

**DRAFT ONLY  
NOT APPROVED FOR  
INTRODUCTION**

HOUSE BILL NO.

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 application requirements for the unitization of interests  
5 in pore space in a unit area; amending the findings  
6 required by the oil and gas conservation commission before  
7 entry of a unitization order; amending notice requirements  
8 for unitization applications; clarifying that a unitization  
9 order may provide for the use of directional wells; making  
10 conforming amendments; specifying applicability; requiring  
11 rulemaking; and providing for an effective date.

12

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

2

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

8

9       **35-11-314. Unitization of geologic sequestration**  
10 **sites; purposes; definitions.**

11

12       (a) The purpose of W.S. 35-11-314 through 35-11-319  
13 is declared by the Wyoming legislature to be the protection  
14 of corresponding rights, compliance with underground  
15 injection control class VI well and other environmental  
16 requirements, ~~and~~ to facilitate the use and production of  
17 Wyoming energy resources and to facilitate the utilization  
18 of pore space for geologic sequestration.

19

20       (b) Except when context otherwise requires or when  
21 otherwise defined in this subsection, the terms used or  
22 defined in W.S. 35-11-103, shall have the same meaning when

1 used in W.S. 35-11-314 through 35-11-320. When used in W.S.  
2 35-11-314 through 35-11-320:

3  
4 (ii) "Economic benefits" means the equitable  
5 proportionate share of all financial proceeds due to the  
6 pore space owners in a unit area based upon each individual  
7 pore space owner's contribution of pore space storage  
8 capacity to a unit area;

9  
10 (iii) "Unit area" means the pore space lying  
11 within the geologic formation proposed to be operated and  
12 may include the area of geologic sequestration for one (1)  
13 or more injection wells.

14  
15 **35-11-315. Unitization of geologic sequestration**  
16 **sites; agreements; application for permit; contents.**

17  
18 (a) Any interested person may file an application  
19 with the Wyoming oil and gas conservation commission  
20 requesting an order providing for the operation and  
21 organization of a unit of one (1) or more parts as a  
22 geologic sequestration site and for the pooling of

1 interests in pore space in the proposed unit area for the  
2 purpose of conducting the unit operation. The application  
3 shall contain:

4

5 (ii) A description of the pore space ~~and surface~~  
6 ~~lands~~ proposed to be ~~so operated, termed the "unit area"~~  
7 included in the unit area and the corresponding surface  
8 lands;

9

10 (iii) The names, as disclosed by the conveyance  
11 records of the county or counties in which the proposed  
12 unit area is situated, and, if federal pore space is  
13 proposed to be included in the unit area, the status  
14 records of the district office of the bureau of land  
15 management of:

16

17 (A) All persons owning or having an  
18 interest in the surface estate ~~and or~~ pore space estate in  
19 the unit area, including mortgages and the owners of other  
20 liens or encumbrances; and

21

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

6  
7 (v) A statement of the type of operations  
8 contemplated in order to effectuate the purposes specified  
9 in W.S. 35-11-314 to comply with underground injection  
10 control class VI well and other environmental requirements,  
11 ~~and~~ to facilitate the use and production of Wyoming energy  
12 resources or to utilize pore space for geologic  
13 sequestration;

14  
15 (vi) A proposed plan of unitization applicable  
16 to the proposed unit area which the applicant considers  
17 fair, reasonable and equitable and which shall include  
18 provisions for determining the pore space to be ~~used~~  
19 included within the unit area, the appointment of a unit  
20 operator and the time when the plan is to become effective;

21

1           (vii) A proposed plan for determining the  
2 quantity of pore space storage capacity to be assigned to  
3 each separately owned tract within the unit area and the  
4 formula or method by which ~~pore space~~ each separately owned  
5 tract will be allocated the economic benefits generated by  
6 use of pore space in the unit area;

7  
8           (viii) A proposed plan for ~~generating~~ providing  
9 for economic benefits for the use of pore space within the  
10 unit area;

11  
12           (ix) A proposed operating plan providing the  
13 manner in which the unit area will be supervised and  
14 managed and, if applicable, costs allocated and paid,  
15 unless all owners within the proposed unit area have joined  
16 in executing an operating agreement or plan providing for  
17 such supervision, management and allocation and, if  
18 applicable, payment of costs. All operating plans shall  
19 comply with all applicable underground injection control  
20 class VI well and other environmental requirements;:-

21

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

5  
6           **35-11-316. Unitization of geologic sequestration**  
7 **sites; hearings on application, order; modifications.**

8  
9           (b) After considering the application and hearing the  
10 evidence offered in connection therewith, the Wyoming oil  
11 and gas conservation commission shall enter an order  
12 setting forth the following findings and approving the  
13 proposed plan of unitization and proposed operating plan,  
14 if any, if the commission finds that:

15  
16           (iii) The application outlines operations that  
17 will comply with applicable underground injection control  
18 class VI well permits or any applications for permits and  
19 any other environmental requirements;

20

1 (iv) Granting the application will facilitate  
2 the use and production of Wyoming energy resources or will  
3 utilize pore space for geologic sequestration;

4  
5 (v) The quantity of pore space storage capacity,  
6 and method used to determine the quantity of pore space  
7 storage capacity allocated to each separately owned tract  
8 within the unit area represents, so far as can be  
9 practically determined, each tract's actual share of the  
10 pore space ~~to be used in the sequestration activity~~  
11 included within the unit area;

12  
13 (vi) The method ~~by which for~~ the allocation of  
14 economic benefits ~~generated from~~ provided by the use of  
15 pore space within the unit area between pore space owners;  
16 and between pore space owners and the unit operator or  
17 others is fair and reasonable. ~~, taking into consideration~~  
18 ~~the costs required to capture, transport and sequester the~~  
19 ~~carbon dioxide~~ For purposes of this paragraph, federal  
20 injection fees, federal lease payments and other  
21 consideration derived from federal leases shall not be  
22 considered;



1

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

6

7 (g) Any owner of pore space within a geologic  
8 sequestration site who has not been included within a  
9 unitization application or order authorizing a unit under  
10 this section, may petition for inclusion in the unit area.  
11 The petition shall be filed with the Wyoming oil and gas  
12 conservation commission and shall describe the petitioner's  
13 legal entitlement to the pore space, the location of the  
14 pore space, whether the pore space is included within any  
15 permitting area applicable to the unit area and the bases  
16 for inclusion in the unit area. The petition shall be  
17 accompanied by a deposit of money sufficient to pay all  
18 costs of the inclusion proceedings. The commission shall  
19 require the petitioner to ~~publish a~~ provide notice of the  
20 filing of the petition ~~which to all persons specified in~~  
21 the application for the unit area under W.S. 35-11-315(a).  
22 The notice required under this subsection shall state the

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

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

10

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

16

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

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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)