

**CO<sub>2</sub> Sequestration Speech  
Kevin Bliss  
(replacing Christine Hansen)  
Alexandria, Virginia  
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**Thank you for inviting the Interstate Oil and Gas Compact Commission or IOGCC to participate today on behalf of our member states.**

**The IOGCC is an organization of states – specifically 30 states that produce oil and natural gas – based in Oklahoma City. Organized as an interstate compact in 1935 – in essence a treaty among states ratified by Congress –our mission is to promote the conservation and efficient recovery of domestic natural gas and oil resources, while protecting health, safety, and the environment. We conduct studies for the states, write model statutes and regulations, foster dialogue among producing states, and work with the federal government to promote sound energy policy. Our member states account for virtually all of this country’s onshore production of crude oil and natural gas.**

**I thought what I’d do today is give you some background on the involvement of the IOGCC and the states in the area of carbon sequestration – where we are, how we got here, and where we’re going.**

**As states we have become increasingly aware over the last several years of the growing interest in carbon dioxide sequestration. Most states already currently regulate the injection of carbon dioxide into oil and natural gas producing formations. It is not for the purpose of sequestering CO<sub>2</sub> but for enabling the enhanced recovery of oil and natural gas – a technique that has been used in the U.S. since the 1920s. The injection of CO<sub>2</sub> into an oil reservoir increases the recovery of oil in place by approximately 12-15%. It has been only the economics of securing and moving CO<sub>2</sub> to the oil patch that has prevented more widespread use of this extraordinarily effective technique for enhanced oil recovery.**

**Thus, last summer in Alta, Utah, under the sponsorship of the U.S. Department of**

**Energy (DOE) and the National Energy Technology Laboratory (NETL) the IOGCC gathered together representatives from 14 states to talk about how the states, building upon existing regulations governing injection of CO<sub>2</sub> for enhanced recovery of oil and natural gas, could very easily begin to regulate the sequestration of CO<sub>2</sub>.**

**The group that gathered in Alta was comprised of State Oil and Gas Directors and State Geologists, the two principal players in our states as concerns this issue. The objective of the meeting was to explore the issue of geologic CO<sub>2</sub> sequestration and assess the interest of the states, through the IOGCC, in undertaking the development of model state regulations and guidance documents for the geologic sequestration of CO<sub>2</sub>.**

**The first part of the workshop consisted of various background presentations that described current issues associated with climate change and CO<sub>2</sub> sequestration, DOE programs related to developing and demonstrating CO<sub>2</sub> capture and sequestration technology, and public and private sector views on CO<sub>2</sub> sequestration, its potential, and the challenges it faces.**

**In the second part of the workshop, the state geologists and regulators responsible for oil and gas industry activities in attendance discussed issues and concerns regarding regulation of CO<sub>2</sub> sequestration activities, and concluded that the IOGCC should take a lead role in the coordination of a nation-wide effort to develop regulatory guidelines and guidance documents concerning CO<sub>2</sub> sequestration. Following the Alta meeting, in December 2002 the IOGCC passed Resolution 02.124 “Establishing a Policy of CO<sub>2</sub> Storage and Sequestration in Oil and Natural Gas Fields and Coal beds.”**

**Under the terms of that resolution, the IOGCC will in the coming weeks formally establish a Geological Sequestration Task Force. This effort will be funded by a grant from DOE and NETL. The task force will: 1) examine the technical, policy and regulatory issues related to safe and effective storage of CO<sub>2</sub> in the subsurface (oil and natural gas fields, coal beds and saline aquifers), whether for enhanced hydrocarbon recovery or permanent storage; and, 2) develop public**

**policy and a regulatory framework for geological CO<sub>2</sub> sequestration, including the publication of regulatory guidelines and guidance documents. Documents produced could include, among other things, model forms.**

**The documents developed by the task force should lay the essential groundwork for a state-regulated but nationally consistent system for the geologic sequestration of CO<sub>2</sub> in conformance with national and international law and protocol.**

**The Geological Sequestration Task Force will be comprised of representatives from IOGCC member states, State oil and gas agencies, the U.S. Department of Energy, the Association of American State Geologists, and other organizations with an interest in injection of CO<sub>2</sub> into underground formations. It is expected that this effort can be completed within approximately 12 months.**

**It is also anticipated that this effort will include several regional workshops to explain and work with states on the guidelines and guidance documents.**

**I would sum up my remarks as follows:**

**The bottom line is that if tomorrow Congress enacted law creating tax credits for CO<sub>2</sub> sequestration, the 30 states with the greatest potential for geologic sequestration could begin regulating CO<sub>2</sub> sequestration almost as quickly.**

**Sequestration in properly structured geologic formations provides the most immediate and perhaps the most economic way to sequester CO<sub>2</sub>. Known oil and natural gas fields contain the logical geologic formation for sequestration.**

**Let's just break that down into its individual pieces:**

- We know the rocks that contain oil and natural gas have porosity and permeability and are capable of sequestering CO<sub>2</sub> because they have demonstrated this capacity in the field.**
- They are logical formations because they are already identified and are**

easily accessed through existing well bores.

- As for regulations – they already exist in most states.

As I noted earlier, putting CO<sub>2</sub> into petroleum producing formations has been an enhanced recovery technique since the 1920s. State oil and gas regulatory divisions, often called state oil and gas conservation commissions, have regulated this process since its inception.

There are, quite naturally, differences among the states on details of their regulatory processes for putting CO<sub>2</sub> into petroleum bearing rocks. The Interstate Oil and Gas Compact Commission (IOGCC) through the Geological Sequestration Task Force will work with the states to identify key components that should be in a model regulation.

Given the years of regulatory experience in this arena, states' oil and gas agencies know a great deal about putting CO<sub>2</sub> into rock formations. The states know what works. Perhaps even more importantly, the states know what doesn't work. The states know which practices can create problems and they know how to solve those problems.

This indeed is the case against federal regulation of CO<sub>2</sub> sequestration. Ignoring the knowledge and experience of the states would be a sad waste of national resources. Regulating CO<sub>2</sub> sequestration at the federal level would be a totally unnecessary expense for federal and state taxpayers. Federal regulation of CO<sub>2</sub> sequestration would assume that every geologic formation suitable for sequestration is identical. You all know that is not true.

States understand their geological formations, having studied them extensively. Every state has a State Geologist and related agency that works closely with the state oil and gas conservation commissions.

There are many challenges yet to be overcome on CO<sub>2</sub> sequestration – gathering it, moving it to a geologic formation, determining the value of sequestration and establishing the method of payment. The one thing that does not need to be

created is new regulations involved with putting CO2 into structures known to be capable of holding it.

In closing let me simply observe that the U.S. has sufficient capacity in known oil and natural gas fields to hold every single cubic foot of CO2 that would need to be sequestered in the U.S.

I would also encourage you to follow the progress of the work of our task force on our web site: [www.ioqcc.state.ok.us](http://www.ioqcc.state.ok.us).