

GREEN SHEET REDIGEST

HB 966

2024 Regular Session

Geymann

ENERGY/CONSERVATION: Authorizes unitization for carbon dioxide sequestration.

DIGEST

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 the unit is for a public and necessary purpose. At least three-fourths of the owners in interest within the storage unit must have given written consent for geologic storage in order for an application to be considered. Further provides a method for calculating three-fourths owners in interest.

Proposed law defines "carbon dioxide storage facility", "area of review", "owner in interest", and "storage unit".

Proposed law requires the unitization order to provide for just and equitable compensation for all owners in interest and the storage operator. Further requires the order to provide for the method, formula, or other basis to determine the just and equitable share of the benefits.

Proposed law provides for the factors the commissioner may consider in determining the method, formula, or other basis to be used to determine the just and equitable share.

Proposed law prohibits a unitization order varying, altering, or otherwise applying a standard of benefit to a contract between an interest owner and a storage operator.

Proposed law requires judicial review of orders, rules, and regulations issued by the commissioner pursuant to proposed law be conducted pursuant to the provisions and requirements of present law governing review of the commissioner's decisions.

Proposed law authorizes the proposed storage unit operator or any owner in interest who has not entered into a contract with the proposed storage unit operator to have the court review whether the purpose for the storage unit is public and necessary, whether the compensation provided for is just, and, if not, the amount of just compensation due. Further, the court's review in those instances is limited to the compensation affecting that specific owner in interest.

Proposed law authorizes review of whether the compensation is just to be heard by a jury trial. Further, requires the review be conducted by preference and with the greatest possible dispatch.

Proposed law authorizes the commissioner to revise a storage unit under certain circumstances, following notice and a public hearing. Proposed law requires any order modifying a unit that provides for compensation use the same method, formula, or other basis to determine the just and equitable share as used in proposed law.

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

Proposed law prohibits a Class VI injection wellhead within a unit within 500 feet of any inhabited dwelling.

Proposed law authorizes the use of eminent domain in event proposed law providing for unitization is determined unconstitutional or otherwise invalid by a court of law.

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 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 for a Class V well or within the predicted or modeled carbon dioxide plume for a Class VI well.

Proposed law requires the notification of a Class V well permit application within 10 days of filing the application and requires the notification of a Class VI well permit application within 30 days of the application being deemed administratively complete.

(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)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Make technical changes.
2. Express that the right to compensation for an owner in interest within a storage unit and challenges to the public purpose of the exercise of eminent domain in relation to the unit are questions reserved for the courts.
3. Provide that for judicial review of orders of the commissioner of conservation regarding unitization, venue is proper in the parish where the storage unit is located.
4. Provide that for legal challenges to whether the purpose of an expropriation or taking in the unit is public and necessary, venue is proper in the parish where the storage unit is located.
5. Prohibit Class VI injection wells within a unit from being located within 500 feet of a residential or commercial structure.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Natural Resources to the reengrossed bill

1. Change the definition of a storage unit.
2. Require the commissioner to find a public and necessary purpose as a condition to issue a unitization order.
3. Provide for the commissioner's determination of just and equitable sharing of the benefits by interest owners.

4. Prohibit the commissioner's determination of just and equitable share from affecting a contract between the storage operator and an interest owner.
5. Provide judicial review is the procedure in present law governing review of decisions by the commissioner of conservation.
6. Add judicial review provisions specific to a unitization order.
7. Provide for orders that reduce or enlarge a storage unit, including determining just and equitable compensation.
8. Change the spacing of a Class VI wellhead from 500 feet from a residential or commercial structure to 500 feet from an inhabited dwelling.
9. Authorize the use of eminent domain in the event proposed law providing for unitization is determined invalid.
10. Change notification requirement from 10 days of receiving a Class VI well application to 30 days from the Class VI well application being deemed complete.
11. Make technical corrections.