HLS 25RS-342 ENGROSSED

2025 Regular Session

HOUSE BILL NO. 75

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BY REPRESENTATIVE MCCORMICK

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

ENERGY/CONSERVATION: Provides relative to compensation for pore space owners

1 AN ACT

To amend and reenact R.S. 30:1104.2(C), (D), and (I), relative to compensation of owners in interest in a unit; to provide compensation to owners in interest in a carbon dioxide storage unit; to provide for reimbursement of additional costs incurred by mineral owners to drill through the plume; to provide for mineral owner compensation; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 30:1104.2(C), (D), and (I) are hereby amended and reenacted to read as follows:

§1104.2. Unitization

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C.(1) An order for unit operation shall provide for just and equitable sharing of the benefits generated from use of such tracts for geologic storage and shall provide for just and equitable compensation to all owners in interest, including the storage operator, other owners in interest who consented in writing to geologic storage, and owners in interest who did not consent in writing to geologic storage, except that the order shall not vary, alter, or otherwise apply a standard of benefit sharing or compensation to the terms of any contracts between the storage operator and any owner in interest. The order shall set forth the method, formula, or other basis by which the just and equitable sharing of the benefits shall be determined,

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including the timing of payments thereof. In determining the method, formula, or other basis, the commissioner may take into consideration such factors that include but are not limited to the computational modeling submitted by an existing or proposed storage operator, whether there is an impact to a tract, the extent of any impact to a tract, each separately owned tract's proportionate share of the total surface acreage contributed to the storage unit, the costs required to perform the unit operation, and the viability of any third-party geologic storage projects within the storage unit and any associated third-party contracts executed by an owner in interest.

(2) A non-consenting owner in interest shall not be compensated with an amount per acre which is less than the average compensation paid per acre to all other owners in interest in the storage unit.

D. Judicial review of orders, rules, and regulations issued by the commissioner pursuant to this Section shall be conducted pursuant to the provisions and requirements of R.S. 30:12. Additionally, subject to timely filing for court review pursuant to R.S. 30:12, the proposed storage unit operator or any owner in interest who has not entered into an agreement for geologic storage with the proposed storage unit operator shall have the right to have the reviewing court determine 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. As to any owner in interest having the right to have a reviewing court determine whether the compensation is just under this Subsection, the court's review in those instances shall be limited to the compensation affecting that specific owner in interest. The court may request all information necessary to determine just compensation. The review of whether the compensation is just may be heard through a trial by jury if timely requested by any party. Judicial reviews conducted under this Subsection shall be tried by preference and shall be conducted with the greatest possible dispatch.

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1 I.(1) Except as provided in R.S. 30:1108(B)(2), nothing in this Section shall 2 prevent persons having the right to do so from drilling through the storage unit in such manner as shall comply with the rules of the commissioner issued for the 3 4 purpose of protecting the storage unit or an associated storage facility against pollution or invasion and against the escape or migration of carbon dioxide. 5 6 (2) The unit operator shall compensate non-consenting mineral interest 7 owners within the unit for the value of minerals located beneath the unit or reimburse 8 them for any additional material costs required by the department to drill through the 9 unit. 10

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)]

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McCormick

Abstract: Establishes minimum per acre compensation for non-consenting landowners within a carbon dioxide storage unit and requires unit operators to compensate non-consenting mineral owners within a unit for the value of stranded minerals or reimburse them for the additional costs required by the Department of Energy and Natural Resources to drill through the unit.

<u>Present law</u> (R.S. 30:1104.2(C)) requires a unitization order to provide for just and equitable compensation for all owners in interest and the storage operator. <u>Present law</u> also requires the order to provide for the method, formula, or other basis to determine the just and equitable share of the benefits.

<u>Proposed law</u> retains <u>present law</u> but also sets a minimum for any per acre compensation paid to a non-consenting unit participant, so that non-consenting owners in interest cannot be paid less than the average per acre compensation to all other owners in interest in the unit.

<u>Present law</u> (R.S. 30:1104.2(D)) authorizes the operator of a proposed storage unit 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 is just, and, if not, the amount of just compensation due. Specifies that the court's review in those instances is limited to the compensation affecting the specific owner in interest seeking review. Specifies that a jury trial on the matter may be requested, and the proceeding shall be conducted by preference.

<u>Proposed law</u> retains <u>present law</u> and permits the court to request information necessary to determine compensation for an owner in interest.

<u>Present law</u> (R.S. 30:1104.2(I)) provides that the formation of a carbon dioxide storage unit does not prevent mineral interest owners from drilling through the storage unit if the drilling complies with rules established by the commissioner of conservation.

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<u>Proposed law</u> retains <u>present law</u> and further provides that a mineral owner must be reimbursed for additional material costs required by the dept. to drill through the storage unit or compensated for the value of stranded minerals by the storage unit operator.

(Amends R.S. 30:1104.2(C), (D), and (I))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by <u>House Committee on Natural Resources and Environment</u> to the <u>original</u> bill:

- 1. Make technical changes.
- 2. Add a new <u>proposed law</u> provision requiring a unit operator to compensate nonconsenting mineral owners within the unit for the value of their stranded minerals or reimburse them for the additional material costs, as required by the department, to drill through the plume.
- 3. Change the minimum per acre compensation required <u>from</u> the maximum per acre compensation received by any owner in interest in the unit <u>to</u> the average per acre compensation received by all other owners in interest.
- 4. Make the minimum per acre compensation requirement applicable to non-consenting owners in interest only.