
HOUSE COMMITTEE AMENDMENTS

2024 Regular Session

Substitute for Original House Bill No. 696 by Representative Geymann as proposed by the House Committee on Natural Resources and Environment

This document reflects the content of a substitute bill but is not in a bill form; page numbers in this document DO NOT correspond to page numbers in the substitute bill itself.

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; 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

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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:

* * *

(2) The commissioner of conservation shall review the location plat and make a determination as to whether any residential or commercial structure or area of review for a carbon dioxide storage facility not owned by the applicant, his lessor, or other predecessor in interest is situated within a five hundred foot radius of the proposed drilling site. For purposes of this Section, "carbon dioxide storage facility"

shall include any current or proposed project for which a Class VI permit has been applied or issued and "area of review" shall have the same meaning as that term is defined in administrative rules regarding Class VI injection wells.

(3) Upon a determination by the commissioner that a residential or commercial structure or area of review for a carbon dioxide storage facility is located within five hundred feet of the proposed drilling site, he shall convey that information, together with written notice of a public hearing thereon, by means of an official notice delivered by first class mail, to any person owning a residential or commercial structure within a five hundred foot radius of the proposed site, the operator of a carbon dioxide storage facility whose area of review is within a five hundred foot radius of the proposed site, and to the local governing authority in whose jurisdiction the property is located.

(4) Any property owner, carbon dioxide storage facility operator, or local governing authority so notified shall have the right within ten days of the mailing of such notice to request a public hearing concerning the issuance of such permit.

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(7) If the commissioner, in his review of the location plat required by Paragraph (2) of this Subsection, determines that no residential or commercial structure or area of review for a carbon dioxide storage facility not owned by the applicant, his lessor, or other predecessor in interest falls within five hundred feet of the proposed well site, he shall issue the permit required for such drilling in accordance with the provisions of Subsections A, B, C, and F of this Section and any rules and regulations issued thereunder.

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E. Any permit issued to drill an oil or gas well or test well to a depth of less than ten thousand feet shall not be subject to the provisions of Subsection D of this Section other than those requirements regarding carbon dioxide storage facilities.

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§1104. Duties and powers of the commissioner; rules and regulations; permits

A. The office of conservation's actions under this Chapter shall be directed and controlled by the commissioner. The commissioner shall have authority to:

(1) Regulate the development and operation of storage facilities and pipelines ~~transmitting~~ transporting carbon dioxide to storage facilities, including unitization in accordance with the provisions of R.S. ~~30:1107~~, 30:1104.2 and the issuance of certificates of public convenience and necessity for storage facilities and pipelines in accordance with the provisions of R.S. 30:1107. ~~servicing such projects approved hereunder.~~

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§1104.2. Unitization

A. Upon the application of a proposed storage operator, the commissioner is authorized and empowered to enter an order requiring the unit operation of a reservoir or portion thereof, including any necessary and reasonable areal buffer and subsurface monitoring zones, or portions thereof, as referenced in R.S. 30:1103(11), for geologic storage, and in connection with such an order of unit operation, the commissioner shall have the right to unitize, pool, and consolidate all separately owned tracts and other property interests within such storage unit for geologic storage.

B. An order for unit operation shall only be issued after notice, public hearing, and a finding by the commissioner that at least three-fourths of the owners in interest within the storage unit have consented in writing to geologic storage. The required three-fourths of the owners in interest shall be on the basis of, and in proportion to, the surface acreage content of the entire storage unit and, if a tract within the storage unit is subject to ownership in indivision, credited by multiplying the acreage of the tract by the undivided ownership interest of the parties who have consented in writing to geologic storage.

C. An order for unit operation shall provide for just and equitable compensation to all owners in interest within the storage unit, 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 or alter the terms of any contracts between the storage operator and an owner in interest.

D. Judicial review of orders, rules, and regulations issued by the commissioner pursuant to this Section shall be conducted pursuant to the same provisions and requirements as R.S. 30:12.

E. Upon application by the storage operator or at the commissioner's discretion and after notice, public hearing, and consideration of available geological, engineering, and other relevant evidence, the commissioner, to the extent required by such evidence, may by order revise, amend, enlarge, reduce, confirm or dissolve any storage unit provided for under this Section or modify any provision of any order issued pursuant to this Section, without the consent required by Subsection B of this Section. An order enlarging or reducing the areal extent of an existing storage unit shall provide for just and equitable compensation to all owners in interest as to any acreage added to the storage unit and may also provide for compensation adjustments as are just and equitable for all owners in interest as to the area encompassed by the enlarged or reduced storage unit. However, no order issued pursuant to this Subsection shall vary or alter the terms of any contracts between the storage operator and any owner in interest.

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

G. The commissioner shall prescribe, issue, amend, and rescind such orders, rules, and regulations as he may find necessary or appropriate to carry out the provisions of this Section, including establishing the methodology for determining or adjusting just and equitable compensation to owners in interest that have not entered into a contract with the storage operator, 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, including in the event a storage unit is enlarged or reduced.

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

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

(2) "Storage unit" shall mean a reservoir or portion thereof, including any necessary and reasonable areal buffer and subsurface monitoring zones or portions thereof, as referenced in R.S. 30:1103(11), as designated, enlarged, or reduced by the commissioner in accordance with this Section.

I. Except as provided in R.S. 30:1108(B)(2), nothing in this Section shall 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 purpose of protecting the storage unit or an associated storage facility against pollution or invasion and against the escape or migration of carbon dioxide.

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§1113. Notifications regarding applications

A. Within ten days of filing an application with the commissioner for a Class VI injection well, the owner or operator shall make a good faith effort to provide notice of the submission of the application via United States mail to all of the following:

(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.

B. Within ten days of filing an application with the commissioner for a Class V stratigraphic test well, the owner or operator shall make a good faith effort to provide notice of the submission of the application via United States mail to all of the following:

(1) The last operator of record for any oil or gas well located within five hundred feet of the proposed Class V stratigraphic test well location.

(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 five hundred feet of the proposed Class V stratigraphic test well location.

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)]

HB Draft

2024 Regular Session

Abstract: Authorizes the commissioner of conservation to order unitization for carbon dioxide sequestration projects.

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 least three-fourths of the owners in interest within the storage unit have given written consent for geologic storage and further provides a method for calculating three-fourths owners in interest.

Proposed law defines "owner in interest" and "storage unit".

Proposed law provides that executed contracts will not be altered by a unitization order.

Proposed law requires the unitization order to provide for just and equitable compensation for all owners in interest and the storage operator.

Proposed law authorizes judicial review of unitization orders as provided under present law.

Proposed law authorizes the commissioner to revise the storage unit under certain circumstances and following notice and public hearing. Further requires the commissioner to provide for compensation adjustments.

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

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 submission 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.

(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)