

**FLOOR AMENDMENT**  
HOUSE OF REPRESENTATIVES  
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend SB1765  
Page \_\_\_\_\_ Section \_\_\_\_\_ Lines \_\_\_\_\_  
Of the printed Bill  
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

**AMEND TITLE TO CONFORM TO AMENDMENTS**

Adopted: \_\_\_\_\_

Amendment submitted by: Dennis Adkins  
\_\_\_\_\_

\_\_\_\_\_  
Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 FLOOR SUBSTITUTE  
4 FOR ENGROSSED

5 SENATE BILL NO. 1765

By: Myers, Bingman and  
Crutchfield of the Senate

6 and

7 Adkins of the House

8  
9  
10 FLOOR SUBSTITUTE

11 ( Geologic storage of carbon dioxide - authorizing  
12 agency to promulgate rules regulating carbon  
13 dioxide storage activities - codification -  
14 effective date )

15  
16  
17  
18 SECTION 1. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 3-5-101 of Title 27A, unless  
20 there is created a duplication in numbering, reads as follows:

21 This act shall be known and may be cited as the "Geologic  
22 Storage of Carbon Dioxide Act".  
23  
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1           SECTION 2.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 3-5-102 of Title 27A, unless  
3 there is created a duplication in numbering, reads as follows:

4           A. The Oklahoma Legislature declares that:

5           1. Carbon dioxide is a valuable commodity to the citizens of  
6 the state;

7           2. It is in the best interest of the state to implement  
8 regulation of the geologic storage of carbon dioxide in a manner  
9 which is responsive to the needs of the state rather than through  
10 regulations mandated at the federal level; and

11           3. Geologic storage of carbon dioxide gas may allow for the  
12 orderly withdrawal as appropriate or necessary, thereby allowing  
13 carbon dioxide to be available for commercial, industrial, or other  
14 uses, including the use of carbon dioxide for enhanced recovery of  
15 oil and gas.

16           B. Nothing in the Geologic Storage of Carbon Dioxide Act shall  
17 be construed to modify, conflict with, or supersede any of the  
18 provisions of Section 1-1-207 of Title 27A of the Oklahoma Statutes.

19           C. The regulatory authority to implement the provisions of this  
20 act shall be shared in accordance with the environmental  
21 responsibilities within the areas of environmental jurisdiction of  
22 the Corporation Commission and the Department of Environmental  
23 Quality pursuant to the provisions of Section 1-3-101 of Title 27A  
24 of the Oklahoma Statutes.

1 D. The State Regulatory Agency shall have the jurisdiction and  
2 authority over all persons and property necessary to administer and  
3 enforce effectively the provisions of this act concerning the  
4 geologic storage of carbon dioxide. In exercising such jurisdiction  
5 and authority granted to it, the State Regulatory Agency may  
6 promulgate and enforce rules and orders as necessary to implement  
7 the provisions of this act and regulate geologic storage of carbon  
8 dioxide.

9 SECTION 3. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 3-5-103 of Title 27A, unless  
11 there is created a duplication in numbering, reads as follows:

12 As used in this act:

13 1. "Carbon dioxide" means anthropogenically sourced carbon  
14 dioxide of sufficient purity and quality as to not compromise the  
15 safety and efficiency of the reservoir to effectively contain the  
16 carbon dioxide;

17 2. "Geologic storage" means permanent or short-term underground  
18 storage of carbon dioxide in a reservoir;

19 3. "Oil or gas" means oil, natural gas, or gas condensate;

20 4. "Reservoir" means any subsurface sedimentary stratum,  
21 formation, aquifer, or cavity or void, whether natural or  
22 artificially created, including oil and gas reservoirs, saline  
23 formations and coal seams, suitable for or capable of being made  
24 suitable for the injection and storage of carbon dioxide therein;

1           5. "State Regulatory Agency" means either the Department of  
2 Environmental Quality or the Corporation Commission as determined by  
3 agency agreement;

4           6. "Storage facility" means the underground reservoir,  
5 underground equipment, and surface buildings and equipment utilized  
6 in the storage operation, excluding pipelines used to transport the  
7 carbon dioxide from one or more capture facilities to the storage  
8 and injection site. The underground reservoir component of the  
9 storage facility includes any necessary and reasonable areal buffer  
10 and subsurface monitoring zones designated by the State Regulatory  
11 Agency for the purpose of ensuring the safe and efficient operation  
12 of the storage facility for the storage of carbon dioxide and shall  
13 be chosen to protect against pollution, invasion, and escape or  
14 migration of carbon dioxide; and

15           7. "Storage operator" means any person, corporation,  
16 partnership, limited liability company, or other entity authorized  
17 by the State Regulatory Agency to operate a storage facility.

18           SECTION 4.        NEW LAW        A new section of law to be codified  
19 in the Oklahoma Statutes as Section 3-5-104 of Title 27A, unless  
20 there is created a duplication in numbering, reads as follows:

21           A. The use of a reservoir as a storage facility for carbon  
22 dioxide is hereby authorized. Prior to use of a reservoir as a  
23 storage facility, the State Regulatory Agency shall first enter an  
24 order or permit, after public notice and hearing, approving the

1 proposed geologic storage of carbon dioxide and designating the  
2 horizontal and vertical boundaries of the geologic storage facility.  
3 In order to approve a storage facility for carbon dioxide, the State  
4 Regulatory Agency shall find as follows:

5 1. That the storage facility and reservoir are suitable and  
6 feasible for the injection and storage of carbon dioxide;

7 2. That the storage operator has made a good-faith effort to  
8 obtain the consent of a majority of the owners having property  
9 interests substantially affected by the storage facility;

10 3. That the use of the storage facility for the geologic  
11 storage of carbon dioxide will not contaminate other formations  
12 containing fresh water or oil, gas, coal, or other commercial  
13 mineral deposits; and

14 4. That the proposed storage will not unduly endanger human  
15 health and the environment.

16 B. Upon the issuance of an order of approval or permit by the  
17 State Regulatory Agency as set forth above, the order or permit, or  
18 a certified copy thereof, shall be filed for record in the district  
19 court of the county or counties in which the storage facility is to  
20 be located.

21 C. Prior to commencing injection of carbon dioxide, the storage  
22 operator shall record in the county or counties in which the storage  
23 facility is located, and with the State Regulatory Agency, a  
24 certificate, entitled "Certificate of Operation of Storage

1 Facility", which shall contain a statement that the storage operator  
2 has acquired all necessary ownership rights with respect to the  
3 storage facility, and the date upon which the storage facility shall  
4 become operative.

5 D. If any depleted pool for any previously established field or  
6 producing unit for hydrocarbons is contained within the boundaries  
7 of the storage facility, the State Regulatory Agency may in its  
8 order of approval or permit for the storage facility require that  
9 the field or unit be dissolved as of the operative date of the  
10 storage facility as set forth in the Certificate of Operation of  
11 Storage Facility.

12 SECTION 5. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 3-5-105 of Title 27A, unless  
14 there is created a duplication in numbering, reads as follows:

15 The State Regulatory Agency shall issue orders, permits,  
16 certificates, or rules including establishment of appropriate and  
17 sufficient financial sureties as may be necessary, for the purpose  
18 of:

19 1. Regulating the drilling, operation, well plugging,  
20 abandonment and removal of surface buildings and equipment of the  
21 storage facility; and

22 2. To protect the storage facility against pollution, invasion,  
23 and the escape or migration of carbon dioxide.

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1 SECTION 6. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 3-5-106 of Title 27A, unless  
3 there is created a duplication in numbering, reads as follows:

4 There is hereby established the Carbon Dioxide Storage Facility  
5 Trust Fund in the State Treasury to be administered by the State  
6 Regulatory Agency pursuant to terms established by the state  
7 agencies with regulatory authority as provided for in the Geologic  
8 Storage of Carbon Dioxide Act. Each State Regulatory Agency or its  
9 rulemaking authority shall be specifically authorized by subsequent  
10 legislation to determine a fee to be placed on each ton of carbon  
11 dioxide injected for storage for the purpose of funding the Carbon  
12 Dioxide Storage Facility Trust Fund. The trust fund shall be  
13 utilized solely for long-term monitoring of the site, including  
14 remaining surface facilities and wells, remediation of mechanical  
15 problems associated with remaining wells and surface infrastructure,  
16 repairing mechanical leaks at the site, and plugging and abandoning  
17 remaining wells under the jurisdiction of the State Regulatory  
18 Agency for use as observation wells.

19 SECTION 7. NEW LAW A new section of law to be codified  
20 in the Oklahoma Statutes as Section 3-5-107 of Title 27A, unless  
21 there is created a duplication in numbering, reads as follows:

22 For the purpose of funding the administration and enforcement of  
23 the Geologic Storage of Carbon Dioxide Act relating to geologic  
24 storage of carbon dioxide by the State Regulatory Agency during the

1 operational phase of the storage facility, and for the purpose of  
2 compliance inspections including the expense of inspecting, testing,  
3 and monitoring the geologic storage facility, there is hereby levied  
4 on the storage operator a per-ton fee collected as a percentage of  
5 the fee authorized in Section 6 of this act which shall be deposited  
6 in the appropriate revolving fund of the state agency. The State  
7 Regulatory Agency or its rulemaking authority shall determine the  
8 applicable percentage. The State Regulatory Agency may utilize  
9 these monies as it deems appropriate solely for administering and  
10 enforcing the provisions of this act.

11 SECTION 8. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 3-5-108 of Title 27A, unless  
13 there is created a duplication in numbering, reads as follows:

14 Ten (10) years, or other time frame established by rule, after  
15 cessation of storage operations, the State Regulatory Agency shall  
16 issue a Certificate of Completion of Injection Operations, upon a  
17 showing by the storage operator that the reservoir is reasonably  
18 expected to retain mechanical integrity and remain emplaced, at  
19 which time ownership of the remaining operations including the  
20 stored carbon dioxide shall transfer to the state. Upon the  
21 issuance of the Certificate of Completion of Injection Operations,  
22 the operator and all generators of any injected carbon dioxide shall  
23 be released from all further State Regulatory Agency liability  
24 associated with the operations. In addition, upon the issuance of

1 the Certificate of Completion of Injection Operations, any  
2 performance bonds posted by the operator shall be released and  
3 continued monitoring of the storage facility, including remediation  
4 of any well leakage, shall become the responsibility of the Carbon  
5 Dioxide Storage Facility Trust Fund created in Section 6 of this  
6 act.

7 SECTION 9. NEW LAW A new section of law to be codified  
8 in the Oklahoma Statutes as Section 3-5-109 of Title 27A, unless  
9 there is created a duplication in numbering, reads as follows:

10 The State Regulatory Agency is expressly authorized to  
11 promulgate rules to allow conversion of an existing enhanced  
12 recovery operation into a storage facility. Upon approval of the  
13 conversion of an enhanced recovery operation the provisions of the  
14 Geologic Storage of Carbon Dioxide Act shall apply. The act shall  
15 not apply to the use of carbon dioxide as a part of or in  
16 conjunction with any enhanced recovery methods where the sole  
17 purpose of the operation is enhanced oil or gas recovery.

18 SECTION 10. This act shall become effective January 1, 2009.

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