

**BEFORE THE
NATURAL RESOURCES COMMISSION
OF THE
STATE OF INDIANA**

IN THE MATTER OF:

ADMINISTRATIVE RULES GOVERNING)	
CARBON SEQUESTRATION PROJECTS:)	LSA Document #25-702(F)
INVOLUNTARY INTEGRATION AND)	
CERTIFICATES OF PROJECT COMPLETION)	

**REPORT ON RULE PROCESSING, PUBLIC HEARING, AND HEARING OFFICER ANALYSIS WITH
RECOMMENDATIONS REGARDING FINAL ACTION**

1. RULE PROCESSING

For consideration as to final action, is the proposed rules regarding involuntary integration and certificates of project completion added to 312 IAC 30 governing carbon sequestration projects that otherwise qualifies as a rule charged by the Department of Natural Resources (the “Department”).

Preliminary adoption of the proposed permanent rules occurred on November 20, 2025 under 312 IAC 2-2-4(a), which allows the Secretary of the Natural Resources Commission (the “Commission”) to approve a rule for preliminary adoption.

Whitney Wampler, Deputy General Counsel for the Administration Bureau for the Department submitted the proposed rule language and regulatory analysis to the Indiana Office of Management and Budget (OMB) and Indiana State Budget Agency (SBA) for review and approval. By letter dated October 29, 2025, Lisa Hershman (OMB) and Chad Ranney (SBA) authorized the Department to proceed with the proposed rules as follows:

Pursuant to the provisions of IC 4-22-2-22.8, the Office of Management and Budget and State Budget Agency have reviewed the proposed regular rule establishing the applicability of carbon sequestration projects, in conjunction with IC 14-39-2, as well as regulations for involuntary integration and certificates of project completion (OMB #2025-27R). After reviewing the proposed rule, the recommendation of OMB and SBA is that the rule changes be approved. DNR is authorized to commence the public comment period(s).

Furthermore, if you revise the proposed rule after this approval, you must resubmit the rule to OMB and obtain a new approval pursuant to IC 4-22-2-22.S(f).

DNR may proceed with the OMS-approved version of the rule proposed in its submission.

Upon additional changes, the rule and regulatory analysis were resubmitted to the Indiana Office of Management and Budget (OMB) and Indiana State Budget Agency (SBA) for review and approval. By letter dated November 12, 2025, Lisa Hershman (OMB) and Chad Ranney (SBA) authorized the Department to proceed with the proposed rules as follows:

Pursuant to the provisions of IC 4-22-2-22.8, the Office of Management and Budget and State Budget Agency have reviewed the revised proposed regular rule establishing the applicability of carbon sequestration projects, in conjunction with IC 14-39-2, as well as regulations for involuntary integration and certificates of project completion (OMB #2025-27R). After reviewing the revised proposed rule, the recommendation of OMB and SBA is that the rule changes be approved. DNR is authorized to commence the public comment period(s).

Furthermore, if you revise the proposed rule after this approval, you must resubmit the rule to OMB and obtain a new approval pursuant to IC 4-22-2-22.S(f).

DNR may proceed with the OMS-approved version of the rule proposed in its submission.

2. BUDGET COMMITTEE REVIEW

The proposed permanent rule was submitted to the Budget Committee for review under IC 4-22-2 on July 15, 2025, for the October 2025 Budget Committee meeting. The minutes for the October 29, 2025, Budget Committee meeting reflect the approval of the rule and regulatory analysis by the Budget Committee.

3. FIRST PUBLIC COMMENT PERIOD AND PUBLIC HEARING

The Commission, in coordination with the Department, received authorization to proceed from the Indiana Register/Legislative Services Agency on November 20, 2025. The **Notice of First Comment Period** to adopt a rule was published by the Indiana Register at DIN: **20251210-IR-312250702FNA** on December 10, 2025. The notice identified Danae Schneck as the “small business regulatory coordinator” for purposes of IC 4-22-2-28.1. The Notice of Public Hearing was published at DIN: **20251210-IR-312250702PHA** on December 10, 2025.

The Commission, in coordination with the Department, posted the Notice of First Comment Period, Regulatory Analysis, and Notice of Public Hearing and other information required under IC 4-22-2-22.5 on the Commission’s rulemaking docket maintained on its website at <https://www.in.gov/nrc/rules/rulemaking-docket/>. The rulemaking docket was updated periodically as the rule adoption process progressed.

Under IC 4-22-2-28(b)(2), the proposed permanent rules and regulatory analysis were submitted to the Indiana Economic Development Corporation’s (IEDC) Small Business Ombudsman on December 10, 2025. According to the Small Business Ombudsman, Caleb Wakeman:

“Pursuant to Indiana Code 4-22-2.1-5(c)(2), as the Small Business Ombudsman for the state of Indiana, I have reviewed the proposed rule and economic impact analysis associated with the rule changes contained in LSA Document # 25-702 submitted to the Indiana Small Business Ombudsman by the Indiana Department of Natural Resources. I have found the following to be true.

Proposed rule LSA #25-702 amends 312 IAC 30 by establishing the applicability of carbon sequestration projects, in conjunction with IC 14-39-2. Additionally, the proposed rules contain regulations for the department issuing: (1) involuntary integration orders; and (2) certificates of project completion.

The Indiana Department of Natural Resources provided analysis displays a proper due diligence and understanding of how implementation must be carried out to ensure compliance while minimizing the potential impact to small businesses and individuals. Based upon this statement and review, the Indiana Small Business Ombudsman is neutral on the proposed rule related to the economic impact on small business if the conclusion reflects the actual result after promulgation. If there are any questions about these comments, please contact me at ombudsman@iedc.in.gov.”

The public hearing was held on January 14, 2026, at 6:00 p.m., at the Garrison at Fort Harrison State Park, 6002 North Post Road, Indianapolis, Indiana, in the Blue Heron Room. The meeting was also live streamed via Teams, providing members of the public the opportunity to appear in person or through the Teams application and provide comments. The public comments received during the meeting were regarding: (1) opposition to carbon sequestration generally, as well as involuntary integration and certificates of project completion, specifically; (2) the commenters’ belief that the department should not be adopting rules for carbon sequestration; (3) local control and home rule; (4) specific questions and comments about, and objections to, specific proposed projects in Indiana; (5) accusations that the department is not protecting landowners; (6) requests that the department and commission visit each individual county regarding carbon sequestration; (7) court cases in other states regarding carbon sequestration projects; (8) recommendations for alternatives to carbon sequestration; (9) Indiana seeking primary enforcement authority (primacy); (10) criticism of the department for not including additional provisions in the proposed permanent rules; (11) the threshold for involuntary integration; (12) extending the deadlines contained in the proposed permanent rules; (12) the department’s responsibilities and duties under the Indiana Code; (13) timing of the proposed permanent rules and the rules being drafted in a rush; (14) statements made on prior rulemaking packages; (15) the constitutionality of

eminent domain and involuntary integration; and (16) accusations of Governor Braun and Director Morrison regarding carbon sequestration.

Members of the public were also able to make comments through the Commission’s rulemaking docket until the public commenting period closed on January 14, 2026 at 11:59 p.m. Comments were received regarding: (1) the rules being drafted in a rush; (2) the department not having the requisite experience or expertise to regulate carbon sequestration; (3) extending deadlines contained in the proposed permanent rules; (4) whether carbon sequestration projects should be allowed in Indiana; (5) safety concerns for carbon sequestration projects; (6) federal tax credits associated with carbon sequestration projects; (7) information or requested regulations regarding specific projects; (8) the July 15, 2025 commission meeting; (9) regulations for protecting underground sources of drinking water; (10) comments about a court case in North Dakota; (11) comments about Senate Bill 7 and Senate Bill 260 from the 2026 Legislative Session; (12) comments about eminent domain; (13) comments about an alternative to carbon sequestration projects; (14) comments about issues that arose with projects in other states; (15) comments about zoning and home rule; (16) comments about real estate law and what a landowner owns; (17) comments regarding monitoring and reporting requirements for carbon sequestration projects; (18) comments criticizing the department, whether the department is the proper agency to draft the rules, and criticizing the qualifications of department employees; (19) requests that department staff and commission members go to each county to discuss proposed projects with the citizens; (20) the seismic testing requirements for carbon sequestration projects; (21) federal and local requirements for carbon sequestration projects; (22) whether there should be another hearing regarding the rules; (23) comments about Governor Braun and Director Morrison; (24) comments about abandoned oil and gas wells; (25) comments about the feasibility of carbon sequestration projects; (26) the function of the legislative vs. the executive branches of government under the Indiana Constitution; (27) comments regarding the rulemaking process in Indiana and what is required of executive agencies in rulemaking; (28) the difference between rules and laws; (29) when injection of carbon dioxide may occur; (30) the state taking on long-term liability for carbon stored; (31) the requirements of the statutory rulemaking process; (32) equitable compensation for involuntary integration; (33) timing of various applications for a carbon sequestration project; (34) liability of a project and long-term storage of carbon; (35) the constitutionality of involuntary integration and eminent domain; (36) terms used in the proposed permanent rules; (37) requirements on storage operators, voluntary pore space owners, and involuntary pore space owners; (38) use of contract terms in the proposed permanent rules; (39) Director Morrison, Governor Braun, and the qualifications of the commission; (40) protections of pore space owners and protections of owners or operators of a carbon sequestration project; and (41) disclosure of certain information by an owner or operator of a carbon sequestration project.

There were no changes made to the rules because of comments received during the first public comment period or public hearing.

Because substantive comments were received during the first public comment period, a second public comment period and public hearing were required under IC 4-22-2.

4. SECOND PUBLIC COMMENT PERIOD AND PUBLIC HEARING

The Commission, in coordination with the Department, received authorization to proceed with the second public comment period and public hearing from the Indiana Register/Legislative Services Agency on January 27, 2026. The **Notice of Second Comment Period** to adopt a rule was published by the Indiana Register at DIN: **20260211-IR-312250702SNA** on February 11, 2026. The notice identified Danae Schneck as the “small business regulatory coordinator” for purposes of IC 4-22-2-28.1. The **Notice of Public Hearing** was published at DIN: **20260211-IR-312250702PHA** on February 11, 2026.

The Commission, in coordination with the Department, posted the Notice of Second Comment Period, Regulatory Analysis, and Notice of Public Hearing and other information required under IC 4-22-2-22.5 on the Commission’s rulemaking docket maintained on its website at <https://www.in.gov/nrc/rules/rulemaking-docket/>. The rulemaking docket was updated periodically as the rule adoption process progressed.

The public hearing was held on March 16, 2026, at 2:00 p.m., at the Fort Harrison Inn at Fort Harrison State Park, Roosevelt Room, 5830 North Post Road, Indianapolis, Indiana. The meeting was also live streamed via Teams, providing members of the public the opportunity to appear in person or through the Teams application and provide comments. The public comments received during the meeting were regarding: (1) the qualifications of the department regarding carbon sequestration; (2) the complexity of carbon sequestration; (3) the concern that permits will be given out too easily; and (4) the request that a meeting be held on the west side of Indiana.

Members of the public were also able to make comments through the Commission's rulemaking docket until the public commenting period closed on March 16, 2026, at 11:59 p.m. Comments were received that: (1) ascertain the department is not capable of making this decision; (2) demand that actual scientists in this area of study research the issue; (3) the department is riddled with corruption regarding carbon sequestration; (4) demand that the department do what the commenter believes is good for the people of Indiana; (5) accuse the department and commission regarding scheduling public hearings and comment periods; (6) the department is not looking out for the best interest of the residents of Indiana; (7) Director Morrison is corrupt; and (8) threats to the state of Indiana.

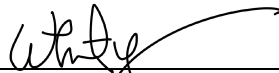
There were no changes made to the rules because of comments received during the second public comment period or public hearing.

5. HEARING OFFICER ANALYSIS WITH RECOMMENDATIONS REGARDING FINAL ADOPTION

As required by IC 14-39-0.5, the commission has a duty to adopt rules to implement IC 14-39, regarding carbon dioxide transmission pipelines and carbon sequestration projects. The purpose of the proposed permanent rule is to provide clear regulations for persons interested in participating in carbon sequestration projects under IC 14-39. The passage of P.L. 163-2022 tasked the department of natural resources (department) with administering the carbon sequestration project program in Indiana by issuing carbon sequestration project permits. P.L. 158-2023 then gave the department rulemaking authority to adopt rules for carbon sequestration projects. The department is proposing permanent rules for the following topics based on that rulemaking authority: (1) Involuntary Integration. (2) Certificates of Project Completion. The proposed rules meet the requirements of IC 4-22-2 and IC 14-39-0.5 and should be adopted by the commission.

The proposed rules are appropriate and are presented for final adoption and attached as *Exhibit A*.

Dated: March 17, 2026



Whitney M. Wampler
UPDATED Hearing Officer

PROPOSED PERMANENT RULE AND REGULATORY ANALYSIS DOCUMENT
CARBON SEQUESTRATION PROJECTS: Involuntary Integration and Certificates of Project Completion

SECTION 1. 312 IAC 30-5.5 IS ADDED TO READ AS FOLLOWS:

Rule 5.5. Integration of Interests to Develop Pore Space

312 IAC 30-5.5-1 Involuntary integration

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 14-39-2-4

Sec. 1. (a) If all the owners of pore space located within a proposed carbon dioxide storage area of a storage facility do not agree to voluntarily integrate their interests in the pore space under IC 14-39-2-4, a responsible officer who is an applicant for UIC Class VI permit with the United States Environmental Protection Agency (U.S. EPA) may petition the department for an involuntary integration order requiring the pore space owners to integrate their interests to develop the pore space as a proposed storage facility. A petition for involuntary integration must include the following:

(1) A sworn statement that the petitioner has filed a complete UIC Class VI permit application with the U.S. EPA that the U.S. EPA determines contains all the information required to process the application.

(2) Documentary evidence the petitioner obtained consent from the pore space owners underlying at least seventy percent (70%) of the surface area above the proposed storage facility, including the following:

(A) A copy of an agreement with each consenting pore space owner.

(B) Documentary evidence the petitioner attempted to reach an agreement with the nonconsenting pore space owners, including any:

(i) electronic;

(ii) written;

(iii) telephonic; and

(iv) in-person;

communication with the nonconsenting pore space owner.

(3) A description of the reasons voluntary integration cannot be achieved, including:

(A) a summary of dates of meetings, telephone conversations, and other communications where the issue of leasing or pooling was discussed, and the results of those communications; and

(B) if negotiations were conducted, a summary of the final positions of the petitioner and pore space owners.

(4) An organizational report as prescribed by the department, naming the authorized individual permitted to sign documents on behalf of the petitioner, including:

(A) the type of organization;

(B) the name, address, telephone number, and email address for the organization;

(C) the names of corporate or company officers, including the name and address of the resident agent;

(D) the names of partners and limited partners;

(E) the name, title, and signature of each authorized agent; and

(F) affirmation and notarization, including the:

(i) name and signature of the petitioner;

(ii) date signed; and

(iii) name, signature, county of residence, and date of commission expiration for the notary.

(G) If different from clause (B), the name, address, telephone number, and email address of the petitioner.

(5) A description of the land for which integration is requested, including the following:

(A) The name of the proposed storage facility.

(B) The size of the storage facility in surface acres.

(C) A legal description of the storage facility identifying the section, township, range, county, and, if applicable, treaty lines, including the subsurface area consisting of the proposed extent of the carbon dioxide plume.

(D) A legal description of the land to be integrated that is state, county, or municipal land. Federal land

cannot be subject to an integration order issued by the department.

(E) A description of the proposed source, including volume, of carbon dioxide to be injected into the proposed storage facility.

(6) A list consisting of the following:

(A) Each known pore space owner.

(B) The size of each parcel.

(C) The location of each parcel.

(D) Whether a pore space owner under clause (A) is a consenting or nonconsenting pore space owner.

(7) If a pore space owner located within a proposed storage facility is unknown or unlocatable, the:

(A) last known address of the pore space owner in the real property records;

(B) documentary evidence the petitioner performed a search that did not produce a last known address for the pore space owner;

(C) documentary evidence the petitioner attempted to locate the pore space owner; and

(D) documentary evidence the petitioner attempted to contact the pore space owner.

(8) A copy of:

(A) a title;

(B) an easement;

(C) a lease agreement; or

(D) any other conveyance instrument;

regarding the compensation paid to, or agreed to be paid to, a consenting pore space owner within the storage facility.

(9) A description and name of the geologic formations within the proposed storage facility the petitioner believes are suitable for carbon sequestration.

(10) An:

(A) issued UIC Class VI permit; or

(B) electronic copy of the UIC Class VI permit application the U.S. EPA determines contains the information required to process the application.

(11) Documentary evidence showing the petitioner has sufficient funds to provide equitable compensation to a pore space owner not included under subdivision (8).

(12) A list and map of the parcels included in the petition.

(13) A statement whether each parcel included in the petition is acquired by a:

(A) lease agreement; or

(B) fee agreement.

(b) A petitioner may not include in the petition pore space included in another involuntary integration order issued by the department. (*Natural Resources Commission; 312 IAC 30-5.5-1*)

312 IAC 30-5.5-2 Notice; affected pore space owners

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 14-39; IC 25-34.1

Sec. 2. (a) Not later than fourteen (14) days after the department notifies the petitioner under section 3 of this rule that a petition for an involuntary integration order is deemed complete, the petitioner shall provide notice of the petition by first class mail to inform each pore space owner included in the proposed storage facility of the petition for an involuntary integration order.

(b) A notice under subsection (a) must include the following:

(1) Information regarding the:

(A) petitioner; and

(B) scope and nature of the carbon sequestration project, including:

(i) the proposed location of the proposed storage facility;

(ii) the depth and name of the injection formation; and

(iii) any similar information required by the department.

(2) The contact information for the petitioner.

(3) Information advising an affected pore space owner that they are entitled to submit comments and present relevant evidence to determine the fair market value of the pore space included in the petition. Relevant evidence may include an estimate of the pore space value by an appraiser licensed under IC 25-34.1.

(c) The petitioner shall provide proof that the notices required under this section were delivered before the department may establish the required deadline under subsection (d)(1) and evaluate the evidence submitted under subsection (d)(2).

(d) The department shall:

(1) establish a deadline for a nonconsenting pore space owner to submit the information under subsection (b)(3), and the deadline must be not later than sixty (60) days after receiving proof that the notices required under subsection (a) were delivered; and

(2) evaluate the relevant evidence timely submitted by a nonconsenting pore space owner not later than thirty (30) days after the submission deadline under subdivision (1).

(e) At any time before the expiration of the deadline set by the department under subsection (d)(1), a pore space owner subject to the deadline may request one (1) extension of not more than sixty (60) days to present relevant evidence regarding the fair market value of the pore space to the department. The department shall grant a timely request made under this subsection.

(f) The department shall not consider the information submitted by a nonconsenting pore space owner if the nonconsenting pore space owner does not submit the required information by the deadline under subsection (d)(1), or an extension under subsection (e). (*Natural Resources Commission; 312 IAC 30-5.5-2*)

312 IAC 30-5.5-3 Involuntary integration order

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 14-39-1-3; IC 14-39-2-4; IC 32-34-1.5

Sec. 3. (a) Not later than ninety (90) days after receiving a petition for an involuntary integration order, the department shall notify the petitioner whether the petition for an involuntary integration order is complete or incomplete.

(b) If the department notifies the petitioner that the petition is incomplete, the department shall provide the petitioner with a list of deficiencies in the petition.

(c) The department shall give the petitioner the opportunity to remedy the deficiencies.

(d) If a nonconsenting pore space owner does not submit relevant evidence before the deadline set by the department or an extension requested, or both, under section 2 of this rule, the department shall:

(1) issue an involuntary integration order; or

(2) deny issuing an involuntary integration order;

not later than forty (40) days after receiving a complete petition for an involuntary integration order.

(e) If a nonconsenting pore space owner submits relevant evidence or requests an extension, or both, under section 2 of this rule, the department shall:

(1) issue an involuntary integration order; or

(2) deny issuing an involuntary integration order;

not later than seventy (70) days after receiving a complete petition for an involuntary integration order and relevant evidence submitted.

(f) The department shall notify the pore space owners within the proposed storage facility in writing by first class mail that the involuntary integration order is:

(1) issued; or

(2) denied;
not later than thirty (30) days after the determination is made.

(g) If a petitioner submitted an application for a UIC Class VI permit and the U.S. EPA determines the application contains all the information required to process the application, the involuntary integration order is effective fifteen (15) days after the UIC Class VI permit is issued by the U.S. EPA.

(h) The department shall review an issued involuntary integration order that is not effective under subsection (g) annually. If at least two (2) years have passed since the involuntary integration order was issued and:

- (1) the petitioner withdraws their UIC Class VI permit; or
- (2) the UIC Class VI permit of the petitioner is denied;

the department may order the petitioner to show good cause for failing to pursue, or be issued, the UIC Class VI permit. If good cause is not shown, the department may revoke the involuntary integration order.

(i) An involuntary integration order must include the following findings:

(1) Integrating pore space is consistent with the authority of the department to:

- (A) prevent waste;
- (B) protect correlative rights; and
- (C) promote efficiency and effectively using natural resources.

(2) The integration constitutes a public use that serves a public interest consistent with the legislative findings under IC 14-39-1-3(2) and IC 14-39-2-4(b).

(3) The equitable compensation to be paid to nonconsenting pore space owners as determined under section 4 of this rule.

(j) If a pore space owner subject to an involuntary integration order:

- (1) sells;
- (2) transfers; or
- (3) assigns;

the pore space to another person after an involuntary integration order is issued, the other person becomes subject to the integration order unless the pore space rights are restored to the current pore space owner.

(k) On the date an involuntary integration order becomes effective, the following occur:

(1) The rights to store carbon dioxide in a Class VI well within the pore space held by the integrated pore space owners are vested exclusively in the petitioner.

(2) The petitioner is required to provide equitable compensation as determined by the division of reclamation to each nonconsenting pore space owner beginning not later than sixty (60) days after the effective date of the involuntary integration order. Equitable compensation under this subdivision may be paid:

- (A) at one (1) time; or
- (B) if the petitioner and nonconsenting pore space owner reach an agreement, in installments provided under the agreement.

(l) The petitioner shall hold equitable compensation for a pore space owner that is unknown or unlocatable in trust, in an interest-bearing account, for three (3) calendar years after December 31 of the calendar year the petitioner was required to begin making payments under subsection (k).

(m) If the funds held under subsection (l) remain unclaimed after the period of three (3) calendar years under subsection (l), the storage operator shall transfer the funds as unclaimed property to the state under IC 32-34-1.5. (*Natural Resources Commission; 312 IAC 30-5.5-3*)

312 IAC 30-5.5-4 Equitable compensation; pore space; nonconsenting pore space owner

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 4-21.5; IC 14-39-2-4

Sec. 4. (a) The division of reclamation shall make a determination of equitable compensation based on the weighted average of consideration paid to consenting pore space owners in the same project, weighted by each consenting pore space owner's percent of pore space. A determination under this section excludes other compensation for grants of additional property or other associated rights for the same project for the consenting pore space owner's proportionate share of the storage facility at the time the petition is filed and includes the determination in the notice to affected pore space owners under section 2 of this rule.

(b) If a nonconsenting pore space owner disagrees with the determination of the division of reclamation under subsection (a), the division shall schedule an informal hearing on the petition for involuntary integration not later than sixty (60) days after receiving the information under sections 1 and 2 of this rule.

(c) The division shall consider relevant evidence submitted timely under section 2 of this rule by a nonconsenting pore space owner regarding whether the equitable compensation determined under this section should be adjusted.

(d) An informal hearing scheduled by the division under this section must be held in a location a reasonable distance from the proposed storage facility. Department employees will hear the relevant evidence presented.

(e) An involuntary integration order issued by the department must include the findings:

(1) under IC 14-39-2-4; and

(2) of the amount of equitable compensation to be paid by the petitioner to a nonconsenting pore space owner for use of the pore space.

(f) An involuntary integration order does not alter agreed compensation or contractual terms between the petitioner and a consenting pore space owner.

(g) A determination under this section is subject to review and appeal under IC 4-21.5. (*Natural Resources Commission; 312 IAC 30-5.5-4*)

312 IAC 30-5.5-5 Priority of petitions

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 14-39

Sec. 5. (a) The department may not issue an involuntary integration order for the rights to pore space that have an existing, valid integration order.

(b) If the department receives multiple petitions for an involuntary integration order requesting integrating the same or overlapping pore space, the department may defer making a determination on the petition until:

(1) a petitioner is issued a UIC Class VI permit;

(2) the other petitions are withdrawn; or

(3) the other petitions are amended to avoid overlapping pore space.

(c) If:

(1) at least two (2) petitions are filed that include the same or overlapping pore space; and

(2) the petitioners cannot reach an agreement regarding the overlapping pore space rights;

the department shall give priority to the first petition filed. (*Natural Resources Commission; 312 IAC 30-5.5-5*)

312 IAC 30-5.5-6 Involuntary integration order; amendment

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 14-39-2-12

Sec. 6. (a) A petitioner issued an involuntary integration order may petition the department to amend the order.

(b) A petition to amend an involuntary integration order is subject to the same procedures and requirements as the original petition for an involuntary integration order.

(c) The department may not issue an amended involuntary integration order unless the petitioner obtains consent from the pore space owners underlying at least seventy percent (70%) of the surface area above the proposed storage facility.

(d) If a petition to amend an involuntary integration order contains a request to reduce the boundaries of an involuntary integration order, the department shall grant the petition if the property to be removed is not within the current or projected carbon dioxide plume based on:

- (1) the injection conducted to date; and
- (2) planned future injection.

Compensation paid to a pore space owner before the integration order is amended is not to be paid back to the petitioner.

(e) An issued amended involuntary integration order does not waive or diminish rights or protections under IC 14-39-2-12.

(f) An issued amended involuntary integration order does not obligate the petitioner to recalculate a payment previously made to a pore space owner based on the percent of the surface area overlying the storage facility owned by the pore space owner.

(g) An issued amended involuntary integration order does not alter contractual terms between the petitioner and a consenting pore space owner. (*Natural Resources Commission; 312 IAC 30-5.5-6*)

312 IAC 30-5.5-7 Involuntary integration order; expiration; restoration rights of pore space owner

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 4-21.5; IC 14-39

Sec. 7. (a) An involuntary integration order issued by the department expires five (5) years after issuance if the activity authorized by the order has not started. The department may grant an extension of one (1) year if good cause is shown by the petitioner for failing to start the activity authorized by the involuntary integration order.

(b) A pore space owner subject to an involuntary integration order, or another storage operator, may request that the department reduce the boundaries of an involuntary integration order after injection activity starts in the boundary of the order if:

- (1) injection stopped for at least five (5) consecutive years; and**
- (2) the property requested to be removed from the order is not within the current or projected carbon dioxide plume for the storage facility based on the injection before the injection stopped.**

Before reducing the boundary of an involuntary integration order, the department shall notify the petitioner in writing by first class mail of the request to reduce the boundaries and give the petitioner an opportunity to contest the boundary reduction.

(c) If:

- (1) an involuntary integration order expires under subsection (a); or**
- (2) the boundaries of an involuntary integration order are reduced under subsection (b);**

the rights and interests vested in the petitioner by the involuntary integration order, which the expired order or boundary reduction is based on, revert to the pore space owner.

(d) If the vested rights and interests are reverted to the pore space owner under subsection (c), the petitioner shall pay any amount due under this rule not later than the date the property is no longer subject to the involuntary integration order. Compensation paid to a pore space owner before the order is amended may not be paid back to the petitioner.

(e) If the vested rights and interests are reverted to the pore space owner, future payments by the petitioner, owed to the pore space owner no longer subject to the involuntary integration order, terminate.

(f) An involuntary integration order that expires under subsection (a), or a reduction to the boundaries of an involuntary integration order under subsection (b), does not alter contractual terms between the petitioner and a consenting pore space owner.

(g) Not later than thirty (30) days after obtaining a determination from the department under this section, a petitioner may request review and appeal of the determination under IC 4-21.5. (*Natural Resources Commission; 312 IAC 30-5.5-7*)

312 IAC 30-5.5-8 Involuntary integration order; transfer

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 4-21.5; IC 14-39

Sec. 8. (a) A petitioner that applies to transfer a carbon sequestration project permit shall apply to transfer an involuntary integration order for the project to the transferee of the carbon sequestration project permit.

(b) At least one hundred twenty (120) days before the intended transfer date, a petitioner issued an involuntary integration order and the transferee for the carbon sequestration project permit shall notify the department of the intent to apply for a transfer of the integration order.

(c) A petitioner and transferee applying to transfer an involuntary integration order shall submit the following with an application for a transfer:

- (1) The name, address, telephone number, and email address of the transferee.
- (2) The name of each responsible officer acting on behalf of the transferee, and each responsible officer's telephone number and email address.
- (3) Proof the transferee meets the same underlying qualifications as the petitioner.
- (4) The signature of the petitioner's representative and transferee.
- (5) A statement verifying the information submitted is accurate and complete to the best of the knowledge of the petitioner and transferee.

(d) If the department determines the application for a transfer is complete, the department shall notify the transferee, and the transferee shall do the following:

- (1) Not later than sixty (60) days after receiving the notice under this subsection:
 - (A) place a copy of the application for the transfer in a public library located in each county where a storage facility or monitoring well is proposed to be located; and
 - (B) notify by first class mail:
 - (i) each unit of government where a storage facility or monitoring well is located; and
 - (ii) each pore space owner subject to the integration order.
- (2) Provide proof of the mailed notice and placement not thirty (30) days after completing those actions.
- (3) Provide the department proof the notice was delivered to a person under subdivision (1)(B).

(e) Not later than ninety (90) days after receiving proof that the notice under subsection (d) was published, the department shall notify the petitioner and transferee in writing by first class mail that the department either approves or denies the transfer.

(f) If the department determines:

- (1) the Indiana general assembly or federal government enacted a statute or adopted a regulation that requires denying a transfer;
- (2) the petitioner or transferee, or both, failed to provide the department with a complete application for a transfer for one (1) year after initially submitting the application;
- (3) the department has concerns about the character and fitness of the transferee;
- (4) the transferee fails to satisfy the requirements of this rule;
- (5) the transferee demonstrated a pattern of willful violations that resulted in damage to the environment; or
- (6) the transferee is a person with a pending notice of violation or civil penalty;

the department shall deny the application. If a finding is made under subdivision (6), however, the transferee is not disqualified from receiving the transfer if the violation was, or is in the process of being, corrected to the satisfaction of the department or the transferee filed and is pursuing administrative review of the violation under IC 4-21.5.

(g) If an application for a transfer is filed and there is a pending notice of violation:

(1) the petitioner that has a pending notice of violation, and its surety, are liable to abate the violation and satisfy any assessed penalty;

(2) the transferee may accept liability to perform the abatement of the violation, and the transferor is required to satisfy any assessed penalty; or

(3) a transferee of an involuntary integration order is liable to abate the violation and for any assessed penalty, after transfer of the involuntary integration order.

The department may waive a penalty for a notice of violation in writing not later than ninety (90) days after the transfer if the department determines the transferee is acting in good faith to abate the violation.

(h) The department shall notify the petitioner and transferee in writing that the department approves or denies the transfer.

(i) The transferee of an involuntary integration order shall assume the rights, duties, and obligations under the order without alteration.

(j) A transfer is effective on the date the written notice approving the transfer under subsection (h) is issued by the department.

(k) A determination under this section is subject to review and appeal under IC 4-21.5. (*Natural Resources Commission; 312 IAC 30-5.5-8*)

312 IAC 30-5.5-9 Involuntary integration order; recording

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 14-39

Sec. 9. (a) A petitioner who obtains an involuntary integration order shall record the order:

(1) for each property for which; and

(2) in each county in which;

the involuntary integration order was obtained.

(b) The petitioner shall pay the cost to record the involuntary integration order. (*Natural Resources Commission; 312 IAC 30-5.5-9*)

SECTION 2. 312 IAC 30-9 IS ADDED TO READ AS FOLLOWS:

Rule 9. Certificate of Project Completion

312 IAC 30-9-1 Certificate of project completion; application

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 14-39-2-13

Sec. 1. (a) A storage operator may apply for a certificate of project completion from the department after site closure is complete under a UIC Class VI permit.

(b) An application for a certificate of project completion must include the following:

(1) The application requirements under IC 14-39-2-13.

(2) The final postinjection site care and closure plan.

(3) The final emergency and remedial response plan.

(4) The final area of review and corrective action plan, including the most recent reevaluation of the area of review as defined by the United States Environmental Protection Agency (U.S. EPA).

- (5) Documentation demonstrating that no additional monitoring is needed to ensure the storage facility does not endanger underground sources of drinking water.
- (6) Documentation demonstrating the nature, composition, and volume of the carbon dioxide stream.
- (7) The applicant shall submit documentation demonstrating to the department:
 - (A) the interests the applicant holds in the storage facility;
 - (B) the consent of each person that owns the storage facility to transfer ownership of the storage facility to the state of Indiana; and
 - (C) that the storage facility complies with all federal and state permits governing operation of the storage facility.

(c) If the department determines the storage operator demonstrated the requirements under subsection (b), the department shall issue a certificate of project completion under IC 14-39-2-13.

(d) If a storage operator applies for a certificate of project completion more than one (1) year after the date the UIC Class VI site closure report is submitted to the U.S. EPA, the department may request the following supplemental information from the storage operator:

- (1) Monitoring, modeling, or other technical data collected during the period after the UIC Class VI site closure report is submitted to the U.S. EPA.
- (2) A storage facility surface inspection, including remaining surface equipment and facilities, by department personnel.

(e) A corrected application for a certificate of project completion is based on the same procedures and requirements as the initial application. *(Natural Resources Commission; 312 IAC 30-9-1)*

312 IAC 30-9-2 Certificate of project completion; effect

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 14-39-2-13

Sec. 2. (a) After the department issues a certificate of project completion:

- (1) the rights under IC 14-39-2-13 transfer to the state of Indiana; and
- (2) the department shall record the transfer of ownership in each county where a storage facility is located.

(b) The state of Indiana is responsible for regulatory requirements associated with a storage facility, beginning on the date of the transfer, and shall maintain long term care and stewardship obligations for the storage facility under state or federal law using funds under IC 14-39-2. The storage operator and owner of the storage facility are released from responsibility for regulatory requirements under IC 14-39-2.

(c) The state of Indiana is responsible for any potential liability associated with a storage facility that occurs not earlier than the date of the transfer. *(Natural Resources Commission; 312 IAC 30-9-2)*

312 IAC 30-9-3 Certificate of project completion; invalidation

Authority: IC 14-10-2-4; IC 14-10-2-5; IC 14-39-0.5

Affected: IC 4-21.5; IC 14-39

Sec. 3. (a) If the department finds that a storage operator received a certificate of project completion based on:

- (1) intentional misrepresentation to the department;
- (2) willful deceit; or
- (3) criminal wrongdoing;

which the department relied on, the department may petition the commission to issue a violation. If the storage operator cannot remedy the violation within thirty (30) days after the violation is issued, the certificate of project completion is invalidated and void.

(b) If a certificate of project completion is invalidated and voided under subsection (a), the rights and liabilities

transferred to the state of Indiana immediately transfer back to the storage operator and owner of the storage facility.

(c) A determination under this section is subject to review and appeal under IC 4-21.5. (*Natural Resources Commission; 312 IAC 30-9-3*)

**Permanent Rule
Regulatory Analysis
LSA Document #25-702**

- I. I. Description of Rule**
- II.**
- III. a. History and Background of the Rule – Interest in transporting and sequestering carbon dioxide increased nationally when Congress passed what is commonly referred to as the 45Q federal income tax credit for carbon capture and sequestration. The 45Q income tax credit was enacted under the Federal Energy Improvement and Extension Act of 2008 to encourage the construction and use of carbon capture and sequestration projects. The tax credit is part of a push by the federal government to decrease carbon emissions across the country. The increase to the 45Q tax credit in 2022 accelerated and expanded the demand for carbon capture and sequestration projects throughout the nation. Carbon capture and sequestration is permitted by the United States Environmental Protection Agency (EPA) under the Class VI program. There are four (4) Class VI permits issued by the EPA presently.**
- IV. In 2022, the General Assembly passed HEA 1209, which allows carbon sequestration projects in the state. While the statute required the department to issue permits for carbon sequestration projects, the statute did not give the department rulemaking authority. Under HEA 1626-2023, the department was given rulemaking authority for carbon sequestration projects under IC 14-39-2 as well as carbon dioxide transmission pipelines under IC 14-39-1.**
- V. The proposed permanent rules are added to 312 IAC 30, regarding carbon sequestration projects and carbon dioxide transmission pipelines. The department has been diligently working to draft rules with an external working group consisting of members of the industry, landowners, and other state agencies that may be involved in permitting carbon sequestration projects and carbon dioxide transmission pipelines. The department also established an internal working group made up of department employees to manage drafting the rules, discussing the different suggestions of the external working group, and compiling the proposed permanent rules. The proposed permanent rules are the product of both the external and internal working groups.**
- VI. b. Scope of the Rule – The proposed rule establishes the applicability of carbon sequestration projects, in conjunction with IC 14-39-2. Additionally, the proposed rules contain regulations for the department issuing: (1) involuntary integration orders; and (2) certificates of project completion.**
- VII. c. Statement of Need – The General Assembly tasked the department with permitting carbon sequestration projects under IC 14-39-2 and carbon dioxide transmission pipelines under IC 14-39-1. Under IC 14-39-0.5, the department has a duty to adopt rules under IC 4-22-2 to implement the tasks assigned to the department under IC 14-39. Rules adopted under IC 14-39-0.5 must include the provisions necessary for the department's discharge of the duties imposed upon the department.**
- VIII. The statutory directive creates a duty on the department to adopt rules regarding carbon sequestration projects and carbon dioxide transmission pipelines for the directives assigned to the department by the general assembly under IC 14-39. In anticipation of the enactment of P.L. 158-2023, which provided the department with rulemaking authority for carbon sequestration projects and carbon dioxide transmission pipelines, the department established a working group made up of department staff, other state agencies that are responsible for regulating pieces of these types of projects, industry members, and certain landowners. The working group spent more than one (1) year meeting and working through the rules to ensure that regulated entities would have input.**
- IX. Working group members who are part of the industry and would be regulated by the proposed rules indicate they require adoption of the rules as quickly as possible to avoid unnecessary delays to their projects once the entity obtains a UIC Class VI permit. Once adopted, the department needs time to create**

- the necessary forms and other regulatory pieces for industry to proceed accordingly with their projects. A delay in the adoption of the rules could result in massive delays to industry which would be costly and result in massive revenue loss. Timeliness is a serious concern for industry. The department is requesting use of the interim rulemaking process to ensure that there are no unnecessary delays to industry once members are issued their UIC Class VI permits; and to reduce costs to the industry for unnecessary delays.
- X. d. Statutory Authority for the Proposed Rule – The department has a duty to adopt rules under IC 14-39-0.5 for IC 14-39-1 and IC 14-39-2. The Natural Resources Commission (commission) has the statutory authority to adopt rules under IC 14-10-2-4.
 - XI. e. Fees, Fines, and Civil Penalties – The proposed permanent rules do not add or increase a fee, fine, or civil penalty.
 - XII. II. Fiscal Impact Analysis
 - XIII.
 - XIV. a. Anticipated Effective Date of the Rule - The anticipated effective date of the proposed permanent rules is May or June of 2026. Preliminary adoption with the commission is expected in October, 2025. The public hearings are not anticipated to take place until sometime between November and December, 2025, then final adoption by the commission would not likely take place until January 2026. The proposed rule is anticipated to become effective, after review by the Attorney General’s Office and Governor’s Office, and publishing with the Indiana Register, in April or May of 2026. Rules are effective thirty (30) days after they are accepted for publishing by the publisher. This would place the effective date of the rules in May or June of 2026.
 - XV. b. Estimated Fiscal Impact on State and Local Government – There are no increases to expenses for local governments. The department will experience increases in expenditures to use the permanent rulemaking processes to adopt rules. There will be revenue for the department resulting from application fees and storage fees. There will be increased expenditures due to increased staff time and resources to perform preapplication coordination, review applications and supporting documentation, issue involuntary integration orders and certificates of project completion, and ensure ongoing requirements are met. These increases are part of the normal operating costs of the department and will be taken from the Oil and Gas Operating Fund, 38220. The total impact will vary each year depending on the number of petitions for involuntary integration or applications for certificates of project completion received for the various permits across state agencies and local units of government.
 - XVI. c. Sources of Expenditures or Revenues Affected by the Rule – Beginning as early as 2025, the department is impacted by these projects. Expenditures for the department will come out of the Oil and Gas Operating Fund, 38220. The department hired staff for the program in 2023, so increased expenditures to the Oil and Gas Operating Fund, 38220, began in 2023 and will continue annually. Other state agencies and local governments saw increases in expenditures beginning in 2025.
 - XVII. III. Impacted Parties
 - XVIII.
 - XIX. Impacted parties include any person who wishes to sequester carbon dioxide in Indiana. Currently, there are six (6) Class VI permit applications being reviewed by the EPA, as well as the pilot project. At this time, these are the only known projects in Indiana. Any other potential project is speculative in nature. Additionally, pore space owners, surface owners, and people who elect to participate in a carbon sequestration project will be impacted by the proposed permanent rules. There is not a way to ascertain the exact number of pore space owners, surface owners, and people who elect to participate in a project until permits are approved. Until an approved permit is issued, the area of review, which provides information regarding the pore space and surface owners can change drastically. Additionally, a project could obtain the pore space and surface access needed by agreement with the owner, which would render the option of involuntary integration unnecessary. The department will likely be affected due to increased staff time for permitting projects. Because 312 IAC 30 is not yet effective, staff have not yet begun to permit a carbon project to determine how long it will take the staff for the carbon program to issue permits.

XX. IV. Changes in Proposed Rule

XXI.

XXII. The proposed permanent rules are additions to 312 IAC 30 regarding carbon sequestration project permits and carbon dioxide transmission pipeline certificates of authority, so the changes are an addition to requirements that are in the finishing stages of the rulemaking process. 312 IAC 30 will be effective long before the proposed permanent rules would be effective. The department has authority to adopt rules under IC 4-22-2-37.2; IC 4-22-2.3-3; IC 14-10-2-4; IC 14-10-2-5; and IC 14-39-0.5. Supporting documentation required for a petition for involuntary integration is similar to that required for oil and gas purposes. Obtaining the supporting documentation required in an application for a certificate of project completion is in no way overly burdensome and is in coordination with the requirements under IC 14-39-2. There are no requirements included as part of the proposed permanent rules that incorporate existing agency standards contained in non-rule documents.

XXIII. V. Benefit Analysis

XXIV.

XXV. ***NOTE: Estimated costs under the table below for “Estimated Business Impacts/Costs Savings to Regulated Entities” are possible expense estimates and will vary depending upon the specific project and the amounts each applicant pays staff for the same work. The size and scope of the project will also be a determining factor in the actual costs to a regulated entity. Additionally, because there are not many projects of this type across the United States, actual costs will not be determined until the program is well underway in Indiana. Other state regulations are different in scope than what the department is tasked with under the Indiana Code, and the costs to regulated entities would likely differ greatly as a result. Finally, some costs may also be absorbed into the costs to apply for a UIC Class VI permit with the EPA.

XXVI. Indiana Administrative Code Provision

XXVII.

XXVIII. Direct Benefits

XXIX.

XXX. Indirect Benefits

XXXI.

XXXII. Fiscal Impact to the Department

XXXIII.

XXXIV. Estimated business Impacts/Cost Savings to Regulated Entities

XXXV.

XXXVI. Adds 312 IAC 30-5.5 regarding petitions for involuntary integration order requiring pore space owners to integrate their interests to develop pore space as a proposed storage facility, notice requirements to affected pore space owners, equitable compensation, surface access, priority of petitions, amendments to orders, restoring rights to the pore space owner, and transfer of the order which coincide with the involuntary integration rules for oil and gas resources

XXXVII.

XXXVIII. Provides a clear structure, in line with current oil and gas resources standards, for obtaining an involuntary integration order under IC 14-39-2

XXXIX.

XL. Removes subjectivity on the part of the department regarding decisions on equitable compensation

XLI.

XLII. These benefits cannot be quantified since we do not know the cost savings in operator time. Further, without involuntary integration, the project wouldn't go forward and we cannot quantify the overall benefit of doing the project.

XLIII.

XLIV. These benefits are believed to be significant

XLV.

- XLVI. **Providing clarity on the requirements of storage operators and pore space owners and surface owners in an involuntary integration setting will help promote smooth interaction between storage operators, pore space owners and surface owners, and the agencies tasked with permitting different requirements and regulating different safety aspects of the projects**
- XLVII.
- XLVIII. **None known**
- XLIX.
- L. **None known**
- LI.
- LII. **Adds 312 IAC 30-9 Certificate of project completion from the department**
- LIII.
- LIV. **Provides application requirements for a certificate of project completion, as well as when a certificate may be invalidated or voided.**
- LV.
- LVI. **This benefit cannot be quantified because it depends what happens with the project after completion and any liability is unknown at this time.**
- LVII.
- LVIII. **These benefits are believed to be significant**
- LIX.
- LX. **Provides clarity to a storage operator for how to obtain a certificate of project completion, which promotes smooth interaction between the storage operator and the department**
- LXI.
- LXII. **None known**
- LXIII.
- LXIV. **None known**
- LXV.
- LXVI. **VI. Cost Analysis**
- LXVII.
- LXVIII.a. **Estimate of Compliance Costs for Regulated Entities – The proposed permanent rules provide options for regulated entities, rather than requirements, that benefit the regulated entity. Involuntary integration provides an option for a storage operator that prevents waste and protects correlative rights, as has been seen in oil and gas integration. In oil and gas production, water rights determinations, extraction of minerals, and riparian rights determinations, this is commonly referred to as the correlative rights doctrine. This doctrine states that a property owner of a common reservoir is expected to have the property owner’s fair share of the recoverable oil or gas beneath the land owned. Additionally, the doctrine restricts the right to extract resources to prevent waste, damage to the common source, or depletion that harms other landowners sharing the resource. The doctrine helps to place a reasonable limit on the overproduction of oil and gas production to prevent damage to a common reservoir. This is protected by pooling and unitization regulations, also known as involuntary integration, as well as production allowable and well-spacing rules. Involuntary integration is the involuntary consolidation of neighboring tracts of land and mineral rights by a state agency to allow for the joint development of oil and gas, even when some landowners object. The primary purpose is to ensure that regulatory spacing requirements for wells are met, to prevent resource waste, and to enable operators to develop resources under properties whose owners refuse to participate voluntarily. Due to the nature of carbon sequestration projects, involuntary integration is a common practice among states with these projects. There are also possible costs to non-consenting pore space owners who may hire attorneys or experts to present relevant evidence regarding the value of the property and to represent them in administrative proceedings under IC 4-21.5. Attorneys across the State charge amounts that vary greatly depending upon the amount of experience, location, firm size, and other factors. It is possible nonconsenting pore space owners could hire multiple attorneys or multiple experts. The costs would**

likely vary greatly depending on the scope of the proposed project, the area of review, property values in the area, the type of expert, where the expert is from, and other factors relevant to the informal hearing or administrative proceeding. It would be very difficult, if not impossible, to attempt to quantify those possible costs. As there are no active projects at this time, we don't know what those rates might be, what attorneys' fees and time might be, or what expert costs and time might be because those would vary greatly depending on so many factors, and there are no proceedings of this type in the State at this time. In addition to attorney costs, there is a cost for nonconsenting pore space owners who will be losing use of their pore space rights after involuntary integration is finalized.

- LXIX. IC 14-39-2-13 requires the department to issue, not a storage operator to apply for, a certificate of project completion. This option allows a storage operator to put long-term liability for carbon storage on the State of Indiana, as long as the storage operator meets certain requirements. The other option is for the storage operator to hold liability in perpetuity. There is no requirement that the storage operator put the long-term liability for carbon dioxide storage on the State of Indiana. Obtaining a certificate of project completion absolves the storage operator and the owner of the storage facility of any long-term liability, and places that responsibility on the State.
- LXX. While there may be costs to the regulated entity, those costs are associated with the storage operator opting into that option. A storage operator or owner of a storage facility is in no way required to use involuntary integration or obtain a certificate of project completion. Neither the Indiana Code nor the proposed permanent rules establish these options as a requirement. Nonconsenting pore space owners could see expenses in hiring attorneys or experts to represent the nonconsenting pore space owner or present relevant evidence at an informal hearing or administrative proceeding. However, nothing requires nonconsenting pore space owners to do so.
- LXXI. However, offsetting operational costs are carbon capture credits offered by the state or federal government for each ton of carbon dioxide sequestered below ground. When considering the financial offsetting by the 45Q tax credits, there may be a few overall costs to storage operators. This offsetting would be determined on a case-by-case basis, based on the tax returns of the storage operator. The factors that may play into the amount of the credit vs. the costs associated with the project would largely depend upon the size and scope of the project, the number of wells and the equipment associated with those wells, whether a pipeline is necessary, staffing of each individual storage operator to perform all required tests, staffing and experts needed for operating the project on a day-to-day basis, as well as many other factors. Because there is not a project in Indiana that is active, at this time, it would be impossible to know exactly what the difference between the costs associated with the project, and the exact amount offset by the 45 Q tax credit might be. Also, the amount could be vastly different depending on the factors listed above.

Additionally, compliance costs for regulated entities will occur over a period of more than two (2) years.

b. Estimate of Administrative Expenses Imposed by the Rules – Estimated costs to regulated parties appear in the table beginning on page 4 of this document.

c. The fees, fines, and civil penalties analysis required by IC 4-22-2-19.6 – The proposed permanent rules do not add or increase a fee, fine, or civil penalty. No analysis is required under IC 4-22-2-19.6 for the proposed permanent rules.

d. If the implementation of the proposed rule are expected to exceed the threshold set in IC 4-22-2-22.7(c)(6) – The combined implementation and compliance costs for the different phases of a carbon sequestration project contained in the proposed permanent rule for businesses, units, and individuals will be over a period of more than two (2) years. There are also possible costs to non-consenting pore space owners who may hire attorneys or experts to present relevant evidence regarding the value of the property and to represent them in administrative proceedings under IC 4-21.5. The implementation of the proposed rule could exceed the threshold set in IC 4-22-2-22.7(c)(6); therefore, the department is seeking budget committee review of the proposed permanent rules.

VII. Sources of Information

a. Independent Verifications or Studies – There were no independent verifications or studies used to make this analysis.

b. Sources Relied Upon in Determining and Calculating Costs and Benefits – The department asked about estimated costs for involuntary integration and certificates of project completion from possible projects. An estimate received from a potential project is that it may cost approximately fifty-six thousand dollars (\$56,000) for a storage operator to go through the process to obtain an involuntary integration order, and it may cost approximately fifteen thousand dollars (\$15,000) for a storage operator to apply for and obtain a certificate of project completion. These estimates were from a smaller project who does not have actual costs from which to draw data because the potential storage operator has not applied for either an involuntary integration order or a certificate of project completion. The estimates here were not used in the analysis above because involuntary integration and certificates of project completion are optional to a storage operator and it would be misleading to say there is a compliance cost for a provision of the rules which a storage operator may opt into, but is in no way required to use.

VIII. Regulatory Analysis

The department was tasked with administering carbon sequestration projects under HEA 1209-2022 and issuing permits for the projects. IC 14-39-0.5 required the department to adopt rules regarding carbon sequestration project permits and carbon dioxide transmission pipeline certificates of authority. The possible aggregate costs for a carbon sequestration project, as was outlined in the regulatory analysis for 312 IAC 30, would be approximately two hundred thirty-two thousand one hundred dollars (\$232,100). However, any costs associated with the proposed rules do not impose compliance costs, because the two (2) items addressed by the rules, involuntary integration orders and certificates of project completion, are not requirements imposed on a storage operator, but are optional benefits to a storage operator provided under the Indiana Code. The proposed rule establishes the regulations required by the General Assembly in the most non-restrictive manner possible. It also provides clarity for applicants, pore space owners, and others who may be affected by a carbon sequestration project or the placement of a carbon dioxide transmission pipeline, as well as state agencies and local governments tasked with permitting other items associated with carbon sequestration projects and carbon dioxide transmission pipelines. This clarity will help promote smooth interactions between the agencies tasked with permitting different requirements and regulating different safety aspects of the projects, and will benefit the public by providing transparent, easy to understand regulations for the projects beyond what is already set out in the Indiana Code. The benefits of the proposed rules are likely to exceed the costs.

IX. Contact Information of Staff to Answer Substantive Questions

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