

Carbon Storage Program Update

House Resources Committee

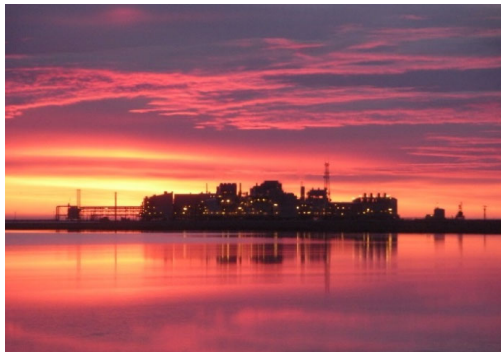


Presented by:

Haley Paine, Deputy Director, Division of Oil and Gas

Alaska Department of Natural Resources

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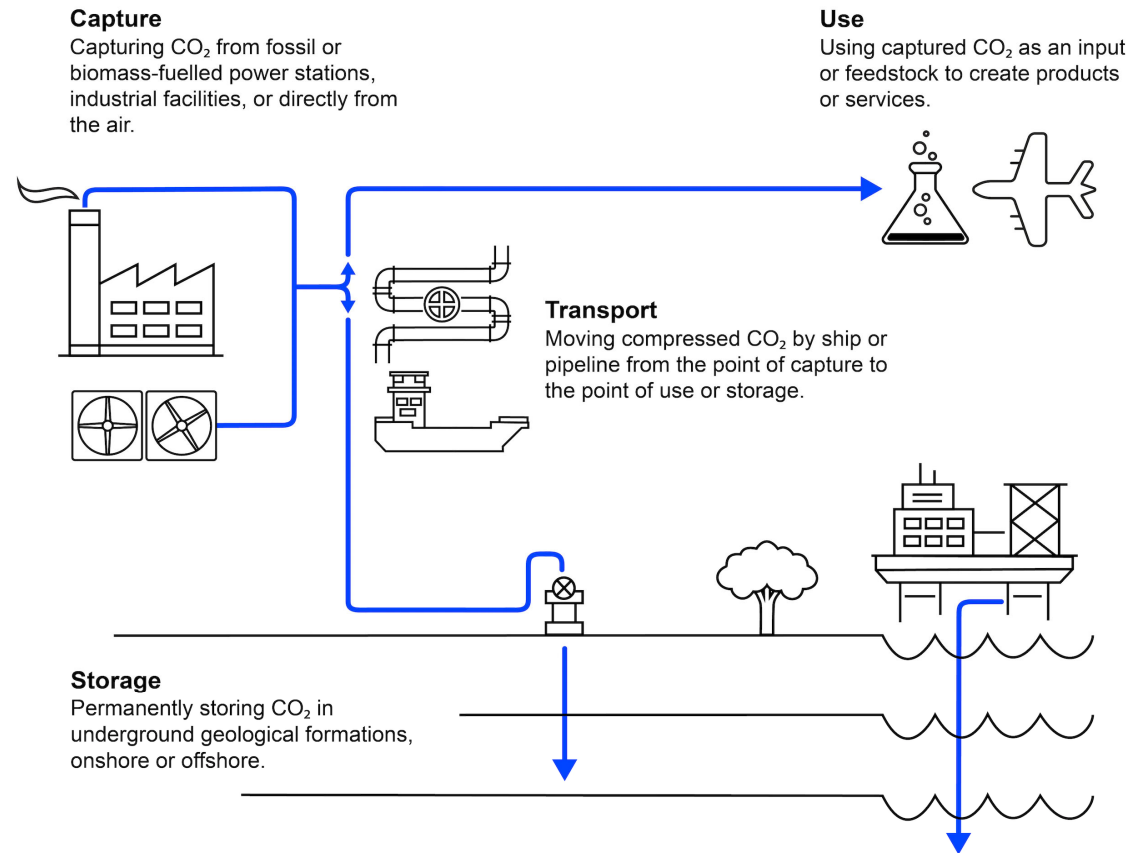


WHAT IS CCUS?



Carbon capture, utilization and storage is a process that:

- Captures carbon dioxide (CO₂) emissions from:
 - industrial processes
 - point sources like coal-fired power plants, or
 - directly from the air, and
- Reuses or stores it so it will not enter the atmosphere

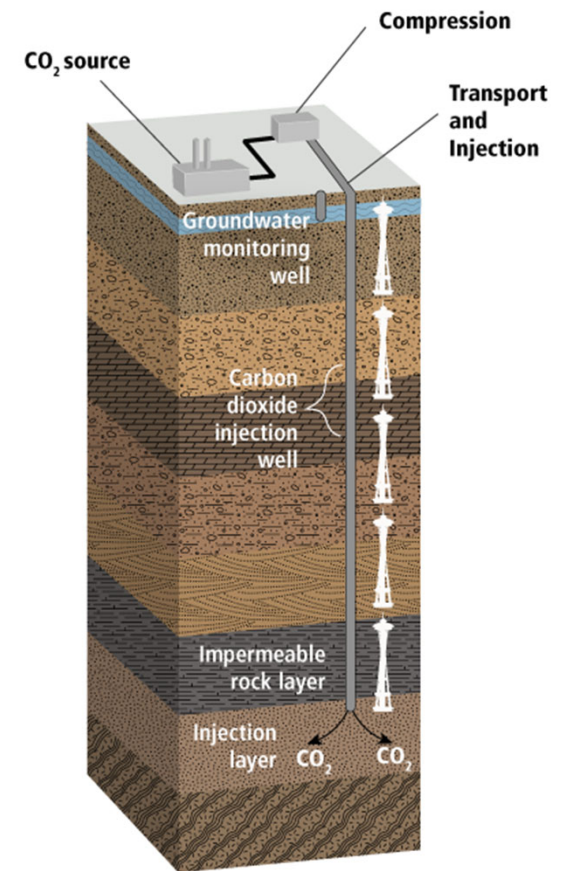


CORE PURPOSES OF HB 50 (2024)



Make Alaska's subsurface resources available for maximum use

1. Enables DNR to lease state lands for geologic storage of carbon dioxide and issue right-of-way leases for carbon dioxide transportation pipelines
2. Empowers the Alaska Oil and Gas Conservation Commission (AOGCC) to regulate the geologic storage of carbon dioxide on all lands in the state, including protection of correlative rights



AGENCY RESPONSIBILITIES

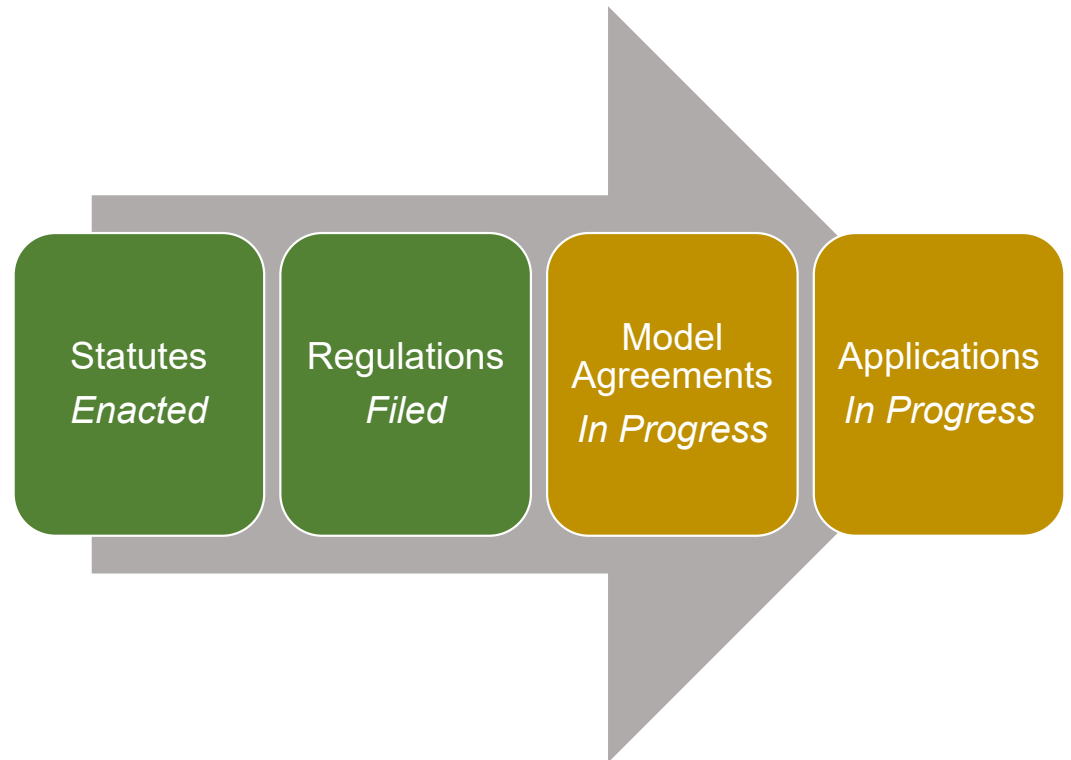


DNR – Landowner

- **Manage the state's pore space resources for the benefit of Alaskans**
- **Issue carbon storage exploration licenses & leases**
 - Commercial payments
 - Work commitments and annual reporting
 - Permitting and compliance of operations
 - Multiple-use management
- **Review right-of-way permits for CO₂ pipelines**
- **Perform long-term monitoring of facility after regulatory closure**
 - Carbon storage closure trust funds

AOGCC – Subsurface Regulator

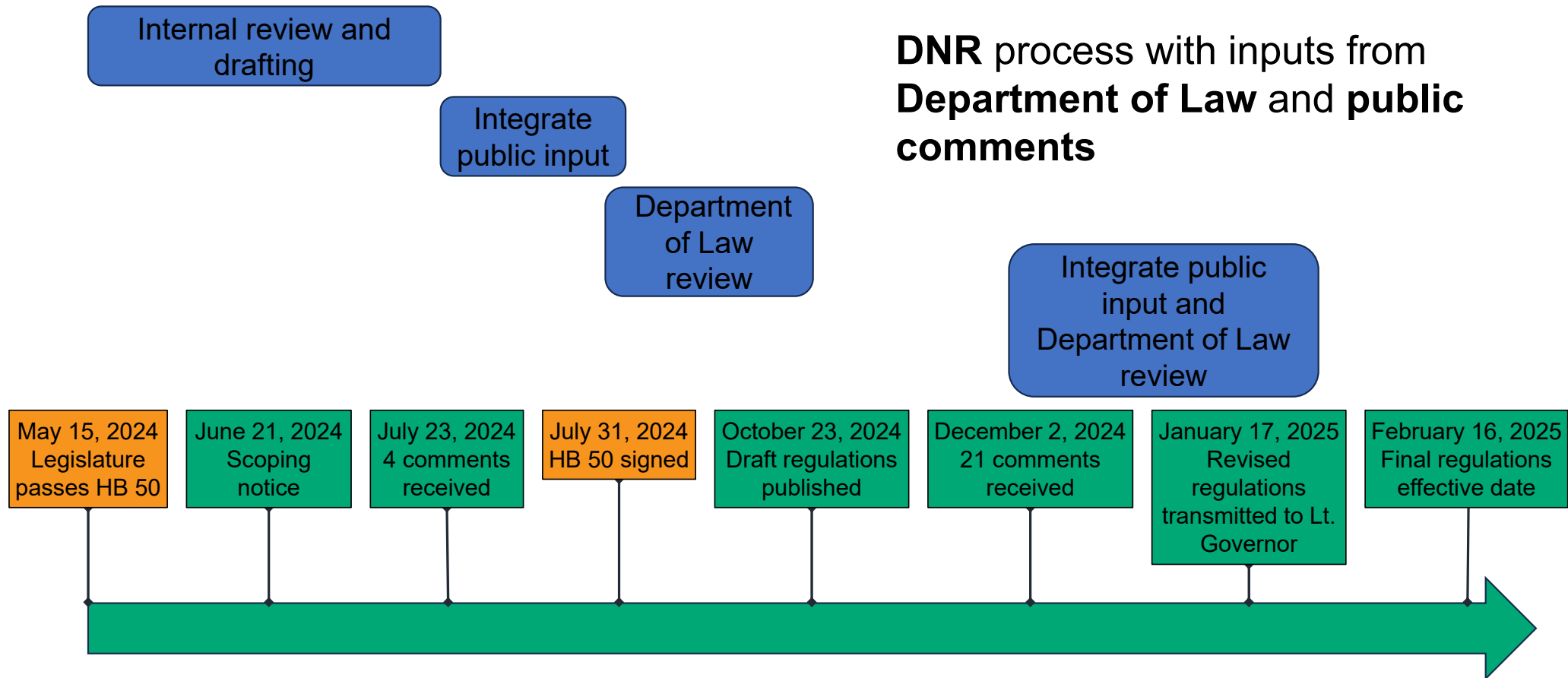
- **Quasi-judicial agency with regulatory powers over subsurface of all lands in state**
- **Issue storage facility permits**
 - Safeguard human health and the environment from underground injection
 - Class VI well primacy
 - Protect other mineral interests and amalgamate property rights
 - Waste prevention determinations
- **Assess storage capacity and volumes**
- **Review and issue site completion certifications**



REGULATIONS DEVELOPMENT TIMELINE



**DNR process with inputs from
Department of Law and public
comments**



CARBON STORAGE REGULATIONS



- **Amended 11 AAC 05.110**
 - \$500 application fee for carbon storage lease or license
 - \$250 transfer of interest fee
- **Amended 11 AAC 80.045**
 - Define field gathering line for purposes of carbon dioxide transportation
- **Amended 11 AAC 84 to add new Article 9, Carbon Storage Licensing and Leasing**
- **Final regulations effective Feb. 16, 2025**

ARTICLE 9 REGULATIONS



Regulation	Summary
84.1000	<i>Minimum qualifications</i> – Applicant must demonstrate to the satisfaction of the commissioner that they possess the ability to undertake and complete large scale projects, including obtaining and complying with state and federal permits and meeting financial surety requirements
84.1005	<i>Carbon storage exploration license applications</i> – Provides process for and application requirements of a carbon storage exploration license; work commitment becomes basis for annual reporting and conversion to lease
84.1010	<i>Call for competing proposals</i> – Notice and timing requirements for competing proposals on carbon storage exploration license applications
84.1015	<i>Best interest findings</i> – Scope of administrative review on applications; elements include geologic structure and descriptions, current and projected uses of the area, reasonably foreseeable effects of carbon storage operations, environmental mitigation measures, applicant qualifications and commercial terms to the State of Alaska
84.1020	<i>Competitive bidding procedure; assessment criteria</i> – Processes for competitive sale and exercise of preferential right under AS 38.05710(g)
84.1025	<i>License Administration</i> – Reporting and data submission requirements
84.1030	<i>Default by licensee; termination, revocation, surrender of a license</i> – Establishes procedures, rights, and responsibilities for default, termination, and surrender of a license
84.1035	<i>Conversion of carbon storage license to lease; lease provisions</i> – Establishes the procedure and requirements for converting a license to a lease; specifies documentation required by a licensee requesting to modify commercial terms upon conversion to lease
84.1040	<i>Transition from enhanced oil recovery operations to carbon storage operations; lease provisions</i> – Application requirements for an enhanced-oil-recovery (EOR) reservoir transitioning to carbon storage, best interest finding determination, and lease provisions
84.1045	<i>Default by lessee; termination and surrender of a carbon storage lease</i> – Establishes procedures, rights, and responsibilities for default, termination, and surrender of a lease based on whether carbon storage injection operations have commenced
84.1050	<i>Carbon storage lease unitization</i> – Establishes procedures and requirements for unitizing carbon storage leases
84.1055	<i>Assignments</i> – Establishes procedures and requirements for assigning interest in carbon storage exploration licenses and leases, which must be approved by the commissioner
84.1060	<i>Application for approval of assignment</i> – Provides for timing of assignment application, AOGCC documentation, and effective date if approved

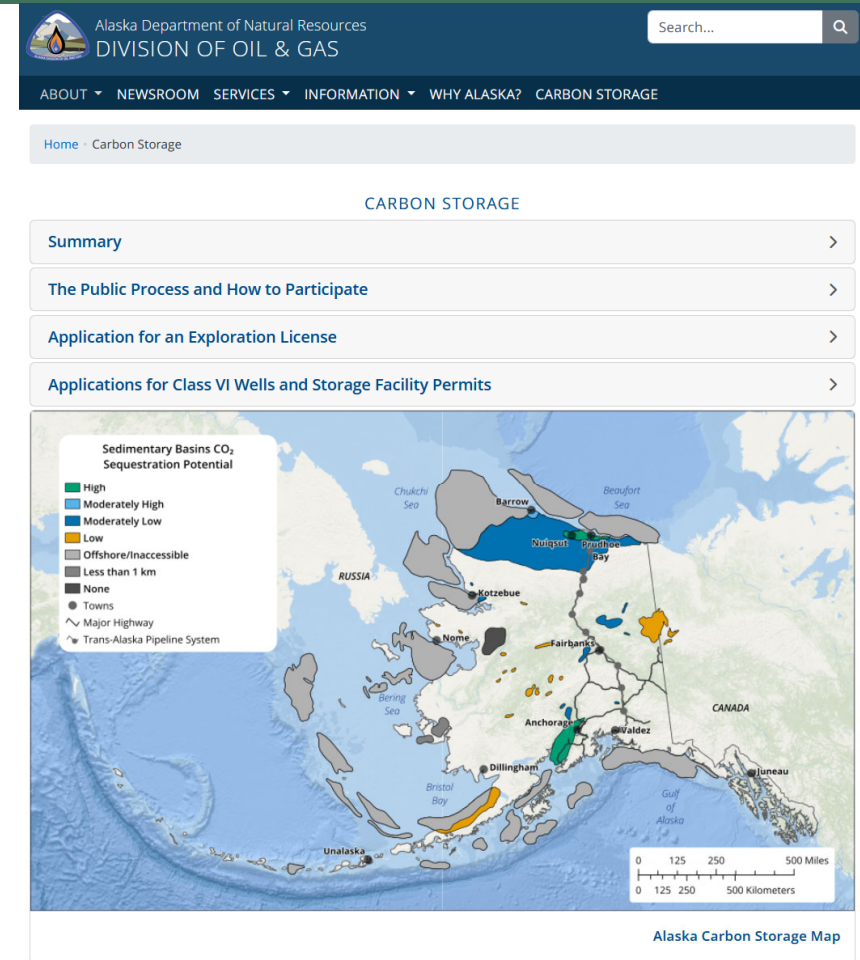
ARTICLE 9 REGULATIONS



Regulation	Summary
84.1065	<i>Plan of development; application requirements</i> – Reporting requirements detailing proposed activities for the next year, explanations for deviations from prior approved plans, and modifications of the commissioner to ensure lease compliance
84.1070	<i>Plan of operations; application requirements; completion report</i> – Application requirements for on the ground operations, including engineering plans, schedule of events, and surface estate owner protections; completion reporting for cessation of operations
84.1075	<i>Surety requirements</i> – Establishes requirements for bonding or other acceptable forms of surety of performance under the conditions of a carbon storage license or lease and specifies conditions for release
84.1080	<i>Damages</i> – Requires a licensee or lessee to pay damages and indemnify the state in the case of claims made by surface owners in accordance with AS 38.05.130
84.1085	<i>Abandonment and restoration plan; application for lease closure</i> – Requires a plan for returning the leased area to a condition satisfactory to the commissioner upon cessation of operations, including annual reporting and review of infrastructure maintained during the post-injection monitoring period and certification by the DNR commissioner to AOGCC that conditions are met for issuance of certificate of completion
84.1090	<i>Long-term monitoring and maintenance of leased area</i> – Data submission requirements and obligations of a carbon storage facility operator prior to the department assuming responsibility for long-term monitoring of a facility issued a certificate of completion; provisions for expenditures from the carbon storage facility trust fund and notification to landowners prior to entry
84.1095	<i>Confidentiality of records</i> – Requests for confidentiality of records under AS 38.05.035(a)(8) and limitations
84.1099	<i>Definitions</i> – Defines terms used in the adopted regulations in 11 AAC 84

SUMMARY

- DNR filed regulations with Lieutenant Governor January 17, 2025, to enact provisions of HB50 (2024)
- DNR is prepared to receive applications starting February 16, 2025, for carbon storage exploration licenses
- Website under development with technical database to assist in site screening set for 1st Quarter 2026



QUESTIONS?



Thank You!

Rena Miller
Acting Legislative Liaison
(907) 269-8134
rena.miller@alaska.gov

