

## HOUSE BILL NO. HB0032

Geologic sequestration-unitization amendments.

Sponsored by: Joint Minerals, Business & Economic  
Development Interim Committee

A BILL

for

1 AN ACT relating to environmental quality; specifying that  
2 pore space utilization is a purpose of geologic  
3 sequestration unitization; providing definitions; amending  
4 permit types related to geologic sequestration; amending  
5 application requirements for the unitization of interests  
6 in pore space in a unit area; amending the findings  
7 required by the oil and gas conservation commission before  
8 entry of a unitization order; amending notice requirements  
9 for unitization applications; clarifying that a unitization  
10 order may provide for the use of directional wells; making  
11 conforming amendments; specifying applicability; requiring  
12 rulemaking; and providing for an effective date.

13

14 *Be It Enacted by the Legislature of the State of Wyoming:*

15

1           **Section 1.** W.S. 35-11-313(f)(ii)(F), 35-11-314(a) and  
2 (b) by creating new paragraphs (ii) and (iii),  
3 35-11-315(a)(i) through (iii), (v) through (ix) and by  
4 creating a new paragraph (x) and 35-11-316(b)(iii) through  
5 (vii), (g) and by creating a new subsection (m) are amended  
6 to read:

7

8           **35-11-313. Carbon sequestration; permit requirements.**

9

10           (f) The administrator of the water quality division  
11 of the department of environmental quality, after receiving  
12 public comment and after consultation with the state  
13 geologist, the Wyoming oil and gas conservation commission  
14 and the advisory board created under this act, shall  
15 recommend to the director rules, regulations and standards  
16 for:

17

18                   (ii) Requirements for the content of  
19 applications for geologic sequestration permits. Such  
20 applications shall include:

21

22                           (F) A site and facilities description,  
23 including a description of the proposed geologic

1 sequestration facilities and documentation sufficient to  
2 demonstrate that the applicant has all legal rights,  
3 including but not limited to the right to surface use,  
4 necessary to sequester carbon dioxide and associated  
5 constituents into the proposed geologic sequestration site.

6 The department may issue a ~~draft~~-permit authorizing:

7

8 (I) Construction of an injection well  
9 on lands for which the applicant has demonstrated all legal  
10 rights specified by this subsection;

11

12 (II) Geologic sequestration,  
13 contingent on obtaining a unitization order, if required,  
14 pursuant to W.S. 35-11-314 through 35-11-320.†

15

16 **35-11-314. Unitization of geologic sequestration**  
17 **sites; purposes; definitions.**

18

19 (a) The purpose of W.S. 35-11-314 through 35-11-319  
20 is declared by the Wyoming legislature to be the protection  
21 of corresponding rights, compliance with underground  
22 injection control class VI well and other environmental  
23 requirements, ~~and~~ to facilitate the use and production of

1 Wyoming energy resources and to facilitate the utilization  
2 of pore space for geologic sequestration.

3

4 (b) Except when context otherwise requires or when  
5 otherwise defined in this subsection, the terms used or  
6 defined in W.S. 35-11-103, shall have the same meaning when  
7 used in W.S. 35-11-314 through 35-11-320. When used in W.S.  
8 35-11-314 through 35-11-320:

9

10 (ii) "Economic benefits" means the equitable  
11 proportionate share of all financial proceeds due to the  
12 pore space owners in a unit area based upon each individual  
13 pore space owner's contribution of pore space storage  
14 capacity to a unit area;

15

16 (iii) "Unit area" means the pore space lying  
17 within the geologic formation proposed to be operated and  
18 may include the area of geologic sequestration for one (1)  
19 or more injection wells.

20

21 **35-11-315. Unitization of geologic sequestration**  
22 **sites; agreements; application for permit; contents.**

23

1           (a) Any interested person may file an application  
2 with the Wyoming oil and gas conservation commission  
3 requesting an order providing for the operation and  
4 organization of a unit of one (1) or more parts as a  
5 geologic sequestration site and for the pooling of  
6 interests in pore space in the proposed unit area for the  
7 purpose of conducting the unit operation. The application  
8 shall contain:

9

10           (i) A copy of any draft permit or permit ~~or~~  
11 ~~draft permit~~ issued by the department allowing geologic  
12 sequestration or any application for such permit;

13

14           (ii) A description of the pore space ~~and surface~~  
15 ~~lands~~ proposed to be ~~so operated, termed the "unit area"~~  
16 included in the unit area and the corresponding surface  
17 lands;

18

19           (iii) The names, as disclosed by the conveyance  
20 records of the county or counties in which the proposed  
21 unit area is situated, and, if federal pore space is  
22 proposed to be included in the unit area, the status

1 records of the district office of the bureau of land  
2 management of:

3

4 (A) All persons owning or having an  
5 interest in the surface estate ~~and-or~~ pore space estate in  
6 the unit area, including mortgages and the owners of other  
7 liens or encumbrances; and

8

9 (B) All owners of the surface estate ~~and-or~~  
10 pore space estate not included within but ~~which immediately~~  
11 ~~adjoins~~ that are located not greater than one-half (1/2)  
12 mile from a boundary of the proposed unit area. ~~or a corner~~  
13 ~~thereof.~~

14

15 (v) A statement of the type of operations  
16 contemplated in order to effectuate the purposes specified  
17 in W.S. 35-11-314 to comply with underground injection  
18 control class VI well and other environmental requirements,  
19 ~~and~~ to facilitate the use and production of Wyoming energy  
20 resources or to utilize pore space for geologic  
21 sequestration;

22

1           (vi) A proposed plan of unitization applicable  
2 to the proposed unit area which the applicant considers  
3 fair, reasonable and equitable and which shall include  
4 provisions for determining the pore space to be ~~used~~  
5 included within the unit area, the appointment of a unit  
6 operator and the time when the plan is to become effective;

7  
8           (vii) A proposed plan for determining the  
9 quantity of pore space storage capacity to be assigned to  
10 each separately owned tract within the unit area and the  
11 formula or method by which ~~pore space~~ each separately owned  
12 tract will be allocated the economic benefits generated by  
13 use of pore space in the unit area;

14  
15           (viii) A proposed plan for ~~generating~~ providing  
16 for economic benefits for the use of pore space within the  
17 unit area;

18  
19           (ix) A proposed operating plan providing the  
20 manner in which the unit area will be supervised and  
21 managed and, if applicable, costs allocated and paid,  
22 unless all owners within the proposed unit area have joined  
23 in executing an operating agreement or plan providing for

1 such supervision, management and allocation and, if  
2 applicable, payment of costs. All operating plans shall  
3 comply with all applicable underground injection control  
4 class VI well and other environmental requirements;

5

6 (x) The location of any identified and existing  
7 wells, whether previously plugged or not, that may require  
8 evaluation monitoring or corrective action as part of the  
9 proposed geologic sequestration in the unit area.

10

11 **35-11-316. Unitization of geologic sequestration**  
12 **sites; hearings on application, order; modifications.**

13

14 (b) After considering the application and hearing the  
15 evidence offered in connection therewith, the Wyoming oil  
16 and gas conservation commission shall enter an order  
17 setting forth the following findings and approving the  
18 proposed plan of unitization and proposed operating plan,  
19 if any, if the commission finds that:

20

21 (iii) The application outlines operations that  
22 will comply with applicable underground injection control  
23 class VI well permits, draft permits or any applications

1 for permits and any other environmental requirements. The  
2 commission may rely on a class VI well permit issued by the  
3 department to make the findings required by this paragraph;  
4

5 (iv) Granting the application will facilitate  
6 the use and production of Wyoming energy resources or will  
7 utilize pore space for geologic sequestration;  
8

9 (v) The quantity of pore space storage capacity,  
10 and method used to determine the quantity of pore space  
11 storage capacity allocated to each separately owned tract  
12 within the unit area represents, so far as can be  
13 practically determined, each tract's actual share of the  
14 pore space ~~to be used in the sequestration activity~~  
15 included within the unit area;  
16

17 (vi) The method ~~by which~~ for the allocation of  
18 economic benefits ~~generated from~~ provided by the use of  
19 pore space within the unit area between pore space owners;  
20 and between pore space owners and the unit operator or  
21 others is fair and reasonable. ~~, taking into consideration~~  
22 ~~the costs required to capture, transport and sequester the~~  
23 ~~carbon dioxide~~ For purposes of this paragraph, federal

1 injection fees, federal lease payments and other  
2 consideration derived from federal leases shall not be  
3 considered;

4

5 (vii) The method ~~of generating~~ for providing for  
6 economic benefits from the use of pore space in the unit  
7 area is fair and equitable and is reasonably designed to  
8 maximize the ~~value of such~~ use of the pore space;

9

10 (g) Any owner of pore space within a geologic  
11 sequestration site who has not been included within a  
12 unitization application or order authorizing a unit under  
13 this section, may petition for inclusion in the unit area.  
14 The petition shall be filed with the Wyoming oil and gas  
15 conservation commission and shall describe the petitioner's  
16 legal entitlement to the pore space, the location of the  
17 pore space, whether the pore space is included within any  
18 permitting area applicable to the unit area and the bases  
19 for inclusion in the unit area. The petition shall be  
20 accompanied by a deposit of money sufficient to pay all  
21 costs of the inclusion proceedings. The commission shall  
22 require the petitioner to ~~publish a~~ provide notice of the  
23 filing of the petition ~~which~~ to all persons specified in

1 the application for the unit area under W.S. 35-11-315(a).  
2 The notice required under this subsection shall state the  
3 filing of the petition, the name of the petitioner, the  
4 location of the pore space, ~~and the prayer of action sought~~  
5 by the petitioner. ~~The~~ and any other information required  
6 by rule of the commission. Upon receipt of the petition and  
7 the provision of notice by the petitioner, the commission  
8 shall publish notice of a hearing, which shall ~~notify~~  
9 describe how all ~~interested~~ persons ~~to~~ specified in an  
10 application submitted under W.S. 35-11-315(a) may appear at  
11 a specified time and place and ~~to~~ show cause, in writing,  
12 ~~if any they have,~~ or as otherwise provided by rules of the  
13 commission, why the petition should not be granted. The  
14 commission at the time and place mentioned in the notice  
15 shall proceed to hear the petition and all objections  
16 thereto and shall thereafter grant or deny the petition.  
17 The filing of the petition shall be deemed and taken as an  
18 assent by each and all petitioners to the inclusion in the  
19 unit of the pore space mentioned in the petition or any  
20 part thereof. If the petition is granted, the petitioner  
21 shall be considered to have been a member of the unit since  
22 its inception and, upon the payment of any costs paid by  
23 unit members, shall be entitled to a proportionate share of

1 all economic benefits received by unit members since the  
2 inception of the unit provided that no unit modification  
3 affects any permit issued under W.S. 35-11-313. The oil  
4 and gas conservation commission shall adopt rules or orders  
5 providing for the fair and equitable determination of pore  
6 space storage capacity for each successful petitioner and  
7 the means by which successful petitioners shall be paid the  
8 economic benefits to which they are entitled under this  
9 subsection, including, if necessary, a reallocation of  
10 economic benefits among unit members.

11

12 (m) Orders for unitization issued under this section  
13 may accommodate and provide for the use of horizontal or  
14 directional wells that may penetrate the pore space of  
15 separate pore space estates for geologic sequestration  
16 purposes within the unit area.

17

18 **Section 2.** This act shall apply to all geologic  
19 sequestration unitization orders issued on and after the  
20 effective date of this section.

21

1           **Section 3.** The Wyoming oil and gas conservation  
2 commission shall promulgate all rules necessary to  
3 implement this act.

4

5           **Section 4.** This act is effective immediately upon  
6 completion of all acts necessary for a bill to become law  
7 as provided by Article 4, Section 8 of the Wyoming  
8 Constitution.

9

10

(END)