

# State of South Dakota

EIGHTY-SEVENTH SESSION  
LEGISLATIVE ASSEMBLY, 2012

474T0123

## SENATE BILL NO. 126

Introduced by: Senators Frerichs, Adelstein, Sutton, and Vehle and Representatives Lucas, Hunhoff (Bernie), Killer, Schaefer, and Stricherz

1 FOR AN ACT ENTITLED, An Act to create an oil pipeline indemnity bond program.

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 Section 1. Terms used in this Act mean:

4 (1) "Indemnity bond," a surety bond issued by a bank, financial institution, or insurance  
5 company to guarantee satisfactory response to accidental or intentional harm or injury  
6 to land, infrastructure, or natural resources;

7 (2) "Oil," petroleum, including crude oil or any fraction thereof;

8 (3) "Oil pipeline," a pipeline which is larger than twenty-five inches of inside diameter  
9 and which is constructed either partially or wholly within South Dakota for the  
10 purpose of transportation of oil;

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

13 Section 2. A pipeline carrier who has been granted any controlling federal or state order,  
14 permit, or authority shall file proof of indemnity bond in the amount of five hundred million  
15 dollars with the secretary of state at least ninety days prior to the construction, laying, relaying,



1 operation, and maintenance of the oil pipeline or the location of any plant or equipment  
2 necessary to operate the oil pipeline. The indemnity bond shall be made available to landowners  
3 and counties to restore, by payment, any damages to land, infrastructure, or natural resources.