

2024 Regular Session

HOUSE BILL NO. 966 (Substitute for House Bill No. 696 by Representative Geymann)

BY REPRESENTATIVE GEYMANN

ENERGY/CONSERVATION: Authorizes unitization for carbon dioxide sequestration

1 AN ACT

2 To amend and reenact R.S. 30:28(D)(2), (3), (4), and (7) and (E) and 1104(A)(1) and to
3 enact R.S. 30:1104.2 and 1113, relative to unitization for carbon dioxide
4 sequestration; to provide definitions; to provide for notification requirements; to
5 provide for the issuance of drilling permits; to provide for the authority of the
6 commissioner of conservation; to authorize unitization for carbon dioxide storage;
7 to provide for public hearings; to provide required findings; to provide for terms of
8 the unitization order and compensation for owners in interest; to require certain
9 determinations by the commissioner; to provide for a method for determining fair
10 and just compensation; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 30:28(D)(2), (3), (4) and (7) and (E) and 1104(A)(1) are hereby
13 amended and reenacted and R.S. 30:1104.2 and 1113 are hereby enacted to read as follows:

14 §28. Drilling permits; issuance; fees; location plat; notice and hearing; funds from
15 drilling permit fees

16 * * *

17 D. The commissioner of conservation shall not issue a permit to drill a well
18 or a test well pursuant to Subsection A, B, or C of this Section until the provisions
19 of this Subsection have been satisfied:

20 * * *

1 E. Any permit issued to drill an oil or gas well or test well to a depth of less
2 than ten thousand feet shall not be subject to the provisions of Subsection D of this
3 Section other than those requirements regarding carbon dioxide storage facilities.

4 * * *

5 §1104. Duties and powers of the commissioner; rules and regulations; permits

6 A. The office of conservation's actions under this Chapter shall be directed
7 and controlled by the commissioner. The commissioner shall have authority to:

8 (1) Regulate the development and operation of storage facilities and
9 pipelines ~~transmitting~~ transporting carbon dioxide to storage facilities, including
10 unitization in accordance with the provisions of R.S. ~~30:1107~~, 30:1104.2 and the
11 issuance of certificates of public convenience and necessity for storage facilities and
12 pipelines in accordance with the provisions of R.S. 30:1107 ~~servicing such projects~~
13 ~~approved hereunder.~~

14 * * *

15 §1104.2. Unitization

16 A. Upon the application of a proposed storage operator, the commissioner
17 is authorized and empowered to enter an order requiring the unit operation of a
18 reservoir or portion thereof, including any necessary and reasonable areal buffer and
19 subsurface monitoring zones, or portions thereof, as referenced in R.S. 30:1103(11),
20 for geologic storage, and in connection with such an order of unit operation, the
21 commissioner shall have the right to unitize, pool, and consolidate all separately
22 owned tracts and other property interests within such storage unit for geologic
23 storage.

24 B. An order for unit operation shall only be issued after notice, public
25 hearing, and a finding by the commissioner that at least three-fourths of the owners
26 in interest within the storage unit have consented in writing to geologic storage. The
27 required three-fourths of the owners in interest shall be on the basis of, and in
28 proportion to, the surface acreage content of the entire storage unit and, if a tract
29 within the storage unit is subject to ownership in indivision, credited by multiplying

1 the acreage of the tract by the undivided ownership interest of the parties who have
2 consented in writing to geologic storage.

3 C. An order for unit operation shall provide for just and equitable
4 compensation to all owners in interest within the storage unit, including the storage
5 operator, other owners in interest who consented in writing to geologic storage, and
6 owners in interest who did not consent in writing to geologic storage, except that the
7 order shall not vary or alter the terms of any contracts between the storage operator
8 and an owner in interest.

9 D. Judicial review of orders, rules, and regulations issued by the
10 commissioner pursuant to this Section shall be conducted pursuant to the same
11 provisions and requirements as R.S. 30:12.

12 E. Upon application by the storage operator or at the commissioner's
13 discretion and after notice, public hearing, and consideration of available geological,
14 engineering, and other relevant evidence, the commissioner, to the extent required
15 by such evidence, may by order revise, amend, enlarge, reduce, confirm or dissolve
16 any storage unit provided for under this Section or modify any provision of any order
17 issued pursuant to this Section, without the consent required by Subsection B of this
18 Section. An order enlarging or reducing the areal extent of an existing storage unit
19 shall provide for just and equitable compensation to all owners in interest as to any
20 acreage added to the storage unit and may also provide for compensation adjustments
21 as are just and equitable for all owners in interest as to the area encompassed by the
22 enlarged or reduced storage unit. However, no order issued pursuant to this
23 Subsection shall vary or alter the terms of any contracts between the storage operator
24 and any owner in interest.

25 F. Operations on or injection in the storage unit for geologic storage shall be
26 considered operations on or injection in each separate tract in the storage unit.

27 G. The commissioner shall prescribe, issue, amend, and rescind such orders,
28 rules, and regulations as he may find necessary or appropriate to carry out the
29 provisions of this Section, including establishing the methodology for determining

1 or adjusting just and equitable compensation to owners in interest that have not
2 entered into a contract with the storage operator, including the storage operator, other
3 owners in interest who consented in writing to geologic storage and owners in
4 interest who did not consent in writing to geologic storage, including in the event a
5 storage unit is enlarged or reduced.

6 H. For the purposes of this Section, the following terms shall have the
7 following meanings:

8 (1) "Owner in interest" shall mean any party who owns or otherwise has the
9 right to use the subsurface of a tract within the storage unit for geologic storage,
10 regardless of whether such party is the surface owner of the tract or has acquired the
11 right from the surface owner, or is a successor or assign of such right.

12 (2) "Storage unit" shall mean a reservoir or portion thereof, including any
13 necessary and reasonable areal buffer and subsurface monitoring zones or portions
14 thereof, as referenced in R.S. 30:1103(11), as designated, enlarged, or reduced by the
15 commissioner in accordance with this Section.

16 I. Except as provided in R.S. 30:1108(B)(2), nothing in this Section shall
17 prevent persons having the right to do so from drilling through the storage unit in
18 such manner as shall comply with the rules of the commissioner issued for the
19 purpose of protecting the storage unit or an associated storage facility against
20 pollution or invasion and against the escape or migration of carbon dioxide.

21 * * *

22 §1113. Notifications regarding applications

23 A. Within ten days of filing an application with the commissioner for a Class
24 VI injection well, the owner or operator shall make a good faith effort to provide
25 notice of the submission of the application via United States mail to all of the
26 following:

27 (1) The last operator of record for any oil or gas well located within the area
28 of review delineated in the application.

1 (2) Any person known to the applicant after reasonable search, including
2 owners and operators, acting on behalf of the person, that presently has the right to
3 drill into and produce from a pool and to appropriate production either for himself
4 or others within the area of review delineated in the application.

5 B. Within ten days of filing an application with the commissioner for a Class
6 V stratigraphic test well, the owner or operator shall make a good faith effort to
7 provide notice of the submission of the application via United States mail to all of
8 the following:

9 (1) The last operator of record for any oil or gas well located within five
10 hundred feet of the proposed Class V stratigraphic test well location.

11 (2) Any person known to the applicant after reasonable search, including
12 owners and operators, acting on behalf of the person, that presently has the right to
13 drill into and produce from a pool and to appropriate production either for himself
14 or others within five hundred feet of the proposed Class V stratigraphic test well
15 location.

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 966 Engrossed

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 of a reservoir for geologic storage upon the application of a proposed storage facility operator after proper notice, public hearing, and a finding that least three-fourths of the owners in interest within the storage unit have given written consent for geologic storage and further provides a method for calculating three-fourths owners in interest.

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

Proposed law provides that executed contracts will not be altered by a unitization order.

Proposed law requires the unitization order to provide for just and equitable compensation for all owners in interest and the storage operator.

Proposed law authorizes judicial review of unitization orders as provided under present law.

Proposed law authorizes the commissioner to revise the storage unit under certain circumstances and following notice and public hearing. Further requires the commissioner to provide for compensation adjustments.

Proposed law authorizes the commissioner to issue order and promulgate rules and regulations as necessary to implement unitization for carbon dioxide sequestration.

Present law requires the commissioner to review the location plat of any drilling permit and determine whether residential or commercial structures are situated within a 500 foot radius.

Proposed law further requires the commissioner to determine whether the area of review for any carbon dioxide storage facility is within a 500 foot radius of the proposed drilling site.

Proposed law requires applicants for Class V and Class VI well permits to provide notice of the submission of the application via U.S. mail to the following parties:

- (1) The last operator of record for any oil or gas well located within the area of review delineated in the application.
- (2) Any person known to the applicant after reasonable search, including owners and operators, acting on behalf of the person, that presently has the right to drill into and produce from a pool and to appropriate production either for himself or others within the area of review delineated in the application.

(Amends R.S. 30:28(D)(2), (3), (4) and (7) and (E) and 1104(A)(1); Adds R.S. 30:1104.2 and 1113)