avery, 28.

Read first time November 03, 2011

Committee: Natural Resources

A BILL

1 FOR AN ACT relating to oil pipelines; to adopt the Oil Pipeline

2 Indemnity Bond Act.

3 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 4 of this act shall be known and  
2 may be cited as the Oil Pipeline Indemnity Bond Act.

3           Sec. 2. The Legislature finds that:

4           (1) Nebraska has the authority as a sovereign state to  
5 protect its natural resources for economic and environmental purposes  
6 for the benefit of its residents and future generations;

7           (2) Nebraska has a reasonable interest in protecting the  
8 historical and cultural identity of its land and population;

9           (3) Nebraska has a reasonable interest in maximizing land  
10 utilization and minimizing interference with land use by others,  
11 insofar as to protect the state's land-use plan;

12           (4) Nebraska has a reasonable interest in protecting and  
13 preserving populations, land and geological structures and  
14 formations, natural resources, and land quality;

15           (5) Ground water in Nebraska will become increasingly  
16 valuable, both economically and strategically, as the population of  
17 the world grows;

18           (6) The construction of an oil pipeline across Nebraska  
19 may be necessary to meet international energy needs; and

20           (7) Construction and execution of a oil pipeline  
21 transportation system pose an unforeseeable risk to economic and  
22 land-use plans for Nebraska.

23           Sec. 3. For purposes of the Oil Pipeline Indemnity Bond  
24 Act:

25           (1) Indemnity bond means a surety bond issued by a bank,

1 financial institution, or insurance company to guarantee satisfactory  
2 response to accidental or intentional harm or injury to land,  
3 infrastructure, or natural resources;

4 (2) Oil means petroleum, including crude oil or any  
5 fraction thereof;

6 (3) Oil pipeline means a pipeline which is larger than  
7 twenty-five inches of inside diameter and which is constructed either  
8 partially or wholly within Nebraska for the purpose of transportation  
9 of oil; and

10 (4) Pipeline carrier means a person that engages in  
11 owning, operating, or managing an oil pipeline.

12 Sec. 4. A pipeline carrier who has been granted any  
13 controlling federal or state order, permit, or authority shall file  
14 proof of indemnity bond in the amount of five hundred million dollars  
15 with the Secretary of State at least ninety days prior to the  
16 construction, laying, relaying, operation, and maintenance of the oil  
17 pipeline or the location of any plant or equipment necessary to  
18 operate the oil pipeline. The indemnity bond shall be made available  
19 to landowners and counties to restore, by payment, any damages to  
20 land, infrastructure, or natural resources.