Evolution of CO2 EOR and CCS in the United States

7th IEA International CCS Regulatory Network
International Energy Agency
Paris, France
April 22–23, 2015

John A. Harju
Associate Director for Research
Qualified Opportunities for CO$_2$ Storage

- Oil and gas fields
  - Storage in association with carbon dioxide (CO$_2$)-based enhanced oil recovery (EOR)
  - Storage in depleted oil and gas fields
- Saline formations
U.S. CO₂ EOR Projects

Oil Production, 2014

- CO₂ EOR projects: 136
- Oil production, 1000 b/d: 300

CO₂ Supplies

- Number of sources: 17
- Natural: 5
- Industrial: 12
- CO₂ supply, Bcfd:
  - Natural: 2.8
  - Industrial: 0.7

Source: Advanced Resources International Inc. based on EOR/Heavy Oil Survey 2014 and other sources.
North Dakota has been regulating the drilling and production of oil and gas for a long time.
North Dakota CO₂ EOR Regulations

• North Dakota has had Class II (EOR) primacy since 1983.

• Regulates the drilling and production of oil and gas in North Dakota.

• Mission:
  – To promote the development, production, and utilization of natural resources of oil and gas in such a manner as to prevent waste.
  – To authorize and provide for the operation and development of oil and gas properties in a manner for the greater ultimate recovery of oil and gas.
  – To fully protect the rights of all owners.
  – To encourage and authorize EOR to ensure the greatest possible economic recovery of oil and gas be obtained.
U.S. Environmental Protection Agency (EPA) Well Classification for Underground Injection Control

Class I wells - Isolate hazardous, industrial, and municipal wastes through deep injection

Class II wells - Inject oil and gas production fluids

Class III wells - Minimize environmental impacts from solution mining operations

Class IV wells - Banned under all scenarios except as part of authorized hazardous waste cleanup activities

Class V wells - Manage the shallow injection of all other fluids to prevent contamination of drinking water resources

Class VI wells - Inject CO₂ for long-term CO₂ storage to reduce emissions to atmosphere

In your community, there may be industrial waste disposal wells, storm water drainage wells, large-capacity septic systems, and other Class V wells. They are regulated and are not allowed to endanger drinking water resources.

All large-capacity cesspools are banned.
New motor vehicle waste disposal wells are banned nationwide.
Existing motor vehicle waste disposal wells in source water protection zones or other sensitive groundwater areas must close or receive a permit.
• The New Class VI – CO₂ storage
  – Extensive site characterization requirements.

  – Well construction using materials that are compatible and can withstand contact with CO₂ over the life of the geologic storage (GS) project.

  – Comprehensive monitoring of all aspects of well integrity, CO₂ injection and storage, and groundwater quality during the injection operation and the postinjection site care period.

  – Well’s financial responsibility requirements to assure the availability of funds for the life (including postinjection site care and emergency response) of the GS project.

  – 940+ pages of new regulations and guidance documents
Class VI Wells

Areas of Concern

- The distinct transition from Class II to Class VI
  - Proposed rule states no transition as long as well is producing.
  - Final rule creates a potential transition point while well is still producing.

- Expands EPA’s authority to include Class II primacy programs
  - Allows Class VI director to require Class II operator to perform tasks associated with Class VI wells.

- Failure to recognize landowner pore space ownership

- No mechanism/solution for long-term liability
Long-Term Liability and State/Federal Responsibilities

Guidance for States & Provinces on OPERATIONAL & POST-OPERATIONAL Liability of Carbon Geologic Storage

Phase I Exploratory
- Amalgamation of Storage Rights
- Exploratory Permits
  - State Jurisdiction

Phase II Permitting
- Issuance of Facility Permit, Permit to Drill Wells, Permit to Inject
  - State & UIC Jurisdictions

Phase III Storage
- Injection Well Operations
  - UIC Class VI Jurisdiction Shared with State Primacy

Phase IV Closure
- Well Plugging and Facility Closure
  - UIC Class VI Jurisdiction Shared with State Primacy

Phase V Post-Closure (Long-Term)
- Long Term Monitoring and “Caretaker” Function
  - State Jurisdiction

Figure 1-1 CGS Project Flow Diagram
(Yellow boxes show concurrent state and UIC Class VI jurisdiction in Phases II, III, IV. Phase I and V show exclusive state jurisdiction.)
Phases of a Hypothetical Oil Production Project that Transitions to ER and Eventually GS, Illustrating Relative Risk.

Source: EPA Draft Underground Injection Control Program Guidance on Transitioning Class II Wells to Class VI Wells
2009 North Dakota Legislation
Established Two Funds:

1) CO₂ Storage Facility Administrative Fund
   - Used for defraying expenses in processing permit applications; regulating storage facilities during construction, operational, and preclosure phases; and making storage amount determinations.
   - Fee paid by storage operators based each ton of CO₂ injected for storage, the amount set by commission rule.
   - Based on anticipated expenses in regulating storage facilities during construction, operational, and preclosure phases.
2009 North Dakota Legislation
Established Two Funds:

2) CO₂ Trust Fund

- Storage operators pay the fee on each ton of CO₂ injected for storage.
- Fee amount set by commission rule.
- Based on anticipated expenses associated with the long-term monitoring and management of a closed storage facility.
North Dakota Property Ownership

- Land ownership includes:
  - Air rights.
  - Surface rights.
  - Mineral rights (severable).
  - Pore space

- 2009 North Dakota legislation established
  - Pore space belongs to the owner of the overlying surface.
  - Severing pore space is prohibited.
  - Leasing pore space is allowed.
North Dakota’s Regulatory Time Line

2008
North Dakota CO₂ Storage Workgroup formed.

2009
North Dakota State Legislature:
• Rules that pore space belongs to property owner.
• Rules that severing pore space is prohibited.
• Establishes CO₂ Storage Facility Fund and CO₂ Trust Fund.

2010
North Dakota establishes regulatory framework for geologic storage.

2010 (December)
EPA issues proposed Class VI injection well regulation.

2011
North Dakota sets goal to obtain Class VI primacy.

2011 (September)
EPA designated acting regulatory authority for Class VI wells.

2012
• North Dakota submitted draft Class VI primacy application to EPA.
• EPA returned draft with additional requirements.

2013
North Dakota State Legislature amends regulatory framework to meet federal requirements.

2013 (June)
Primacy application resubmitted

2013 (July)
EPA returns application with comments requesting additional changes.

2013 (August)
EPA acknowledges receipt of North Dakota Class VI application:
• 30-day public comment period

2013 (September)
End of 30-day comment period. No request for public hearing.

2013 (October)
Finalized memorandum of agreement with EPA.

2015 (April)
Waiting for EPA to approve primacy application.
Bell Creek Project Overview

- The Bell Creek oil field is operated by Denbury Onshore, LLC, which is conducting a commercial EOR project.

- CO$_2$ is sourced from gas-processing plants.

- The Plains CO$_2$ Reduction (PCOR) Partnership, one of 7 Regional Carbon Sequestration Partnerships designated by U.S DOE, is studying CO$_2$ storage associated with a commercial-scale EOR project.
PCOR Partnership Objectives

• Safely and permanently achieve CO₂ storage on a commercial scale in conjunction with EOR.

• Demonstrate that oil-bearing formations are viable sinks with significant storage capacity to help meet near-term CO₂ storage objectives.

• Establish MVA methods to safely and effectively monitor commercial-scale simultaneous CO₂ EOR and CO₂ storage projects.

• Use commercial oil/gas practices as the backbone of the MVA strategy, and augment with additional cost-effective techniques.

• Share lessons learned for the benefit of similar projects across the region.

• Establish a quantifiable relationship between the CO₂ EOR process and long-term storage of CO₂.
Bell Creek Monitoring

Monitoring data are interpreted both independently and as part of an integrated geologic modeling and simulation workflow.
Thank You
Contact Information

Energy & Environmental Research Center
University of North Dakota
15 North 23rd Street, Stop 9018
Grand Forks, ND 58202-9018

World Wide Web: www.undeerc.org
Telephone No. (701) 777-5122
Fax No. (701) 777-5181

John A. Harju
Associate Director for Research
jharju@undeerc.org