



State of Louisiana

DEPARTMENT OF ENERGY AND NATURAL RESOURCES OFFICE OF CONSERVATION

INJECTION AND MINING DIVISION

INTRA-OFFICE POLICY STATEMENT

POLICY NO.: IMD-GS-16

EFFECTIVE DATE: August 22, 2024

SUBJECT: Financial Security for Class I, II, III, V, and VI Injection Wells

PURPOSE: To ensure that operators of injection wells adequately demonstrate the financial responsibility and resources required to close, plug and abandon, and, where necessary, to conduct post-closure care of injection wells and related facilities as prescribed by the Office of Conservation.

BACKGROUND:

The Injection and Mining Division (IMD) of the Louisiana Office of Conservation requires that all injection well operators maintain financial responsibility and resources sufficient to close, plug and abandon, and, where necessary, to conduct post-closure care of the injection well and any related facilities.

This policy provides clarification to the financial surety requirements for the following well class types:

- Class I nonhazardous waste injection wells;
- Class I hazardous waste injection wells;
- Class II wells used to facilitate the storage of hydrocarbons in solution-mined salt caverns;
- Class II wells used to facilitate the disposal of exploration and production waste in solution-mined salt caverns;
- Class III solution mining wells;
- Class V wells used to facilitate the storage of hydrogen, carbon dioxide, nitrogen, ammonia, compressed air, or noble gases in solution-mined salt caverns;
- Class V experimental wells, stratigraphic test wells, monitor wells, any other wells as required by the Commissioner; and
- Class VI geologic sequestration wells.

POLICY:

Each operator of an injection well encompassed within the scope of this policy must have a detailed written cost estimate, in current dollars, of the cost of the proposed action as may be required for each well class type. Each cost estimate must be based on the costs to the Office of Conservation of contracting a third party to perform the

required activities. The Office of Conservation may require the operator to obtain certain cost estimates from a third party at arm's length.

A third party is a party who is not within the corporate structure of the owner or operator. An arm's length transaction is a business transaction between an operator and a third party acting voluntarily, non-confidentially, independently, and according to their respective self-interests and in which the operator and third party have roughly equal bargaining power in the negotiation of the transaction.

IMD will review the estimates for each proposed action along with any other potentially relevant evidence to determine the final cost estimate for that action.

Well Class Type	Regulation	Estimate Requirements
Class I nonhazardous waste	LAC 43:XVII.107.C	Three third-party estimates, at least two of which must be at arm's length.
Class I hazardous waste	LAC 43:XVII.207.C	
Class II hydrocarbon storage	LAC 43:XVII.309.B	
Class II exploration and production waste disposal in caverns	LAC 43:XVII.3109.B	
Class III solution mining	LAC 43:XVII.3309.B	
Class V storage in solution mined caverns	LAC 43:XVII.3709.B	
Class VI geologic sequestration	LAC 43:XVII.3609.C	One third-party estimate at arm's length.
Class V experimental, stratigraphic test, monitor, any other wells as required by the Commissioner;	LAC 43.XIX.104.C.5	

Approved By:



Stephen H. Lee, Director
Injection and Mining Division



Benjamin C. Bienvenu
Commissioner of Conservation