

1 for the creation of cavities, and equipping of same for the injection, storage, and
2 withdrawal of liquid or gaseous hydrocarbons, ~~or carbon dioxide, hydrogen,~~
3 nitrogen, ammonia, compressed air, or noble gases not otherwise prohibited by law.

4 Subject to the exception provided in Subsection B of this Section, the commissioner
5 shall not allow the use of any salt dome in the state of Louisiana for the purposes
6 mentioned herein until such time as he has prepared and promulgated the regulations
7 required herein according to the Louisiana Administrative Procedure Act, ~~R.S. 49:951~~
8 R.S. 49:950 et seq. In addition, the commissioner shall issue necessary orders, rules,
9 and regulations for the protection of the rights of owners of parts of the salt dome
10 which are adjacent to any part thereof sought to be used for the storage of liquid or
11 gaseous ~~hydrocarbon~~ hydrocarbons, or carbon dioxide, hydrogen, nitrogen,
12 ammonia, compressed air, or noble gases not otherwise prohibited storage.

13 D.(1) In furtherance of the development of comprehensive energy policy for
14 the state, the secretary of the Department of Natural Resources shall determine the
15 feasibility of initiating projects, by the state or by contract on behalf of the state, for
16 the storage of emergency supplies of state-owned oil and gas, ~~or carbon dioxide,~~
17 hydrogen, nitrogen, ammonia, compressed air, or noble gas not otherwise prohibited
18 by law. Such determination shall include consideration of the techniques, costs,
19 quantities of oil and gas, ~~or carbon dioxide, hydrogen, nitrogen, ammonia,~~
20 compressed air, or noble gas not otherwise prohibited by law available for such
21 purpose and priorities for allocation in time of emergency.

22 * * *

23 §1103. Definitions

24 Unless the context otherwise requires, the words defined in this Section have
25 the following meaning when found in this Chapter:

26 (1) "Carbon dioxide" means naturally occurring, geologically sourced, or
27 anthropogenically sourced carbon dioxide including its derivatives and all mixtures,
28 combinations, and phases, whether liquid or gaseous, stripped, segregated, or divided
29 from any other fluid stream thereof.

1 (2) "Commissioner" has the same meaning as provided in R.S. 30:3.

2 (3) "Confidential Business Information" means any information accepted or
3 determined by the United States Environmental Protection Agency to be subject to
4 confidential treatment.

5 ~~(3)~~(4) "Gas" has the same meaning as provided in R.S. 30:3.

6 ~~(4)~~(5) "Geologic storage" means the long-or short-term underground storage
7 of carbon dioxide in a reservoir.

8 ~~(5)~~(6) "Interested person" means any person who presently owns an interest
9 within the area of, or proximate to, the tracts directly affected by the storage facility.

10 ~~(6)~~(7) "Office" means the office of conservation, Department of Natural
11 Resources.

12 ~~(7)~~(8) "Oil" has the same meaning as provided in R.S. 30:3.

13 ~~(8)~~(9) "Person" means any natural person, corporation, association,
14 partnership, limited liability company, or other entity, receiver, tutor, curator,
15 executor, administrator, fiduciary, or representative of any kind.

16 ~~(9)~~(10) "Reservoir" means that portion of any underground geologic stratum,
17 formation, aquifer, or cavity or void, whether natural or artificially created, including
18 oil and gas reservoirs, salt domes or other saline formations, and coal and coalbed
19 methane seams, suitable for or capable of being made suitable for the injection and
20 storage of carbon dioxide therein.

21 ~~(10)~~(11) "Storage facility" means the underground reservoir, carbon dioxide
22 injection wells, monitoring wells, underground equipment, and surface buildings and
23 equipment utilized in the storage operation. The underground reservoir component
24 of the storage facility includes any necessary and reasonable aerial buffer and
25 subsurface monitoring zones designated by the commissioner for the purpose of
26 ensuring the safe and efficient operation of the storage facility for the storage of
27 carbon dioxide and shall be chosen to protect against pollution, and escape or
28 migration of carbon dioxide.

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 8-½% above the amount charged on July 1, 2010.

Proposed law retains present law in part and 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.

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 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 present law.

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.

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

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

Summary of Amendments Adopted by House

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

- 1. Define "Confidential Business Information".

2. Require the commissioner of conservation to adopt and apply certain federal regulations relative to confidential business information.
3. Make technical changes.