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- [Utilities](#)
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CCUS regs update for Senate Resources

DO&G, AOGCC review status of carbon storage program, with divisions' regs filed Jan. 17, AOGCC draft regs due out in February

[Kristen Nelson](#), Petroleum News | Feb 09, 2025

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The Senate Resources Committee got an update Jan. 29 on the status of the state's carbon capture utilization and storage program, enacted into law by the Legislature in House Bill 50 in 2024.

Haley Paine, deputy director of the Department of Natural Resources' Division of Oil and Gas provided DNR's update. The division's role is to lease state lands for geologic storage of carbon dioxide and issue right-of-way leases for carbon dioxide transportation pipelines, while the Alaska Oil and Gas Conservation Commission regulates geologic storage of carbon dioxide on all lands in Alaska and is also responsible for protecting correlative rights.

DNR program to begin in February

Paine said that since House Bill 50 was passed in 2024, the department has been working to implement it and is now poised to begin the program Feb. 16.

Carbon capture utilization and storage, or CCUS, is the process of capturing carbon dioxide, transporting it and storing it underground, Paine said. Carbon can come from industrial processes or from ambient air, she said, but what's involved is 'capturing the carbon dioxide, dehydrating it, compressing it into a liquid-like state and then transporting it to somewhere where you can inject it underground' into formations at least 2,600 deep, with injection managed by AOGCC.

HB50 authorizes DNR as landowner to license the state's pore space for carbon storage just as it licenses state lands for oil and gas development.

The legislation passed in May and the division looked at what it does for oil, gas, geothermal and gas storage in designing CCUS regulations. They also looked at what other jurisdictions have done for CCUS, both state and federal, putting out a scoping notice in June, Paine said. The bill was signed July 31 and the division published

draft regulations Oct. 23.

Revised regulations were transmitted to the lieutenant governor on Jan. 17. The effective date for the regulations is Feb. 16.

SUBHED: Licensing

Leasing for CCUS will be on a licensing basis, similar to the division's oil and gas exploration licensing program which covers areas not included in areawide sales. Once the division receives an application for a carbon storage license, it will provide notice of the application to the public and call for competing proposals.

Under Environmental Protection Agency requirements, the land must be monitored for 50 years once its use for CCUS has ended, so the division's regulations include a plan of abandonment and restoration.

Paine said the division has no applications currently, but two parties are tracking when applications will be available.

AOGCC

Commissioner Greg Wilson of the Alaska Oil and Gas Conservation Commission updated the committee on AOGCC's role in the process, which is to receive needed primacy from the Environmental Protection Agency so it can issue permits for Class VI injection wells for carbon injection. Engagement with EPA and drafting of regulations began in January 2024, with a public scoping hearing in November and final draft regulations due out in February, followed by a month for legal review and two months for public comment with an application for primacy to be submitted to EPA in May and primacy expected in 12 to 24 months thereafter.

AOGCC received state funding for carbon storage and an EPA Class VI grant of \$1.93 million awarded in November covering October 2024 through September 2029, at \$386,000 per year. Wilson said any state monies not spent would be returned to the general fund.

Wilson said AOGCC's technical team for Class VI primacy includes its underground injection control program manager, who currently manages Class II primacy (enhanced oil recovery and disposal) and a recently hired petroleum/carbon engineer who is currently concentrating on oil and gas issues but would work on carbon storage should a project emerge.

Author Bio

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Kristen Nelson has been reporting on Alaska oil and gas since the early 1990s and has been with Petroleum News as editor and reporter for more than 30 years.

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