

2024 Regular Session

ACT No. 645

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

BY REPRESENTATIVE GEYMANN

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AN ACT

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

Be it enacted by the Legislature of Louisiana:

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

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

* * *

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

* * *

1 of the entire storage unit and, if a tract within the storage unit is subject to ownership
2 in indivision, credited by multiplying the acreage of the tract by the undivided
3 ownership interest of the parties who have consented in writing to geologic storage.

4 C. An order for unit operation shall provide for just and equitable sharing of
5 the benefits generated from use of such tracts for geologic storage, and shall provide
6 for just and equitable compensation to all owners in interest, including the storage
7 operator, other owners in interest who consented in writing to geologic storage, and
8 owners in interest who did not consent in writing to geologic storage, except that the
9 order shall not vary, alter, or otherwise apply a standard of benefit sharing or
10 compensation to, the terms of any contracts between the storage operator and any
11 owner in interest. The order shall set forth the method, formula, or other basis by
12 which the just and equitable sharing of the benefits shall be determined, including
13 the timing of payments thereof. In determining the method, formula, or other basis,
14 the commissioner may take into consideration such factors that include but are not
15 limited to the computational modeling submitted by an existing or proposed storage
16 operator, whether there is an impact to a tract, the extent of any impact to a tract,
17 each separately owned tract's proportionate share of the total surface acreage
18 contributed to the storage unit, the costs required to perform the unit operation, and
19 the viability of any third-party geologic storage projects within the storage unit and
20 any associated third-party contracts executed by an owner in interest.

21 D. Judicial review of orders, rules, and regulations issued by the
22 commissioner pursuant to this Section shall be conducted pursuant to the provisions
23 and requirements of R.S. 30:12. Additionally, subject to timely filing for court
24 review pursuant to R.S. 30:12, the proposed storage unit operator or any owner in
25 interest who has not entered into an agreement for geologic storage with the
26 proposed storage unit operator shall have the right to have the reviewing court
27 determine whether the purpose for the storage unit is public and necessary, whether
28 the compensation provided for is just, and, if not, the amount of just compensation
29 due. As to any owner in interest having the right to have a reviewing court determine
30 whether the compensation is just under this Subsection, the court's review in those

1 instances shall be limited to the compensation affecting that specific owner in
2 interest. The review of whether the compensation is just may be heard through a trial
3 by jury if timely requested by any party. Judicial reviews conducted under this
4 Subsection shall be tried by preference and shall be conducted with the greatest
5 possible dispatch.

6 E. Upon application by the storage operator or at the commissioner's
7 discretion and after notice, public hearing, and consideration of available geological,
8 engineering, and other relevant evidence, the commissioner, to the extent required
9 by such evidence, may by order revise, amend, enlarge, reduce, confirm or dissolve
10 any storage unit provided for under this Section or modify any provision of any order
11 issued pursuant to this Section, without the consent required by Subsection B of this
12 Section. An order enlarging or reducing the areal extent of an existing storage unit
13 shall provide for just and equitable compensation to all owners in interest as to any
14 acreage added to the storage unit and may also provide for adjustments to
15 compensation and the sharing of benefits as are just and equitable for all owners in
16 interest as to the area encompassed by the enlarged or reduced storage unit. In any
17 order issued pursuant to this Subsection providing for compensation, the
18 commissioner shall use the same method, formula, or other basis used to determine
19 the just and equitable share pursuant to Subsection C of this Section. However, no
20 order issued pursuant to this Subsection shall vary, alter, or otherwise apply a
21 standard of benefit sharing or compensation to, the terms of any contracts between
22 the storage operator and any owner in interest.

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

25 G. The commissioner shall prescribe, issue, amend, and rescind such orders,
26 rules, and regulations as he may find necessary or appropriate to carry out the
27 provisions of this Section, including establishing the methodology for determining
28 or adjusting just and equitable compensation to owners in interest that have not
29 entered into a contract with the storage operator, including the storage operator, other
30 owners in interest who consented in writing to geologic storage and owners in

1 interest who did not consent in writing to geologic storage, including in the event a
2 storage unit is enlarged or reduced. However, no order, rule, or regulation issued
3 pursuant to this Subsection shall vary, alter, or otherwise apply a standard of benefit
4 sharing or compensation to, the terms of any contracts between the storage operator
5 and any owner in interest. The same requirements and procedures to challenge such
6 an order, rule, or regulation that are stated in Subsection D of this Section shall also
7 apply to this Subsection.

8 H. For the purposes of this Section, the following terms shall have the
9 following meanings:

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

14 (2) "Storage unit" shall mean the area encompassing the underground
15 reservoir or portion thereof, and all associated top and bottom seals, which comprise
16 the carbon dioxide plume, as that term is defined in administrative rules and
17 regulations providing for Class VI injection wells, based on computational modeling
18 submitted in the unit application by the existing or proposed storage operator, as
19 approved by the commissioner.

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

25 J. No Class VI injection wellhead shall be located within five hundred feet
26 of any inhabited dwelling not owned by the storage operator or any owner in interest
27 bound by a contract with the storage operator that allows for the location of a Class
28 VI injection wellhead within five hundred feet of an inhabited dwelling.

1 or others within five hundred feet of the proposed Class V stratigraphic test well
2 location.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____