

**LFC Requester:** \_\_\_\_\_

**AGENCY BILL ANALYSIS**

**SECTION I: GENERAL INFORMATION**

*Check all that apply:*

**Original**      x      **Amendment**    \_\_\_\_\_  
**Correction**    \_\_\_\_\_    **Substitute**    \_\_\_\_\_  
                                  \_\_\_\_\_                                    \_\_\_\_\_

**Date**   2/19/2025    
**Bill No:**   HB458    
                                  \_\_\_\_\_

**Sponsor:**      Reps. Dixon, Chatfield, Small.  
                                  Sens. Sharer, Lanier    
**Short Title:**      Carbon Dioxide Stewardship  

**Agency Name and Code**              EMNRD 521    
**Number:** \_\_\_\_\_  
**Person Writing:**              Brandon Powell    
**Phone:** \_\_\_\_\_    **Email**   Brandon.powell@emn  

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
	indeterminate	indeterminate	indeterminate	

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

**Duplicates/Conflicts with/Companion to/Relates to:**

**Duplicates/Relates to Appropriation in the General Appropriation Act:**

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Section 1 names the Act.

Section 2 includes the Definitions.

Section 3 gives the Oil Conservation Division (OCD) authority to regulate carbon sequestration, including the authority to establish necessary rules.

Section 4 establishes when OCD would grant an operator a certificate for closure for geologic sequestration units.

Section 5 creates a long-term storage stewardship fund to ensure long-term storage and security of geologic sequestration.

Section 6 establishes the necessary steps to receive a certificate of completion of injection operations and a liability release.

**FISCAL IMPLICATIONS**

HB 458 is complementary to the steps it is taking to initiate the process to obtain Class VI primacy of carbon sequestration wells from the U.S. Environmental Protection Agency under the federal Safe Drinking Water Act. The legislature has already provided the necessary one-time resources for that application process. Consistent with precedent in other states, HB 458 transfers long term liability for any sequestered carbon to the state following the conclusion of injection activities. HB 458 provides a fee to be utilized for the long-term maintenance of monitoring costs.

**SIGNIFICANT ISSUES**

The success of OCD administering this Act will be enhanced upon completion of the Class VI Underground Injection Control primacy application to the Environmental Protection Agency. OCD has issued a contract for this effort. Prior to obtaining such primacy, OCD will have to sync its processes under the Act with EPA review of any associated Class VI well permits. Following primacy, OCD anticipates that such processes should be easier.

**PERFORMANCE IMPLICATIONS**

*N/A*

**ADMINISTRATIVE IMPLICATIONS**

This bill will require a rulemaking process to establish additional procedures and forms for unitization orders, fee setting, notice requirement, etc.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

*N/A*

**TECHNICAL ISSUES**

*N/A*

**OTHER SUBSTANTIVE ISSUES**

*N/A*

**ALTERNATIVES**

*N/A*

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Long term liability for CO<sub>2</sub> sequestration will not be addressed by statute. Project proponents will not be able to transfer long-term liability for the carbon to the state and therefore will retain all long-term monitoring requirements. This may result in the State assuming these liabilities if an operator goes defunct after operations cease.

**AMENDMENTS**

*N/A*