

CCS AND ENHANCED OIL AND GAS RECOVERY WITH CARBON DIOXIDE

Introduction

As legislative and regulatory efforts to address climate change accelerate, it is critical that policymakers continue to recognize the critical role that carbon capture and storage (“CCS”) can play as a potential mitigation tool. CCS holds the promise of storing large volumes of carbon dioxide in geologic formations such as deep saline formations, depleting and depleted oil & natural gas reservoirs, unmineable coal seams and similar geologic structures. Because CCS has the potential to be applied in a wide range of fossil fuel production processes, the North American Carbon Capture & Storage Association (“NACCSA”) believes that CCS should be recognized as an emissions mitigation measure under any climate regime.

NACCSA members view carbon dioxide as a critical component in the enhanced recovery of oil and natural gas and recognize that it is capable of being responsibly stored as part of this process.

This policy statement focuses on the relationship between CCS and enhanced oil and gas recovery (collectively, “EOR”) using carbon dioxide as a possible bridging technology to broader CCS deployment in the years ahead. Future policy statements will set forth NACCSA’s position on other CCS topics.

Policy Statement on CCS/EOR

EOR using carbon dioxide should be: (1) included as a CCS technology because such injections constitute acceptable long-term storage practices, and (2) allowed to seek all necessary legal and regulatory approvals to qualify as eligible CCS projects under forthcoming climate laws. However, this does not mean that the regulation of current EOR practices should change or that EOR should be deemed CCS by default. Rather, individual EOR projects should be allowed to qualify as CCS projects (in the event that there is a desire to be so treated) subject to appropriate requirements to demonstrate the environmentally sound, long-term storage of carbon dioxide.

Some key principles of this policy include:

- ✓ In EOR operations, the net amount of carbon dioxide that is injected and permanently stored shall be eligible as potential CO₂ emission reductions. Practical accounting techniques (e.g., mass balance) shall be sufficient for calculating net storage amounts.
- ✓ EOR operations using CO₂ should be allowed to transition to dedicated storage-only operations when certain requirements are met. For example, the containment integrity of EOR reservoirs, wells and other infrastructure may need to be reassessed upon transition to dedicated storage-only operations.
- ✓ Existing EOR operations using carbon dioxide should be considered for inclusion in early action credit programs and the like, assuming that such operations can otherwise meet the relevant requirements of the early action programs.

About NACCSA

NACCSA is a non-profit organization of companies united to: (i) educate policymakers and the public about the CCS industry; (ii) encourage and support business interests and developments in the area; (iii) inform our members about policy, legal, regulatory and technical developments related to CCS through information sharing and analysis; and (iv) develop and be an advocate for CCS policy that incorporates a comprehensive business perspective.

NACCSA believes that the development of clear, defensible legislative and regulatory frameworks for CCS projects is necessary for the successful commercial deployment of CCS technology.