

353.429 Sequestration reservoirs -- Rights and duties of mineral owners, lessees, pore space owners, oil and gas operators, and sequestration operators -- Duties of cabinet -- Hearing.

The provisions of this section shall apply to activities occurring within or proposed to occur within a sequestration reservoir:

- (1) Nothing contained in KRS 353.411 to 353.459 prohibits the mineral owner or lessee or the pore space owner or lessee from exploring, developing, or producing oil, gas, or other minerals above or below a sequestration reservoir or from using other strata or formations for carbon dioxide sequestration. Wells penetrating sequestration reservoirs shall protect their integrity and prevent carbon dioxide release. Wells penetrating oil and gas formations shall protect their integrity and prevent contamination or damage;
- (2) Before drilling, deepening, reopening, converting, or plugging wells drilled pursuant to this chapter and KRS Chapter 349 on any property with a permitted sequestration reservoir, the oil and gas operator shall, at the time of filing with the cabinet, forward a copy of the application to the sequestration operator via registered or certified mail or by personal service;
- (3) When the cabinet receives a permit application for a well within a sequestration reservoir or buffer zone, the cabinet shall notify both the oil and gas operator and sequestration operator by registered or certified mail or by personal service;
- (4) Before drilling, deepening, reopening, converting, or plugging a Class VI injection well or monitoring well on a property where oil, gas, or other minerals are owned by a person other than the sequestration operator, the sequestration operator shall, at the time of filing, forward a copy of the application and plat to the oil, gas, or other mineral owner via registered or certified mail or by personal service;
- (5) The sequestration operator shall:
 - (a) Notify the oil, gas, or other mineral operator when sequestration rights are acquired on property with:
 1. An oil or gas lease or oil and gas operations; or
 2. A coal or noncoal lease, or coal or noncoal operations pursuant to KRS Chapter 350; and
 - (b) Ensure that notice of future applications to drill Class VI injection wells or monitoring wells are sent to the oil, gas, coal, or other mineral lessee and operator, if any;
- (6) Upon receiving an application to drill, deepen, convert, reopen, complete, or plug an oil or gas well or a Class VI injection or monitoring well, the cabinet shall hold the application for fifteen (15) days to allow non-applicant operators to file objections. If objections are filed, the objecting non-applicant operator shall serve the objections on the applicant operator. The cabinet shall schedule a hearing, pursuant to KRS 353.419(6), within ten (10) days of receiving the objection. If, during or before the hearing, the parties reach an agreement regarding the objections, changes to the drilling plan in accordance with the agreement shall be submitted by the applicant operator in an amended application. If an agreement is not reached, the cabinet, after considering the objections and the evidence presented

at the hearing, shall enter an order and issue a permit to drill with modifications to protect the rights and resources of the parties involved;

- (7) If the oil and gas operator and the sequestration operator disagree on the drilling, deepening, reopening, completing, or plugging of an oil or gas well or a Class VI or monitoring well, the cabinet shall:
 - (a) Determine how the costs above those normally incurred in the drilling, completion, or plugging of the well will be allocated to the applicant operator and non-applicant operator; and
 - (b) Specify the payment terms;
- (8) Upon receipt of notice of an application to drill, deepen, reopen, complete, or plug an oil or gas well or a Class VI or monitoring well, a non-applicant operator may waive his or her objection and specify whether the waiver applies to one (1) or more wells, a group of wells, or specific areas. The waiver shall be made by letter or by telephone with written confirmation. If the waiver is filed and the cabinet determines that the application is otherwise complete and the public interest is served, the permit shall be issued; and
- (9) (a) Before plugging and abandoning an oil or gas well that penetrates a sequestration reservoir or a Class VI or monitoring well that penetrates an oil or gas formation:
 - 1. The operator proposing to plug and abandon the well shall notify the other non-plugging operator and the cabinet of the operator's intention to plug and abandon the well and shall state the date and time when the plugging will occur;
 - 2. Notice shall be sufficient to reasonably allow the non-plugging operator to attend and view the plugging of the well. The operator may proceed with plugging the well if, after notice, the non-plugging operator does not attend; and
 - 3. The operator shall:
 - a. Seek and receive the approval of the cabinet; and
 - b. Allow a cabinet representative to be present at the well plugging.
- (b) Plugging shall not occur except pursuant to the approval of the cabinet and with a cabinet representative present at the plugging.

Effective: July 15, 2026

History: Created 2026 Ky. Acts ch. 152, sec. 10, effective July 15, 2026.