

Carbon Sequestration Working Group

Background: HB 90 Section 1 amended the Environmental Quality Act (EQA) to provide for the regulation of carbon sequestration by the DEQ and the OGCC. A new section of the EQA, 35-11-313 (g) states: "...the state geologist, oil and gas supervisor and the director shall convene a working group for the purpose of developing an appropriate bonding procedure and other financial assurance methods to assure adequate financial resources are provided to pay for any mitigation or reclamation costs that the state may incur as a result of default by the permit holder. The bond or other financial assurance requirement shall be required during the operating life... and throughout the post-closure care period...."

Draft Charter

Purpose: To review available technical, geological, financial, and risk management factors associated with the geologic sequestration of carbon dioxide so that an appropriate and effective bonding and financial assurance system can be recommended to the legislature.

Process:

- The working group will consist of approximately 10 members with experience and knowledge that bears on the work needed to develop the recommendation. Professions that should be represented include legal, geological, oil & gas, environmental, engineering, and financial. The group will also have representation from industry and the landowner community.
- Meetings will be open to the public, with ample time provided to receive their input and comment.
- The working group will take a phased approach to its work. The first phase will be data and information gathering. The second phase will be an idea generation and evaluation stage. The final phase will be the development of recommendations.
- Experts in the various aspects of carbon sequestration will be invited to share knowledge and perspective.
- A resource person will be retained to assist the working group in communications, meeting arrangements, and such other details as necessary for the group to be efficient in the use of its time.

Products:

- Identification and characterization of the environmental and other risks associated with the various phases of a carbon sequestration project.
- Identification of the reclamation, mitigation, and potential remediation requirements associated with these risks.
- Identification of other sources of liability.
- Assessment of alternatives that provide the state protection in the event of operator default.

- Review of availability of short and long term financial assurance vehicles and methods through which adequate financial resources are available throughout the project operating life, its closure and post closure care period and for an adequate period of time thereafter.
- A report will be developed and presented to the joint minerals, business and economic development and the joint judiciary committees no later than September 30, 2009. This report may include a suggested framework for legislation.

Working Group Members:

- Ron Surdam, State geologist
 - Don Likwartz, State Oil and Gas Supervisor
 - John Corra, Director of the DEQ
 - Mark Northam, Director of the School of Energy at UW
 - Ralph Brokaw, President, Wyoming Association of Conservation Districts
 - Nancy Freudenthal, Attorney
 - Ian Andrews, Pacificorp
 - Lyle Witham, Basin Electric
 - Ken Hendricks, Anadarko Petroleum
 - Bob Green, Rio Tinto Energy
 - Kevin Frederick, Wyoming Department of Environmental Quality
- Dan Clark, DEQ Outreach Coordinator will act as a resource for our group.

Broad Action Plan

1. First Meeting:
 - Introductions and Review of Charter (see attached)
 - Discuss and agree on a work process, make assignments for future work
 - Review of legislation
 - Technical overviews; UIC programs, Geologic Sequestration, Technical aspects of carbon capture and storage
 - Broad discussion of the unique nature of CO₂ sequestration
2. Second Meeting:
 - Field Trip to Anadarko's Salt Creek field
 - Review of pertinent existing statutes and regulations (I.e. RCRA, CERCLA, Price-Anderson Act, various State of Wyoming bonding programs, etc.)
 - Bonding and financial assurance issues in the mining industry
3. Third Meeting:
 - Hear from the financial community (I.e. insurance companies who sell bonds, other financial interests who can speak to how they value risk and how they view the challenge of financial assurance for long term CO₂ storage)
 - Hear from the utilities and landowners about their concerns
 - Overview of legal issues as they pertain to the challenge
 - Hear from U.S. EPA on progress toward rule making.
 - Working group to decide on what additional information they need and map out the remainder of our work.
4. Fourth Meeting:
 - Brainstorm possibilities and develop recommendations.

