

CCS E-Mail Updates
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Texas Carbon Capture and Storage Association

“...Better Business ...Better Environment...”

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Railroad Commission to Adopt New Rules on Certification of CO₂ Storage

On October 9, 2007, the Railroad Commission of Texas is scheduled to take up and consider proposed amendments to Statewide Rule § 3.50, relating to Enhanced Oil Recovery Projects to incorporate changes made by House Bill (HB) 3732 offering tax incentives and state certification for the use of anthropogenic CO₂ for EOR

The new rules will implement Sec. 202.0545 of the Tax Code which provides a 50% severance tax reduction on oil recovered through an enhanced oil recovery project that uses anthropogenic CO₂. To qualify for the severance tax reduction the operator must obtain a certification from either the Railroad Commission or the Texas Commission on Environmental Quality or both, certifying that the CO₂ will remain in place.

After the new rules are considered at the October 9th meeting, a 30 day comment period will follow, whereby the Commission will receive comments from the public. When the new rules are adopted, Texas will have the first in the nation state certification for CO₂ storage.

Based on discussions with Michael Williams, Chairman, Railroad Commission of Texas, the proposed rules seek to safeguard the citizens of Texas while promoting commercial development.

IOGCC Favors State Oversight of CCS

On September 26, 2007, the Interstate Oil and Gas Compact Commission (IOGCC)—a group of state oil and gas regulators -- unveiled a report that recommends that states take the primary role in overseeing CCS activity. The report, *Storage of Carbon Dioxide in Geologic Structures: A Legal and Regulatory Guide for States and Provinces*, examines EPA authority to regulate CCS, concluding that EPA's authority is limited to injection and closure of UIC wells, not long-term storage, transport or other common law issues such as ownership and liability of subsurface pore space or emplaced CO₂.

“Given the proposed long-term caretaker role of the states, they are likely to be the best positioned to provide the necessary cradle to grave regulatory oversight of CO₂ storage,” Lawrence Bengal, chairman of the IOGCC task force that developed the report, said in a statement reported by Carbon Control News.

Bengal argued that if states follow the structures outlined in the report it will result in a “substantially consistent system” for CCS.

Our own President, Steve Melzer, also served on the IOGCC task force representing Texas and had this to say, “The IOGCC regulatory framework advances the view of CO₂ as a commercial resource and uses the experience of states in managing oil & gas interests and natural gas storage as the basis for policymaking.”

Texas House Members Convene Carbon Management Caucus

Rep. Warren Chisum along with other members of the Texas House of Representatives recently established the Carbon Management Caucus (CMC). Designed to keep members informed of both state and federal climate change policy, the CMC will present a balanced approach to global warming/climate change issues.

“We are here and ready to examine federal and state legislation that may affect the management and beneficial uses of CO₂ in Texas from a perspective that promotes economic growth, energy security and environmental stewardship,” said Rep. Warren Chisum. The CMC has not convened a meeting and has no officers, but expects to hold educational forums during the first quarter of 2008.

Don't Miss the 5th Annual CO₂ Conference Week

The fifth annual CO₂ Conference Week will last from December 3rd through December 7th 2007 and will bring together leaders in the emerging CCS industry with oil industry players actively conducting CO₂ processing, injection and reservoir surveillance and monitoring.

The CO₂ Conference includes the Carbon Management Workshop in Dallas, Texas on December 3rd & 4th at the Omni Mandalay Hotel Las Colinas and the CO₂ Flooding Conference from December 5th through 7th in Midland, Texas.

Chock full of information, the Carbon Management Workshop will include policy and legislative updates on CCS issues, case histories and studies of actual CO₂ floods, and updates on FutureGen and the DOE Regional Sequestration Partnerships. The CO₂ Flooding Conference includes in-depth coverage of CO₂ flooding operations and field trips to CO₂ flooding sites.

For more information and to register follow this link

<http://www.hartenergyconferences.com/index.php?area=details&confID=54>.