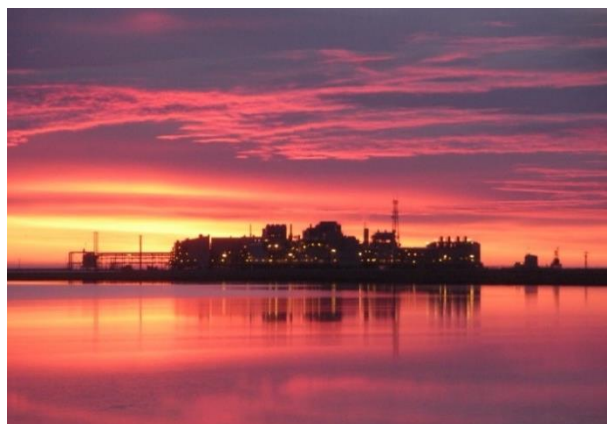


# Policy Support to Assist with Alaska Specific CCS Projects

## Alaska Regional Decarbonization Workshop



Presented by Haley Paine, Deputy Director  
Division of Oil & Gas  
Alaska Department of Natural Resources  
May 8, 2024

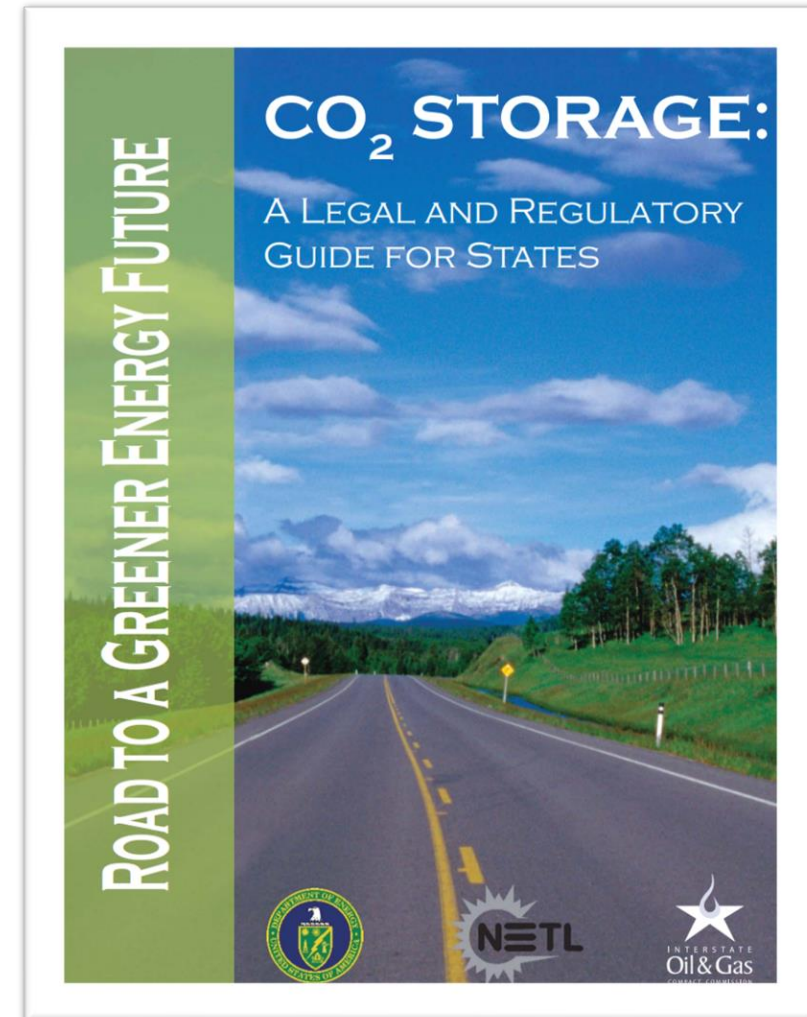


# MODEL FRAMEWORK



## Guiding Principles:

1. **Seamless** – “cradle to grave”
2. **Simple** – avoid overregulation for the exotic need
3. **Flexible and Responsive** – “One size will not fit all”
4. **Doable** – time sensitive
5. **Positive Public Presentation** – “Nothing will be achieved by regarding CO<sub>2</sub> geologic storage as a regulatory protection solution to a waste problem.”



# Resource Management Framework



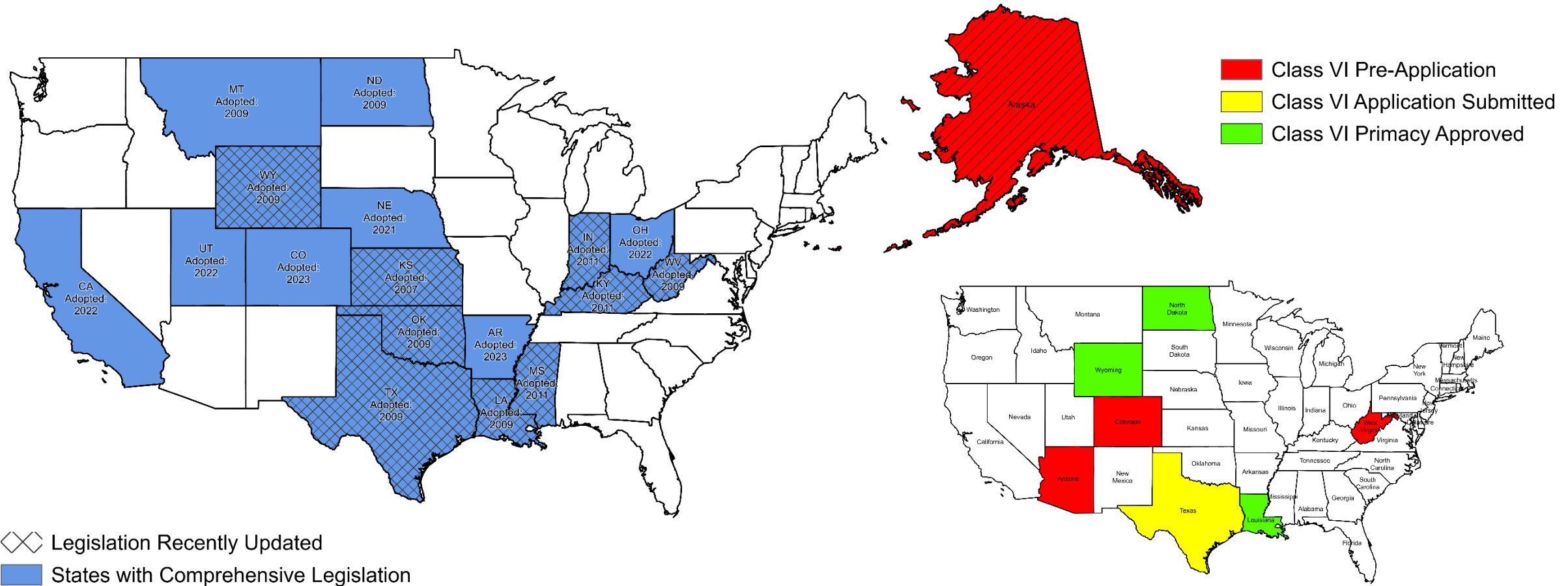
## IOGCC Resource Management Framework

1. It is in the public interest to promote geologic storage of CO<sub>2</sub>
2. Pore space is a finite resource that needs to be managed and regulated as such

## Article VIII Alaska Constitution

- It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.

# CCUS LEGISLATION

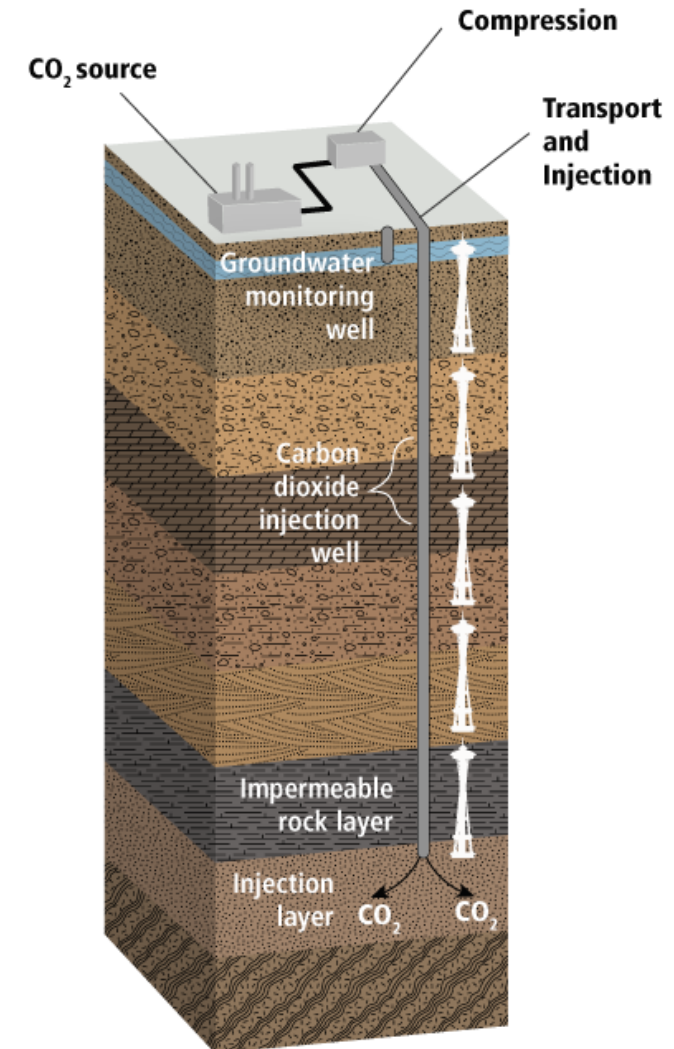


# TWO CORE PURPOSES OF HB 50



*Make Alaska's subsurface resources available for maximum use*

1. Enables the Department of Natural Resources (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 IN HB 50



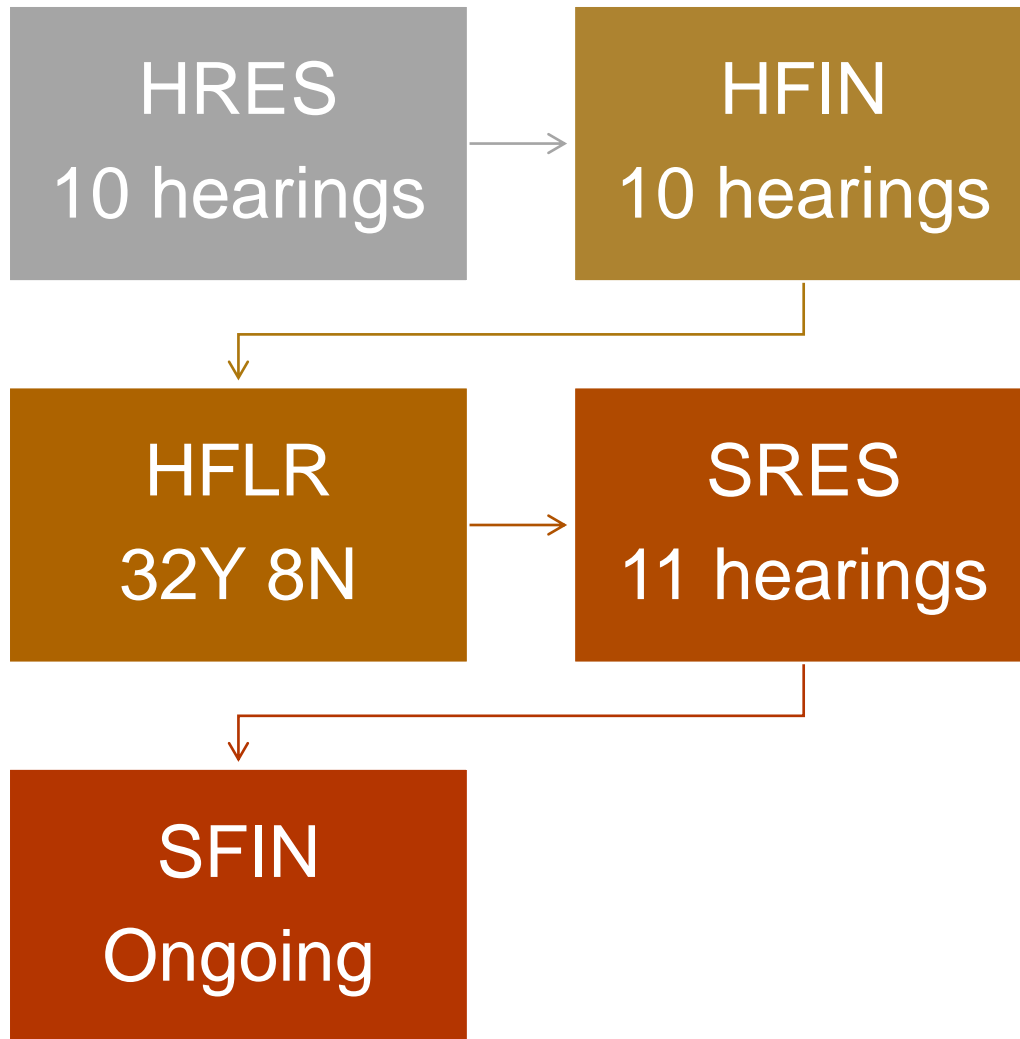
## AOGCC – Subsurface Regulator

- **Issue storage facility permits**
  - Safeguard human health and the environment from underground injection
  - Protect other mineral interests and property rights
  - Amalgamate pore space
- **Provide public notice and hearings**
- **Administer penalty provisions**
- **Determine storage capacity and volumes**
- **Utilize carbon storage facility administration fund**
- **Review and issue site completion certifications**

## DNR – Landowner

- **Issue carbon storage exploration licenses & leases and manage:**
  - Commercial payments
  - Work commitments and annual reporting
  - Transition and multiple-use management of operations
- **Administer carbon storage leasing consistent with existing oil & gas framework**
- **Regulate CO<sub>2</sub> pipeline leasing**
- **Administer carbon storage closure trust funds**
- **Perform long term monitoring and maintenance**

# LEGISLATION STATUS



## Beyond Model Framework

- **Alaska specific safety**
- **Project economics**
  - 45Q tax credits
  - Value chain
  - Business models
  - Fair market value
- **Public perception**

# PEER STATE LEASING TERMS



State Body	Statutes & Regulations	Leasing Mechanism	Number of Leases	Commercial Terms	Public Process
Wyoming Office of State Lands and Investments	<ul style="list-style-type: none"> <li>No specific carbon storage authorities, held under general land leasing</li> <li>W.S. 36-2-107 &amp; W.S. 36-5-114 through 117</li> <li><a href="#">Chapter 5</a></li> </ul>	<ul style="list-style-type: none"> <li>Special Use Lease – may receive application at any time or issue Request for Proposals</li> </ul>	<ul style="list-style-type: none"> <li>2 issued</li> <li>2 under negotiation</li> </ul>	<ul style="list-style-type: none"> <li>No minimums in statute</li> <li>Tiered bonus bid payments \$15 – \$75 per acre</li> <li>Injection charge \$1 per ton</li> <li>Consumer Price Index escalator</li> </ul>	<ul style="list-style-type: none"> <li>Applicant must obtain consent of existing surface grazing lessees</li> <li>Director of State Lands brings lease before the Board of Land Commissioners for approval at public meeting</li> </ul>
Texas General Land Office	<ul style="list-style-type: none"> <li>Texas Health and Safety Code 382</li> <li><a href="#">Subchapter K</a> § 382.501 – 382.510</li> </ul>	<ul style="list-style-type: none"> <li>Carbon Storage Lease – Requests for Proposals (RFP) on tracts designated in <a href="#">Gulf of Mexico CO2 Site Characterization</a></li> </ul>	<ul style="list-style-type: none"> <li>1 issued</li> <li>6 under negotiation</li> </ul>	<ul style="list-style-type: none"> <li>RFP minimums</li> <li>\$50 per acre bonus bid</li> <li>Rent: \$50 per acre</li> <li>Injection charge: \$4 per acre</li> <li>Portion of additional value</li> </ul>	<ul style="list-style-type: none"> <li>General Land Office reviews solicitation responses, negotiates with applicants, and makes recommendation of final lease for approval to School Land Board</li> <li>All offshore tracts</li> </ul>
Louisiana Office of Mineral Resources	<ul style="list-style-type: none"> <li>LA Rev Stat § <a href="#">30:209(e)</a></li> </ul>	<ul style="list-style-type: none"> <li>Operating Agreement – may receive application at any time.</li> <li><b>Awarded primacy over Class VI wells</b></li> </ul>	<ul style="list-style-type: none"> <li>6 issued</li> </ul>	<ul style="list-style-type: none"> <li>No minimums in statute</li> <li>Bonus bids: \$0 – \$425 per acre</li> <li>Rent: \$0-\$60 per acre</li> <li>Injection charge: \$1.50 – \$7.50</li> <li>45Q escalators</li> </ul>	<ul style="list-style-type: none"> <li>Louisiana State Mineral and Energy Board holds a public hearing to review and approve lease negotiated by Office of Mineral Resources</li> </ul>



# ALASKA'S CCUS OPPORTUNITIES



## FACT SHEET: Japan Official Visit with State Dinner to the United States

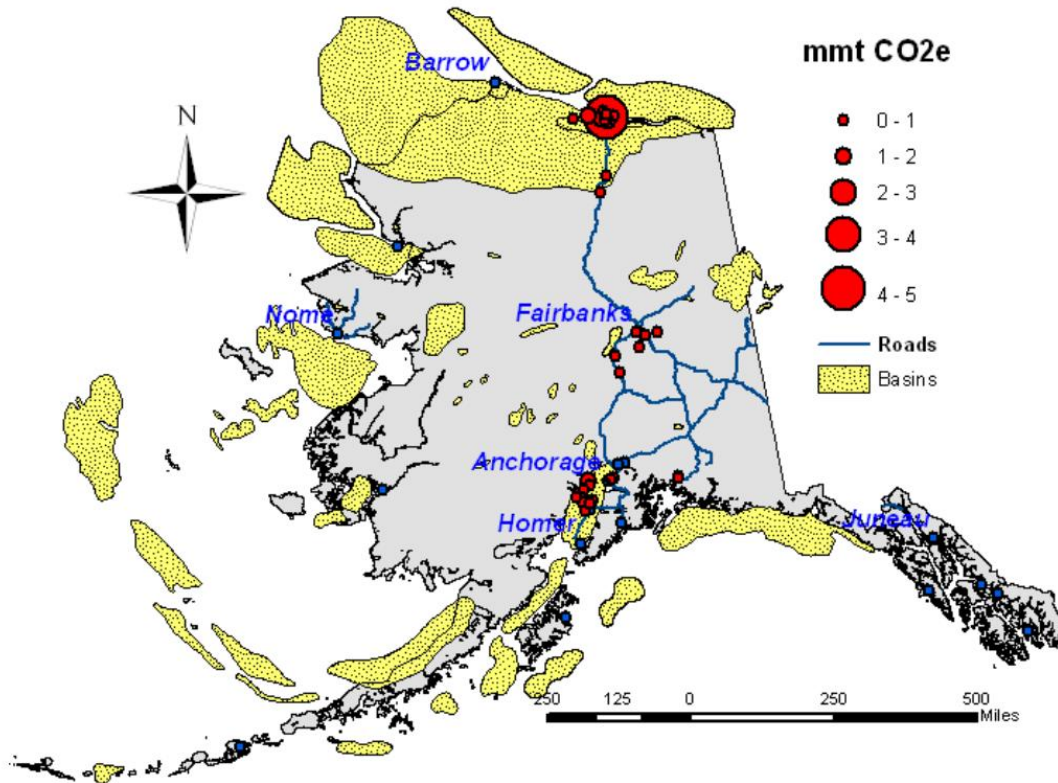
“The United States commits to supporting collaboration with Japanese counterparts to evaluate the potential for cross-border carbon dioxide transport and storage hubs between Alaska and Japan.” [Japan Official Visit to State Dinner – White House April 10, 2024](#)

THE WALL STREET JOURNAL.

“HD Hyundai Heavy Industries, the world’s largest shipyard, and Greece-based shipowner Capital Product Partners have designed a specialized vessel to carry liquefied CO<sub>2</sub>. They envision such ships transporting their cargo to depleted offshore oil-and-gas wells, where it would be pumped in and entombed for permanent storage. Capital Product Partners signed a deal for four such ships, to be delivered in 2025 and 2026, that together cost more than \$300 million.” [A New Solution for CO2 Emissions: Bury Them at Sea – January 31, 2024 Wall Street Journal](#)



# POLICY CONSIDERATIONS FOR ALASKA



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Need for affordable and reliable power

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Opportunity for international importation

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Co-location with oil and gas operations

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Unique pore space ownership

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Cook Inlet considerations

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# THANK YOU



*Photo: Harvestone's Blue Flint Ethanol Plant, North Dakota – Alaska CCUS Summit December 4, 2023*



Haley Paine

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