

Regular Session, 2013

SENATE BILL NO. 200

BY SENATOR MILLS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

SALT DOMES. Prohibits the issuance of certain permits to construct or operate salt dome caverns until certain conditions are met. (8/1/13)

1 AN ACT
2 To enact R.S. 30:23.1, relative to minerals, oil and gas; to provide for a ban on new permits
3 allowing certain types of activities near salt domes; to expand the requirements for
4 new or existing permits to conduct such operations in or near salt domes; to provide
5 for authority to promulgate such requirements; to require a performance bond to
6 conduct such activities; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 30:23.1 is hereby enacted to read as follows:

9 **§23.1. Permits for underground storage of hazardous wastes, natural gas,**
10 **liquid hydrocarbons, carbon dioxide and Class III brine**
11 **extraction from or near salt domes; drilling; ban on permits;**
12 **regulations**

13 **A. The legislature finds that Louisiana contains a significant number of**
14 **underground salt dome formations and these formations have been subject to**
15 **catastrophic influences caused by certain activities, permitted by the state and**
16 **conducted in close proximity to salt domes and adjacent formations. The**
17 **legislature further finds that the Bayou Corne sinkhole that developed in**

1 August 2012, in Assumption Parish is an unprecedented environmental disaster
2 and the causes of that disaster must be addressed by the state in order to
3 prevent similar, man-made events, in the future. Months after the event,
4 residents forced to evacuate because of the sinkhole are still waiting for
5 assistance and resolution of the problem and the day when they may return
6 home. Experts have reported that the collapsing cavern shifted and weakened
7 underground rock formations, causing earthquakes and allowing natural gas
8 and oil to migrate upward and contaminate the local groundwater aquifer.
9 Another similar disaster occurred in 1980 when an oil rig drilling in Lake
10 Peigneur, Louisiana, miscalculated and drilled into an underground salt dome.
11 Water from the lake entered the salt dome, dissolving large amounts of salt and
12 causing a large and growing sinkhole that would suck down two drilling rigs,
13 eleven barges and a tugboat. As a result, the ecosystem was radically altered by
14 massive increases of salt in the lake. The legislature finds that in order to
15 protect human life, property and the state's fragile ecology, the permitting
16 process for such activities must be reformed and upgraded.

17 B. A ban on new permits allowing underground storage of hazardous
18 wastes, natural gas, liquid hydrocarbons, carbon dioxide and Class III brine
19 extraction and drilling through or into such underground storage reservoirs
20 near salt domes or adjacent caverns shall take effect on August 1, 2013, and
21 remain in effect until the secretary of the Department of Natural Resources
22 shall promulgate, subject to legislative oversight, new guidelines and
23 requirements for the issuance of such permits. The ban shall allow the
24 secretary and the industry sufficient time to review the current rules and
25 regulations, examine the issues and promulgate new rules and regulations in
26 accordance with the Administrative Procedure Act. These guidelines and
27 requirements shall provide for implementation of a more stringent and
28 upgraded permitting process and shall be presented in a report to the House
29 Committee on Natural Resources and Environment and the Senate Committee

1 on Natural Resources and the Senate Committee on Environmental Quality for
2 legislative oversight pursuant to R.S. 49:968.

3 C. When the Department of Natural Resources has promulgated and
4 instituted an amended, upgraded and more stringent permitting process, as
5 provided for in this Section, and the ban on the issuance of permits has been
6 lifted, no new permits shall be issued without a permittee providing a
7 performance bond, the amount of which shall be determined by the secretary
8 of the Department of Natural Resources.

9 D. No new permits for underground storage of hazardous wastes,
10 natural gas, liquid hydrocarbons, Class III brine extraction in or near moderate
11 or catastrophic disasters such as sinkholes and collapses in salt dome caverns
12 or the drilling into or through such underground storage reservoirs shall be
13 granted until the provisions of this Section have been complied with. The ban
14 provided for by this Section shall remain in effect until the amended and
15 upgraded permitting process is promulgated by the secretary of the Department
16 of Natural Resources and that process has been subjected to the oversight of the
17 legislative committees as provided for by this Section and pursuant to R.S.
18 49:968.

19 E. In the event of moderate or catastrophic disaster circumstances,
20 including but not limited to sinkholes, erosion of cavern walls or geological
21 unrest, the ban provided for in this Section shall continue in effect until the
22 department can determine whether such operations can be safely conducted.

23 F. Underground storage permits for hazardous wastes, natural gas,
24 liquid hydrocarbons, carbon dioxide, Class III brine extraction, and the drilling
25 into or through such underground caverns near salt domes and surrounding
26 areas issued prior to the effective date of this Section shall be subject to the
27 provisions of this Section and shall require the approval of the Department of
28 Natural Resources before such operations may continue.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Heyward Jeffers.

DIGEST

Present law provides for the permitting requirements for the underground storage of hazardous wastes, natural gas, liquid hydrocarbons, carbon dioxide, and Class III brine extractions.

Present law provides that underground storage of hazardous wastes, natural gas, liquid hydrocarbons, carbon dioxide and Class III brine extractions shall be in the public interest and for a public purpose, and that such storage shall be determined by the commissioner to be suitable and feasible, and not contaminate other formations containing fresh water, oil, gas, or other commercial mineral deposits.

Present law requires public hearings on the issuance of permits for the underground storage of hazardous wastes, natural gas, liquid hydrocarbons, carbon dioxide, and Class III brine extraction.

Present law provides that the commissioner shall issue such orders, rules, and regulations as may be necessary for the purpose of protecting any such underground storage reservoir, strata, or formations against pollution or against the escape of hazardous wastes, natural gas, liquid hydrocarbons, carbon dioxide, or Class III brine extractions therefrom, including such necessary rules and regulations as may pertain to the drilling into or through such underground storage reservoir.

Proposed law retains present law and provides for a ban on all underground storage of hazardous wastes, liquid hydrocarbons, natural gas, carbon dioxide, Class III brine extractions and drilling into or through such underground storage reservoirs, caverns and salt domes near moderate and catastrophic disasters such as sinkholes and collapses in salt dome caverns.

Proposed law provides that such a ban on permits for underground activities near salt domes, underground caverns or sink holes where moderate or catastrophic disasters have occurred shall continue until the secretary of the Department of Natural Resources and industry have sufficient time to review the current rules and regulations, examine the issues and promulgate new and more stringent rules and regulations in accordance with the APA in order to determine if such operations may be safely resumed.

Proposed law provides that permits for underground storage of hazardous wastes, liquid hydrocarbons, natural gas, carbon dioxide, Class III brine extractions and drilling into or through such underground storage reservoirs and caverns issued prior to the effective date of proposed law shall require the approval of the secretary of the Department of Natural Resources before such operations may continue.

Proposed law provides that bans on issuance of such permits shall further continue until the amended and upgraded permitting process is promulgated by the secretary of the Department of Natural Resources and that process has been subjected to the oversight of the House Committee on Natural Resources and Environment and the Senate Committee on Natural Resources and the Senate Committee on Environmental Quality as provided for pursuant to R.S. 49:968.

Proposed law provides that no new permits shall be issued without a permittee providing a performance bond, the amount of which shall be determined by the secretary of the Department of Natural Resources.

Effective August 1, 2013.

(Adds R.S. 30:23.1)