



October 16, 2009

The Honorable Victor Carrillo
Chairman, Texas Railroad Commission
William B. Travis Building
1701 North Congress Avenue
Austin, Texas 78711

RE: RRC's Implementation of Senate Bill 1387 Relating to Carbon Capture and Sequestration

Dear Chairman Carrillo:

Thank you for the opportunity to submit preliminary comments regarding the implementation of Senate Bill 1387, relating to carbon capture and sequestration. Please find enclosed preliminary comments regarding the Texas Railroad Commission's (RRC) rulemaking and implementation of S.B. 1387.

The attached draft was compiled by a large group of stakeholders. In order for all interested parties to convey their individual interests and concerns, we are encouraging these companies and associations to participate in the RRC's formal and informal comment process over the next several months.

As you know, Texas has the most carbon dioxide enhanced oil recovery injection wells in the nation – over 9,000. This rule offers Texas the opportunity to show its expertise and leadership in passage of such a rule. The federal proposed rule is not yet finalized, which provides Texas with the opportunity to set a precedent that can be influential.

The methodology utilized in this draft is designed to give the RRC flexibility in what it reviews when making the many determinations allowed by the new Environmental Protection Agency (EPA) regulation. This draft also provides the RRC with flexibility in revising the necessary forms for application and reporting as opposed to having to revise a rule every time technology or knowledge changes.

When UIC Class II well requirements were promulgated by the EPA it was decided to keep the minutiae technical requirements out of the rule and put them as items on the forms to be filed with the RRC. This gives both the RRC and industry flexibility as technology improves for