

ENROLLED ACT NO. 24, HOUSE OF REPRESENTATIVES

SIXTY-SEVENTH LEGISLATURE OF THE STATE OF WYOMING  
2024 BUDGET SESSION

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

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

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

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

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

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

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(F) A site and facilities description, including a description of the proposed geologic sequestration facilities and documentation sufficient to demonstrate that the applicant has all legal rights, including but not limited to the right to surface use, necessary to sequester carbon dioxide and associated constituents into the proposed geologic sequestration site. The department may issue a ~~draft~~-permit authorizing:

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

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

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

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

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

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

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

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

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

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

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

(iii) The names, as disclosed by the conveyance records of the county or counties in which the proposed unit area is situated, and, if federal pore space is

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proposed to be included in the unit area, the status records of the district office of the bureau of land management of:

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

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

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

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

(vii) A proposed plan for determining the quantity of pore space storage capacity to be assigned to each separately owned tract within the unit area and the formula or method by which ~~pore space~~ each separately owned

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tract will be allocated the economic benefits generated by use of pore space in the unit area;

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

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

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

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

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

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

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

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

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

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

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

(g) Any owner of pore space within a geologic sequestration site who has not been included within a unitization application or order authorizing a unit under

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this section, may petition for inclusion in the unit area. The petition shall be filed with the Wyoming oil and gas conservation commission and shall describe the petitioner's legal entitlement to the pore space, the location of the pore space, whether the pore space is included within any permitting area applicable to the unit area and the bases for inclusion in the unit area. The petition shall be accompanied by a deposit of money sufficient to pay all costs of the inclusion proceedings. The commission shall require the petitioner to ~~publish a~~ provide notice of the filing of the petition ~~which to all persons specified in the application for the unit area under W.S. 35-11-315(a).~~ The notice required under this subsection shall state the filing of the petition, the name of the petitioner, the location of the pore space, ~~and the prayer of action sought by the petitioner.~~ The and any other information required by rule of the commission. Upon receipt of the petition and the provision of notice by the petitioner, the commission shall publish notice of a hearing, which shall ~~notify describe how~~ all ~~interested~~ persons to specified in an application submitted under W.S. 35-11-315(a) may appear at a specified time and place and ~~to~~ show cause, in writing, if any they have, or as otherwise provided by rules of the commission, why the petition should not be granted. The commission at the time and place mentioned in the notice shall proceed to hear the petition and all objections thereto and shall thereafter grant or deny the petition. The filing of the petition shall be deemed and taken as an assent by each and all petitioners to the inclusion in the unit of the pore space mentioned in the petition or any part thereof. If the petition is granted, the petitioner shall be considered to have been a member of the unit since its inception and, upon the payment of any costs paid by unit members, shall be entitled to a proportionate share of all economic benefits received by unit members since the

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

(k) No order for unitization issued under this section shall:

(i) Act so as to grant any person a right of use or access to a surface estate if that person would not otherwise have such a right;

(ii) Diminish, impair or otherwise alter the dominance of the mineral estate over the surface estate and pore space interests;

(iii) Prohibit a mineral interest owner from developing the owner's minerals above or below the unit area.

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

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



ORIGINAL HOUSE  
BILL NO. HB0032

ENGROSSED

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

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

(END)

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Governor

TIME APPROVED: \_\_\_\_\_

DATE APPROVED: \_\_\_\_\_

I hereby certify that this act originated in the House.

\_\_\_\_\_  
Chief Clerk