

2024 Regular Session

HOUSE BILL NO. 696

BY REPRESENTATIVE GEYMANN

ENERGY/CONSERVATION: Authorizes unitization for carbon dioxide sequestration

1 AN ACT

2 To enact R.S. 30:1104.1, relative to unitization for carbon dioxide sequestration; to provide
3 definitions; to provide for the authority of the commissioner of conservation; to
4 authorize unitization for carbon dioxide storage; to provide for public hearings; to
5 provide required findings; to provide for terms of the unitization order and
6 compensation for certain owners in interest; to require certain determinations by the
7 commissioner; to provide for a method for determining fair and just compensation;
8 and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 30:1104.1 is hereby enacted to read as follows:

11 §1104.1 Unitization

12 A. Without in any way modifying the authority granted to the commissioner
13 in other sections of this Chapter, the commissioner upon the application of a
14 proposed storage operator is authorized and empowered to enter an order requiring
15 the unit operation of a reservoir or portion thereof for geologic storage. In
16 connection with such an order of unit operation, the commissioner shall have the
17 right to unitize, pool, and consolidate all separately owned tracts and other property
18 interests within the portion of the proposed reservoir sought to be used for storage.
19 Prior to the issuance of any order for a unit operation, the commissioner, after public

1 hearing pursuant to the provisions of R.S. 30:6, held in the parish where the storage
2 facility is to be located, shall have found all of the following:

3 (1) The proposed storage reservoir meets the requirements of R.S.
4 30:1104(C).

5 (2) The full areal extent of the storage unit has been reasonably defined.

6 (3) At the time of the hearing, at least three-fourths of the owners in interest,
7 as defined in this Section, within the storage unit have executed a written contract
8 or contracts with the proposed storage operator covering their interests in the storage
9 unit.

10 B. The order requiring unit operation shall not vary or alter any of the terms
11 of a written contract executed with an owner in interest and the order shall provide
12 for fair and equitable compensation to any owner in interest within the storage unit
13 who has not executed a written contract with the storage operator.

14 C. The provisions of R.S. 30:1104(D) and (E) shall apply to any order
15 requiring the unit operation issued under this Section, and it shall not be necessary
16 for a storage operator who receives an order under this Section to obtain any
17 additional approval under R.S. 30:1104(C) prior to the use of the storage unit for the
18 storage of carbon dioxide.

19 D. Nothing in this Section shall prohibit a party from seeking a rehearing or
20 judicial review pursuant to the provisions of R.S. 30:12.

21 E. The commissioner shall make, after notice and public hearing, any
22 reasonable rules, regulations, and orders necessary to establish the methodology for
23 determining fair and equitable compensation to owners in interest who have not
24 executed written contracts with the proposed storage operator.

25 F. For the purposes of this Section, the following terms shall have the
26 following meanings:

27 (1) "Owner in interest" shall mean any party who owns the right to use the
28 subsurface of a tract within the storage unit. The above required three-fourths of the
29 owners in interest shall be based on three-fourths of the total undivided interest in

1 the storage unit regardless of the number of individual owners thereof and not based
2 on three-fourths of the total number of individual owners in the storage unit.

3 (2) "Storage unit" shall mean the portion of the proposed storage reservoir
4 sought to be used for storage, excluding any designated buffer zone.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 696 Original

2024 Regular Session

Geymann

Abstract: Authorizes the commissioner of conservation to order unitization for carbon dioxide sequestration projects

Present law authorizes the commissioner of conservation to perform any act necessary to carry out the requirements of the federal Safe Drinking Water Act related to the state's participation in the underground injection control program and the sequestration of carbon dioxide, including the authority to promulgate administrative rules and issue permits and orders.

Proposed law retains this authority and specifies that the commissioner is authorized to order unitization, pooling, and consolidation of a reservoir for geologic storage, upon the application of a proposed storage facility operator, after public hearing, and if the commissioner finds all of the following:

- (1) The proposed storage reservoir meets the requirements of present law (R.S. 30:1104(C)).
- (2) The full areal extent of the Storage Unit has been reasonably defined.
- (3) At the time of the hearing, at least three-fourths of the owners in interest within the Storage Unit have executed contracts with the proposed storage operator covering their interests in the Storage Unit.

Proposed law provides that executed contracts will not be altered by a unitization order and requires the unitization order to provide fair and equitable compensation to owners in interest who have not executed contracts with the storage operator.

Proposed law defines "owner in interest" and "storage unit".

Proposed law requires the commissioner to make determinations regarding commercially recoverable natural gas, condensate, or minerals remaining in the reservoir proposed for geologic storage in any order for unitization.

Proposed law provides that an operator who receives a unitization order is relieved of any requirement to obtain additional approval prior to the use of the reservoir for the storage of carbon dioxide or the exercise of eminent domain.

Proposed law further provides for an appeals process and authorizes the commissioner to establish a methodology for determining fair and equitable compensation for owners in interest that don't have contracts with the operator.

(Adds R.S. 30:1104.1)