

House Committee on Natural Resources and Environment

Minutes of Meeting
2024 Second Extraordinary Session
February 26, 2024

I. CALL TO ORDER

Representative Brett F. Geymann, chairman of the House Committee on Natural Resources and Environment, called the meeting to order at 10:31 a.m. in Room 3, in the state capitol in Baton Rouge, Louisiana.

II. ROLL CALL

MEMBERS PRESENT:

Representative Brett F. Geymann, chairman
Representative Marcus Anthony Bryant
Representative R. Dewith Carrier
Representative Tehmi Jahi Chassion
Representative Kimberly Landry Coates
Representative Jason Brian Dewitt
Representative C. Travis Johnson
Representative Timothy P. Kerner
Representative Jeremy S. LaCombe
Representative Jacob Jules Gabriel Landry
Representative Shane Mack
Representative Danny McCormick
Representative Joseph A. Orgeron, vice chairman
Representative Neil Riser
Representative Jerome Zeringue

MEMBERS ABSENT:

None

STAFF MEMBERS PRESENT:

Robin Stalder, attorney
Benjamin Westra, attorney
Lacy Slaughter, committee administrative assistant

ADDITIONAL ATTENDEES PRESENT:

Rebecca Marshall, sergeant at arms

III. DISCUSSION**Presentation on the carbon capture and sequestration (CCS) regulatory framework and current landscape in Louisiana**

Tyler Gray, LA Dept. of Energy & Natural Resources (LDENR), 617 N. 3rd Street, Baton Rouge, LA 70802, spoke for information only. He introduced the executive counsel for the department and announced that he was in attendance to present the requested information from the department's standpoint.

Blake Canfield, LDENR, 917 N. 3rd Street, Baton Rouge, LA 70802, spoke for information only, presented a PowerPoint, and distributed a handout, Exhibit A, which is included in the committee records. He presented a detailed overview of the CCS regulatory framework and where the state is currently in relation to CCS. His presentation gave an overview of what CCS is; the four steps of the process; the state's regulatory framework; where each of the aspects fall within LDENR; the Louisiana Underground Injection Control Program; the steps that have been taken toward Class VI primacy in the state; the Class VI CCS permitting process; how many permits are pending in the state currently; CO₂ pipeline regulation; property rights that are necessary; how oil, gas and CO₂ conservation are related; how many permits are in Louisiana compared to the rest of the United States; and information on the demand for CCS.

Representative Geymann asked what role the legislature has in the CCS Class VI primacy process. Mr. Canfield stated that the process has already happened and the legislature will be tasked with addressing the laws moving forward. Mr. Gray mentioned the legislature's ability to participate in oversight on rules promulgated by the department.

Representative Orgeron asked about a specific type of well to which Mr. Canfield said that type of well is prohibited. Representative Orgeron then asked for a definition of plume. Mr. Canfield defined plume as it relates to CCS. Representative Orgeron asked if the department deals with direct air capture of the CO₂ before it is injected into the plume. Mr. Canfield responded that it is beyond their authority and would fall under the jurisdiction of the Louisiana Department of Environmental Quality (LDEQ) or the Environmental Protection Agency (EPA). Mr. Gray added that LDENR deals more with the quantity whereas LDEQ would deal more with the quality.

Representative Dewitt asked about groundwater, monitoring wells around sites, and monitoring requirements for wells. Mr. Canfield explained monitoring wells would be a requirement for all Class VI permits and that the monitoring requirements can be different for different types of wells. Representative Dewitt asked about oil and gas being affected by CCS. Mr. Canfield stated that the

Commissioner of Conservation oversees both oil and gas as well as CCS. Representative Dewitt inquired about permitting time frames. Mr. Canfield described the process and added that the time varies based on the project. Mr. Gray added that the process focuses on different aspects and is a holistic approach. Representative Dewitt concluded by asking if there is somewhere the public can access updates on the status of permits. Mr. Canfield indicated that available information can be found on the department's website.

Representative McCormick asked about wellbores and concerns about drilling the plumes. Mr. Canfield informed the committee that requirements vary by project. Representative McCormick asked questions about funds related to CCS and Mr. Canfield addressed them and disclosed what funds are protected. Questions regarding geographic sizes of projects were addressed, and Mr. Canfield stated that the projects in South Louisiana seem to be geographically smaller than projects in North Louisiana.

Representative Mack asked for more specific details on how the department plans to monitor the wells. Mr. Canfield confirmed they would be providing more information on that at the next meeting and gave an overview of the plan for monitoring. Representative Mack asked about response plans for emergency situations. Mr. Canfield and Mr. Gray both spoke on plans and requirements for emergency response plans. Representative Mack asked about financial issues. Mr. Gray responded that the applicant must provide the department with insurance that they have secured personal funding to cover an emergency situation with their application. Mr. Canfield added that they try to plan out costs in the applications.

Representative Mack asked about regulations regarding catastrophic failures and pipelines and requirements for distance from different types of structures.

Steven Giambrone, Office of Conservation, 617 N. 3rd Street, Baton Rouge, LA, no zip code provided, spoke for information only and addressed the pipeline regulation and safety regulations. He reported that pipelines are not required to be a certain distance from structures but that there are enhanced standards on them in these situations.

Representative Coates asked about the quantity of new facilities versus the ones being retrofitted. Mr. Canfield replied that he would get that information for her. Representative Coates asked about the order of Class V and Class VI wells. Mr. Canfield responded with the purpose of Class V wells, why they are done in that specific order, and their standards for ensuring the projects are done correctly. Representative Coates asked about publishing of seismic results. Mr. Canfield acknowledged he does not know if they will be published.

Presentations on economic and workforce implications of CCS

Bryan J. Hanks, CPL, BETA Land Services, LLC, 101 W. Farrel Road, Building #2, Lafayette, LA 70508, spoke for information only and spoke on economic impacts from the viewpoint of industry,

pointing out that every project is different from the next. He said that Louisiana is competing with other states for this industry and if the state does not make it achievable for companies to conduct business in the state, they will take their business elsewhere. Mr. Hanks used jet fuel as an example of industries working together involving CCS. He also spoke about the versatility of the industry and the amount of jobs it has the possibility to create. He touched on liquified natural gas (LNG) projects as well. He said that he has worked with various industry players and law firms and they have concluded that there is over \$100 billion worth of projects that are projected to come into the state. He spoke on how to maintain various revenue streams for landowners when CCS projects are in their areas.

Thomas Smart, Louisiana Oil & Gas Association, 400 Kaliste Saloom, Suite 3000, no city, state, or zip code provided, spoke for information only, and stated that he was there to assist Mr. Hanks in answering questions from the industry's perspective.

Sherry Tucker, Capture Point LLC, 1101 Central Expressway S., Suite 150, no city, state, or zip code provided, spoke for information only and presented a video. Ms. Tucker talked about Capture Point Solutions and their role in CCS. She spoke about projects that her company is currently involved in and the projections for job creations. She also talked about programs they are offering in the Vernon Parish school system for job training in the industry, which is what the video highlighted. She also explained the program is a partnership between the Vernon Parish School Board, Capture Point, and the United Association of Plumbers and Pipefitters. She reported that it is a program for 15 juniors and 15 seniors each year. The students are in traditional instruction classrooms for half of the day and in career and technical activities for the other half. She also stated that the program is offered to the students at no cost to them and that they have goals of expanding the capacity of the program beyond just 15 students from each class.

Neil Abramson, Capture Point Solutions, no address provided, spoke for information only and stated that he was there to talk about different aspects of the industry. He stated that Capture Point LLC works with existing companies on their projects and helps to support those companies. He touched on job creation with new projects and lasting jobs with existing companies. He talked about the importance of location for these projects. He also spoke about the school program in Vernon Parish that the video highlighted and mentioned how this program is a great example of a partnership between industry and the community. He explained why these projects try to avoid places that have oil & gas.

Representative McCormick asked how landowners are compensated. Ms. Tucker explained their process and fees and the reception of the plans for the project in the community in Vernon Parish. Representative McCormick asked a series of questions about the specifics of the Vernon Parish project. Ms. Tucker answered the questions with the specifics she is aware of.

Representative Zeringue asked about government subsidies and the idea that this industry is receiving a large push because of federal dollars allocated to this industry. Ms. Tucker confirmed

the information is correct and the federal dollars have helped the industry grow more quickly. Mr. Hanks spoke on the topic from a different company's perspective and how the subsidies have affected the industry.

Representative Dewitt asked about the credits in his area. Ms. Tucker responded that companies do not qualify for the tax credits until they actually capture the CO₂ and that the credit is intended to cover the cost of transport, capture, and storage. Representative Dewitt asked how changes in administration would affect this. Ms. Tucker stated that it was enacted by Congress and up to them to extend and that, in her experience, it has gotten bipartisan support. Representative Dewitt asked questions about the school program and mentioned that he has noticed that the state is losing students once they leave high school.

Representative Coates asked the amount that will be sequestered per project on average. Ms. Tucker explained that it depends on the capacity of each individual storage unit. Representative Coates asked how the tax credits work for CCS. Ms. Tucker stated that she is not a tax expert but gave an overview of what she does know. Representative Coates asked whether their Class VI permit would go through the state of Louisiana or through federal channels. Ms. Tucker stated that their permit is currently with LDENR.

Representative J. Landry asked if CCS is somewhat of a revitalization of zones previously used for oil and gas purposes. Mr. Hanks said companies typically look for places where there has not been oil and gas production and that he would suggest asking one of the academic witnesses for more information on the topic.

Representative Mack asked about property owner fees and the total cost for CCS. Ms. Tucker said that it depends on how much of the process you want to include in that calculation.

Representative Schamerhorn was in attendance and asked about the capacity of the project Ms. Tucker had been speaking on. Ms. Tucker said that project has the potential to store over 2 billion metric tons. Representative Schamerhorn asked how the land was being handled and how revenue would be distributed between the landowners. Ms. Tucker explained how the landowners would be compensated based on their property.

Representative Owen was in attendance and made comments on how he has not heard the same positive reception from community members as Ms. Tucker testified. He expressed his interest in learning more about this topic and welcomed further conversation with the witnesses.

Tommy Fauchaux, LMOGA, 730 North Boulevard, no city, state, or zip code provided, spoke for information only and gave his perspective on how the CCS industry is an addition to industry in the state and that it is not meant to replace oil and gas. He detailed how the entire process of creating a lot of end-use products involves carbon emission and how CCS helps with carbon reduction. He

detailed how the CCS industry's success is dependent on having the ability to do business in the entire state and how many jobs can be created statewide with the inclusion of this industry.

Lauren Hadden, LABI, 500 Main Street, Baton Rouge, LA 70801, spoke for information only and spoke about how jobs and citizens are leaving the state and the potential to create more jobs in the state to keep citizens here. She also talked about how Louisiana has a chance to be the leader in the industry and the economic gains that the state can experience with successful addition of this industry. She mentioned that her interactions throughout the past few years have given her the impression that people are generally excited about this emerging industry.

Patrick Riley, Louisiana Chemical Association, 301 Main Street, Suite 2040, Baton Rouge, LA 70808, spoke for information only and spoke on how Louisiana has been granted primacy for Class VI wells and how that has put the state in a position for economic growth. He stated that the demand for carbon reduction is there globally and we have the opportunity to lead the nation in this industry.

Representative Orgeron in the chair.

Greg Upton, LSU Center for Energy Studies, Energy, Coast & Environment Bldg., Baton Rouge, LA 70803, spoke for information only, presented a PowerPoint, "Decarbonizing Louisiana's Economy: Challenges and Opportunities", and provided a handout, Exhibit B, which is included in the committee records. His presentation addressed employment statistics and trends in the state as well as how they compare to some other states, like Texas; investments in the industry in the region; exports of LNG; information about the economy in Louisiana; balancing cost competitiveness and emissions reductions; industrial emission and energy usage; how the state compares to other nations; whether decarbonization is a risk or opportunity; strategies for industrial decarbonization; a high level breakdown of the CCS process that can be shared with anyone interested; estimated decarbonized jobs; and economic impact of these jobs being created.

Representative Orgeron asked about the evolution of the tax credit related to CCS that got the state to the point they are at today. Mr. Upton said that it was created in 2008 under President Bush and that he thinks the Paris Agreement was when the shift took place where more companies started acting proactively in anticipation of reducing carbon emissions and potential upcoming policy changes. He stated that the tax credit was expanded under President Trump and the Inflation Reduction Act of 2022 where the bulk of the spending was on these kind of decarbonization efforts.

Representative McCormick asked about free market principles related to CCS. Mr. Upton gave his perspective on how free market principles fit into this topic. Representative McCormick asked if there are concerns about inflation in this process. Mr. Upton said that he personally thinks that a lot of the government spending that has taken place has impacted the inflation rates in the country. Representative McCormick asked for Mr. Upton's opinion on how energy prices will be impacted by this industry. Mr. Upton replied that there is no clear channel that indicates energy prices here in Louisiana would be impacted.

Representative Owen asked who are the customers that have been demanding products containing less carbon. Mr. Upton reported that the European Union has had a carbon tax for over a decade, as well as Canada, so when products come in with higher carbon emissions, there's a carbon border adjustment tax that has to be paid by the customer in that area. Representative Owen asked about how Louisiana compares to other oil and gas producers, such as Saudi Arabia. Mr. Upton said he would get more information on that for him. Representative Owen asked if there is another country that is ahead of the U.S. in carbon emission reduction. Mr. Upton said that is hard to determine because of several different factors but that the U.S. is competitive in the industry.

Representative Zeringue asked about the tax credits and what Mr. Upton thinks may happen in the future with an administration change. Mr. Upton said that he thinks that this is a bipartisan supported issue so there should not be any significant changes.

Representative Geymann back in the chair.

Presentation on the CCS process

Chris McLindon, LSU Center for Energy Studies, no address provided, spoke for information only, presented a PowerPoint, and distributed a handout, Exhibit C, which is included in the committee records. His presentation covered what carbon capture, utilization, and storage is; what CO₂ is and why it is so significant; the greenhouse effect; composition of dry air; total CO₂ emissions and storage capacity; why Louisiana is ideal for CCS; Bayou Sorrel CO₂ storage evaluation; Class VI well applications; and what the risks are.

Representative McCormick asked about the shallowest depth that CO₂ can be stored. Mr. McLindon said it would be the depth at which the temperature and pressure would keep it in a super critical state, which is about 3,000 feet.

Representative Zeringue asked whether it is true that over time in the plumes, the CO₂ becomes part of the rock formation which would reduce chances of leaking. Mr. McLindon said that he has heard that some of it will mineralize but that the bulk of the migration happens after the pumps are turned off.

Representative Coates referenced maps from the presentation and asked how the process will be capped within a saline layer that look like it extends out pretty far. Mr. McLindon said that the best way to predict this would be to look at the area of interest and look at the size of the bird foot delta around that area. He also mentioned maximum flooding services from a geologic standpoint. Representative Coates asked about subsidence issues. Mr. McLindon said the state should delineate those areas with high subsidence and revisit whether CCS should happen there and that he does not think that there is a geomechanical reason that the injection of CO₂ into a saline aquifer would affect the rate of subsidence.

Representative Orgeron asked whether the material would be in a fluid state and why it would not be in a gaseous state. Mr. McLindon responded that he believes the reason is that it is optimal for transportation in that state.

Representative Owen asked about the 2018 study and whether it included all of Louisiana or just the coastline. Mr. McLindon responded that he thinks the evaluation of emissions included the entire state.

Public Comment

Witness cards submitted by individuals that did not speak are as follows: 2 for information only. Witness cards are included in the committee record.

IV. OTHER BUSINESS

Consideration and adoption of committee rules

Representative Geymann presented the updated Rules of the Committee on Natural Resources and Environment, Exhibit D, which is included in the committee records. Representative Jacob Landry offered a motion to adopt the updated committee rules. Without objection, the updated committee rules were adopted by a vote of 12 yeas and 0 nays. Representatives Geymann, Bryant, Carrier, Coates, Dewitt, Kerner, Jacob Landry, Mack, McCormick, Orgeron, Riser, and Zeringue voted yea.

V. ANNOUNCEMENTS

There were no announcements.

VI. ADJOURNMENT

Representative Jacob Landry offered a motion to adjourn. Without objection, the motion passed by a vote of 10 yeas and 0 nays. Representatives Geymann, Bryant, Carrier, Coates, Dewitt, Kerner, Jacob Landry, McCormick, Orgeron, and Zeringue voted yea.

The meeting was adjourned at 2:46 p.m.

Respectfully submitted,

Chairman Brett F. Geymann

House Committee on Natural Resources and Environment

Date adopted: