

RÉSUMÉ DIGEST

ACT 326 (HB 572)

2021 Regular Session

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

Existing 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. New law adds to the existing list: hydrocarbon, hydrogen, nitrogen, ammonia, compressed air, or noble gas storage.

Existing 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. New law adds the storage of hydrogen, nitrogen, ammonia, compressed air, or noble gases not otherwise prohibited by law.

Existing 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. New law adds hydrogen, nitrogen, ammonia, compressed air, or noble gases not otherwise prohibited by law.

Existing 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. New law adds hydrogen, nitrogen, ammonia, compressed air, or noble gases not otherwise prohibited by law.

Existing 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.

Existing law authorizes the commissioner to levy per tonnage of carbon dioxide stored fee on operators up to a maximum of \$5,000,000. Specifies that the rate of collecting the fee must 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.

Existing law provides that the commissioner must 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.

Existing 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.

Prior law provided for an application fee in the form and schedule set by the commissioner not to exceed 8-½% above the amount charged on July 1, 2010.

New law removes the cap of 8 ½% 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.

Prior law provided 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.

New law removes authorization for the commissioner to use up to \$750,000 per year in the administration of this Chapter. Further removes a provision that is no longer applicable that gave the commissioner the authority to use the Oil and Gas Regulatory Fund for the administration of prior law.

Existing 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.

New law adds authorization for the commissioner to contract for professional services to assist with permit or application reviews.

New law defines "Confidential Business Information". Further requires the commissioner of conservation to adopt and apply certain federal regulations relative to confidential business information.

Effective August 1, 2021.

(Amends R.S. 30:23(A), (B)(intro. para.), (1), (2), and (4), (C), and (D)(1), 1103(3)-(12), and 1110(C)(3) and (E)(5); Adds R.S. 30:1103(13), 1104(F), and 1110(F)(7))