

Risk, Liabilities & Carbon Trading

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Overview

- Risks
- Liabilities
- Carbon Trading

Risks Associated with CCS

Risks

- **Risks are a function of the activity and wisdom in selecting the site**
 - *Responsible regulation of the risks is critical to ensure the public interest is met.*
 - *Demonstration v. commercial?*
 - *EOR v. long-term storage?*
 - *Some risks, such as those associated with transportation, are well documented and understood*
 - *Location matters: Downtown Boston or the Powder River Basin?: If you do CCS in the right locations (e.g., Wyoming), risks are immediately manageable today*
 - *Unfortunately, CCS risk principles are being advanced today by those who, by and large, either lack appropriate academic credentials (e.g., reservoir geologists) or otherwise have a non-commercial agenda*
- **Health & Safety**
 - *We are not aware of any CO₂-related OSHA injuries in the 30+ years of operations in the Permian Basin*
- **Environmental/Public Health**
- **Geotechnical/Mineral Rights/Subsurface**
- **Climate**

Liabilities Associated with CCS

Liabilities

- Lack of a clear, stable and fair liability regime is perhaps the biggest impediment to the commercial deployment of CCS
 - *Lack of clear regulations*
 - *Commodity v. waste?*
 - *Post-operation responsibility*
 - *Who owns the pore space?*
 - *Carbon caps – will CCS be “creditable”?*
 - *Other*
- Some States are attempting to address the problem
 - *Texas – FutureGen*
 - *Illinois – Bill being debated*
- Countries such as Norway are establishing special government-funded “carbon corporations” to take title to the CO₂
- Congress is expected to debate the issue shortly

Carbon Trading under CCS: Turning Your Supercritical Gaseous Assets Into Liquid Assets of Another Kind

Carbon Trading

- **International**
 - CDM Executive Board considering several CO₂-EOR proposals
- **US**
 - AB 32
 - RGGI
- **Non-regulatory Commercial**
 - Contracts for the sale of future injections
 - Sales of current injections
 - Sequestration rights
 - Other

Q&A

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