2022 Regular Session

HOUSE BILL NO. 165

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BY REPRESENTATIVES ZERINGUE AND ORGERON

2	To amend and reenact R.S. 30:127(E) and 209(4)(a)(introductory paragraph) and R.S.
3	41:1732(C), 1733(D), and 1734, relative to wind energy; to establish a maximum
4	acreage for wind leases; to provide for operating agreements relative to the
5	production of wind energy; to provide for the powers and duties of the secretary of
6	the Department of Natural Resources; to provide for rules and regulations; and to
7	provide for related matters.
8	Be it enacted by the Legislature of Louisiana:
9	Section 1. R.S. 30:127(E) and 209(4)(a)(introductory paragraph) are hereby
10	amended and reenacted to read as follows:
11	§127. Opening bids; minimum royalties; terms of lease; deposit; security
12	* * *
13	E. If all written bids are rejected, the board may immediately offer for
14	competitive bidding a lease upon all or any designated part of the land advertised,
15	upon terms appearing most advantageous to the state. This offering shall be subject
16	to the board's right to reject any and all bids. No lease shall be for more than five
17	thousand acres, except leases for wind energy production which shall not exceed
18	twenty-five thousand acres. Where a lease provides for delay rental, the annual
19	rental shall not be for less than one-half the cash bonus. All lands shall be accurately
20	described in a lease.
21	* * *

AN ACT

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CODING: Words in struck through type are deletions from existing law; words $\underline{\text{underscored}}$ are additions.

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§209. State Mineral and Energy Board, authority of; authori	ority
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In order to carry out the provisions of R.S. 30:208, the State Mineral and Energy Board may:

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(4)(a) Enter into operating agreements whereby the state receives a share of revenues from the production of oil, gas, and other minerals, and wind energy, after deduction of costs, in whole or in part, such as for drilling, testing, completion, equipping, or operating a well or wells, as may be agreed upon by the parties, and assumes all or a portion of the risk cost of development or production activity in those situations where the board determines it is in the best interest of the state, either in equity or in developmental productivity to do so, such as, but not limited to the following illustrations:

13 * * *

Section 2. R.S. 41:1732(C), 1733(D), and 1734 are hereby amended and reenacted to read as follows:

§1732. Lease authority and royalties

17 * * *

C. Any lease granted under the provisions of this Chapter shall require a decommissioning plan for the end of the facility's expected life or upon circumstance that would require closure of the facility. The decommissioning plan shall include the estimated cost of site closure and remediation that includes removing the wind energy production facility along with any necessary infrastructure facilities and restoring the property to as near as reasonably possible to the condition of the property prior to the commencement of construction of the facility. Additionally, the leases shall be subject to the same decommissioning rules and regulations as oil and gas and sulphur facilities under provided by the provisions of Subpart Q of Part 250 of Chapter II I of Part 585 of Subchapter B of Chapter V of Title 30 of the Code of Federal Regulations (30CFR 250.1700 585.900 et seq.) to the extent they are not inconsistent with the provisions of this Section or any rules or regulations promulgated pursuant to this Chapter.

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D. A lease may be granted in whole or in part. Prior to the advertisement for bids for each lease there shall be a minimum dollar amount set and a minimum percentage of revenue to be produced by each wind turbine to be known as an "electric power production royalty", which shall be advertised by the State Mineral and Energy Board as a minimum requirement for granting the lease. No lease shall be granted in whole or part unless the amount of any electric power production royalty has been approved by the House Committee on Natural Resources and Environment and the Senate Committee on Natural Resources prior to advertisement. The State Mineral and Energy Board has authority to accept the bid it finds is most advantageous to the state and may lease upon whatever terms it considers proper. Such lease shall include a provision permitting the state, at its option, to take in kind all or any of the portion due it as royalty.

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§1734. Powers and duties of the secretary of the Department of Natural Resources

A. The secretary of the Department of Natural Resources shall promulgate rules and regulations pursuant to the Administrative Procedure Act to implement the provisions of this Chapter and to institute reasonable fees for services performed by the department. The rules and regulations shall include all provisions necessary to accomplish the intent of the legislature as stated in this Chapter: and shall provide for the following:

- (1) Criteria for setting the annual rent or royalty amounts for leases executed pursuant to this Chapter.
- (2) Criteria for setting a primary term for leases and the necessary wind energy production or other actions by the lessee to continue the lease beyond the primary term. The rules and regulations shall also provide for the release of acreage at the end of the primary term on that portion of the lease where none of the necessary wind energy production or other actions occur.

HB NO. 165 **ENROLLED** 1 (3) Requirements for financial security to ensure proper closure of the site 2 pursuant to the decommissioning plan. 3 (4) Requirements for determining that if no responsible party can be located 4 or such party has failed or is financially unable to undertake decommissioning 5 required by the lease and that no energy has been produced from the facility from 6 wind for two years. These requirements shall include notice to the last operator of 7 record. 8 B. The secretary may expend sums payable to the department from the 9 financial security required by the rules and regulation promulgated pursuant to this 10 Section and enter into contracts for the purpose of restoration of wind energy sites 11 pursuant to the terms of the lease or when the secretary has determined there is no 12 responsible party pursuant to this Section. Restoration of a wind energy site includes 13 removing the wind energy production facility along with any necessary infrastructure 14 facilities and restoring the property to as near as reasonably possible to the condition 15 of the property prior to the commencement of construction of the facility. 16 Section 3. The rules and regulations provided for in R.S. 41:1734(A)(1) through (4) 17 as amended by this Act shall be promulgated by the secretary on or before January 1, 2023. SPEAKER OF THE HOUSE OF REPRESENTATIVES PRESIDENT OF THE SENATE

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APPROVED: _____

GOVERNOR OF THE STATE OF LOUISIANA