
DIGEST

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HB 572 Original

2021 Regular Session

White

Abstract: Adds hydrogen, nitrogen, ammonia, compressed air, and noble gases to the list of substances that can be stored in underground reservoirs and salt domes and changes the amount of certain fees the commissioner is authorized to levy.

Present law provides for the storage of natural gas, liquid hydrocarbons, and carbon dioxide in underground reservoirs and salt domes. Proposed law retains present law but also provides for the storage of hydrogen, nitrogen, ammonia, compressed air, or noble gases not otherwise prohibited by law in such reservoirs and salt domes.

Present law provides that prior to using a salt dome as storage of liquid or gas hydrocarbons, or carbon dioxide, the assistant secretary must have a hearing and find that such use is feasible; that the storage will not contaminate other formations; the storage will not endanger lives or property and is environmentally compatible with existing dome uses; and that temporary loss of jobs caused by the storage will be corrected by compensation, new employment, or other provisions. Proposed law retains present law but adds to the existing list: hydrocarbon, hydrogen, nitrogen, ammonia, compressed air, or noble gas storage.

Present law provides that such findings along with the application for such use of a salt dome must be transmitted to the natural resources committees of the House and Senate, which may meet jointly to make recommendations to the commissioner. Proposed law retains present law and adds the storage of hydrogen, nitrogen, ammonia, compressed air, or noble gases not otherwise prohibited by law.

Present law further provides that after receipt of such recommendations, if any, the commissioner is authorized to issue orders to ensure that liquid or gaseous hydrocarbons or carbon dioxide reduced to possession and then injected into a salt dome remains the property of the injector, not the surface or mineral rights owner, and to issue orders to protect the reservoir. Proposed law retains present law and adds hydrogen, nitrogen, ammonia, compressed air, or noble gases not otherwise prohibited by law.

Present law requires the secretary of the Dept. of Natural Resources determine the feasibility of projects for the emergency storage of state-owned oil and gas or carbon dioxide. Proposed law retains present law and adds hydrogen, nitrogen, ammonia, compressed air, or noble gases not otherwise prohibited by law.

Present law establishes the Carbon Dioxide Geologic Storage Trust Fund which is funded by fees,

penalties, bond forfeitures, private contributions, interest on deposited funds, civil penalties, costs recovered from responsible parties, grants, donations, and site-specific trust accounts.

Present law authorizes the commissioner to levy per tonnage of carbon dioxide stored fee on operators up to a maximum of \$5,000,000. The rate of collecting the fee shall be determined by the commissioner based on the formula $F \times 144 < M$, where "F" is the per unit fee, "144" is the minimum number of months over which the fee is collected, and "M" is the maximum payment of \$5,000,000.

Present law provides that the commissioner shall suspend the collection of the fee once the storage operator's balance in the fund equals \$5,000,000 and will resume once the balance falls below that amount.

Present law provides for a regulatory fee payable to the commissioner in the form and schedule set by the commissioner not to exceed \$50,000 for FY 2010-2011 and thereafter.

Proposed law retains present law.

Present law provides for an application fee in the form and schedule set by the commissioner not to exceed 8-1/2% above the amount charged on July 1, 2010.

Proposed law retains present law in part and removes the cap of 8 1/2% in which the fee can be increased and limits the fee to an amount equal to or less than the actual or anticipated cost to the state for the review of the permit or application.

Present law provides for the following uses of the Fund:

- (1) Operational and long-term inspecting, testing, and monitoring of the site, including remaining surface facilities and wells.
- (2) Remediation of mechanical problems associated with remaining wells and surface infrastructure.
- (3) Repairing mechanical leaks at the site.
- (4) Plugging and abandoning remaining wells or conversion for use as observation wells.
- (5)
 - (a) Administration of this Chapter by the commissioner in an amount not to exceed seven hundred fifty thousand dollars each fiscal year.
 - (b) The Oil and Gas Regulatory Fund created by R.S. 30:21 may be used for the administration of this Chapter as authorized by this Paragraph until June 30, 2014. Any such payments from the Oil and Gas Regulatory Fund shall be repaid from the Carbon Dioxide Storage Trust Fund by June 30, 2018.
- (6) Payment of fees and costs associated with the administration of the fund or site-specific accounts.
- (7) Payment of fees and costs associated with the acquisition of appropriate insurance for future storage facility liability if it should become available, either commercially or through government funding.

Proposed law retains present law in part and removes authorization for the commissioner to use up

to \$750,000 per year in the administration of this Chapter. Further removes the authority of the commissioner to use the Oil and Gas Regulatory Fund for the administration of this Chapter.

Present law authorizes the commissioner to enter into agreements and contracts for the following purposes:

- (1) To fund research and development in connection with carbon sequestration technology and methods.
- (2) To monitor any remaining surface facilities and wells.
- (3) To remediate mechanical problems associated with remaining wells or site infrastructure.
- (4) To repair mechanical leaks at the storage facility.
- (5) To contract with a private legal entity pursuant to present law.
- (6) To plug and abandon remaining wells except for those wells to be used as observation wells.

Proposed law retains present law and adds authorization for the commissioner to contract for professional services to assist with permit or application reviews.

(Amends R.S. 30:23(A), (B)(intro. para.), (1), (2), and (4), (C), and (D)(1) and R.S. 30:1110(C)(3) and (E)(5); Adds R.S. 30:1110(F)(7))