

SENATE BILL NO. 218

INTRODUCED BY LIND, COBB, ERICKSON

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A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING TERMS; AUTHORIZING THE BOARD OF ENVIRONMENTAL REVIEW TO ADOPT RULES ESTABLISHING A CARBON DIOXIDE SEQUESTRATION PROGRAM AND PERMIT SYSTEM; AND PROVIDING AUTHORITY TO ASSESS FEES, ISSUE PENALTIES, AND SET BONDS."

~~WHEREAS, Montana has the nation's largest reserve of coal, and the burning of fossil fuels, including coal, will remain the mainstay of energy production well into the 21st century; and~~

~~WHEREAS, the burning of fossil fuels creates greenhouse gasses that cause global warming, which threatens Montana's environment, those who enjoy it, and those whose livelihoods depend upon it; and~~

~~WHEREAS, the capture and storage of carbon dioxide underground could be a key component of reducing the intensity of greenhouse gasses and global warming; and~~

~~WHEREAS, Montana has a range of geologic sites that could be used for carbon dioxide storage, including depleted oil reservoirs and coal seams too deep to mine, and it is possible that geologic carbon sequestration in the state could become a major part of the economy, producing jobs while preserving the environment; and~~

~~WHEREAS, Montana must ensure that geologic carbon dioxide sequestration is done in an orderly manner that protects the environment.~~

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Definitions.** As used in [sections 1 ~~and 2~~ THROUGH 4], the following definitions apply:

(1) "Board" means the board of environmental review provided for in 2-15-3502;

(2) (A) "Carbon dioxide sequestration well" means a well that is used for injection of carbon dioxide into geologic formations for permanent storage.

(B) THE TERM DOES NOT INCLUDE A WELL REGULATED UNDER TITLE 82, CHAPTER 11, IN WHICH CARBON DIOXIDE IS INJECTED FOR THE PURPOSE OF ENHANCING THE RECOVERY OF OIL AND GAS.



1 (3) "Verification and monitoring" means measuring the amount of carbon dioxide stored at a specific  
 2 sequestration site, checking the site for leaks or deterioration of storage integrity, and ensuring that carbon  
 3 dioxide is stored in a way that is permanent and not harmful to the ecosystem. The term includes:

4 (a) using models to show, before injection is allowed, that injected carbon dioxide will be securely stored.  
 5 Modeling includes but is not limited to consideration of seismic activity, possible paths for fugitive emissions, and  
 6 chemical reactions in the geologic formation.

7 (b) tracking plume behavior after injection of carbon dioxide, including the use of pressure monitoring;  
 8 and

9 (c) establishing a system of leak monitors.

10 (4) "Well" means a bored, drilled, or driven shaft whose depth is greater than the largest surface  
 11 dimension.

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 13 **NEW SECTION. Section 2. Rules for administration and enforcement.** The board shall HIRE A  
 14 CONSULTANT TO ASSIST IN DEVELOPING RULES, AND AFTER CONSULTING WITH THE BOARD OF OIL AND GAS CONSERVATION  
 15 AND THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION, THE BOARD SHALL adopt rules necessary for  
 16 administration and enforcement of [sections 1 ~~and 2~~ THROUGH 4]. The rules must include but are not limited to  
 17 provisions that address:

18 (1) establishment of a carbon dioxide sequestration program, including a permit system and requirements  
 19 for issuing carbon dioxide sequestration well permits;

20 (2) evaluation of possible carbon dioxide sequestration sites, including but not limited to geologic surveys,  
 21 existing data, test wells, and the feasibility of remediation;

22 (3) recordkeeping and reporting requirements sufficient to measure the effectiveness of carbon dioxide  
 23 sequestration wells;

24 (4) procedures that a permit applicant shall follow to ensure that the drilling, casing, and plugging of  
 25 carbon dioxide sequestration wells do not allow carbon dioxide out of one stratum into another, the intrusion of  
 26 water into the carbon dioxide strata, seepages, or the pollution of fresh water supplies;

27 (5) verification and monitoring;

28 (6) mitigation of leaks, including the ability to stop the leaking of carbon dioxide and to address impacts  
 29 of leaks;

30 (7) restoration of surface lands;

1 (8) furnishing ~~and~~, updating, AND RELEASE of a reasonable bond with good and sufficient surety,  
 2 conditioned for performance of the duty to comply with [sections 1 ~~and 2~~ THROUGH 4] and rules adopted by the  
 3 board. The bond must be sufficient to guarantee the permanent effectiveness of the carbon dioxide sequestration  
 4 well and cover costs to offset carbon dioxide emissions because of any failure of a carbon dioxide sequestration  
 5 well to contain carbon dioxide;

6 (9) fees to implement the provisions of [sections 1 ~~and 2~~ THROUGH 4]; and

7 (10) penalties, including fines of \$75 A DAY up to \$10,000 a day ~~from the time that a leak is discovered~~  
 8 ~~until the leak is stopped or until another permanent storage option is established~~ FOR EACH VIOLATION OF ANY RULE  
 9 OR ORDER OF THE BOARD OR A PROVISION OF THIS SECTION. EACH DAY OF VIOLATION CONSTITUTES A SEPARATE  
 10 VIOLATION.

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 12 NEW SECTION. SECTION 3. FEES AND PENALTIES. ANY FEES OR PENALTIES COLLECTED PURSUANT TO RULES  
 13 ADOPTED UNDER [SECTION 2] MUST BE DEPOSITED IN THE STATE SPECIAL REVENUE FUND PROVIDED FOR IN 17-2-102 FOR  
 14 USE BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY TO ADMINISTER [SECTIONS 1 THROUGH 4].

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 16 NEW SECTION. SECTION 4. COORDINATION WITH BOARD OF OIL AND GAS CONSERVATION. (1) A WELL  
 17 REGULATED UNDER TITLE 82, CHAPTER 11, IN WHICH CARBON DIOXIDE IS INJECTED FOR THE PURPOSE OF ENHANCING  
 18 THE RECOVERY OF OIL AND GAS MAY BE CONVERTED TO A CARBON DIOXIDE SEQUESTRATION WELL.

19 (2) THE BOARD SHALL COORDINATE THE DEVELOPMENT OF RULES WITH THE BOARD OF OIL AND GAS  
 20 CONSERVATION WITH REGARD TO THE CONVERSION OF WELLS REFERRED TO IN SUBSECTION (1) TO CARBON DIOXIDE  
 21 SEQUESTRATION WELLS.

22 (3) WELLS CONVERTED TO CARBON DIOXIDE SEQUESTRATION WELLS PURSUANT TO THIS SECTION ARE SUBJECT  
 23 TO RULES ADOPTED UNDER [SECTION 2].

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 25 NEW SECTION. Section 5. Codification instruction. [Sections 1 ~~and 2~~ THROUGH 4] are intended to  
 26 be codified as an integral part of Title 75, chapter 2, and the provisions of Title 75, chapter 2, apply to [sections  
 27 1 ~~and 2~~ THROUGH 4].

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