

Costs, burdens of new carbon regulations debated at CO2 Conference

by Mella McEwen
Midland Reporter-Telegram

Published: Friday, December 11, 2009 1:12 AM CST

"I opened the workshop Monday at about 1:30 in the afternoon telling everyone the world as they knew it had just changed," says Mike Moore, vice president of Blue Source Inc. and director of the EOR Carbon Management Workshop held in conjunction with the annual CO2 Conference.

Speaking at Midland Center Thursday as the first day of the CO2 Conference was preparing to break for lunch, Moore was referring to Monday's announcement by the Environmental Protection Agency that it considered carbon emissions a hazard to the public health, a first step toward regulating emissions.

The industry, Moore said, either can complain about proposed rules and regulations or it can have a hand in shaping those rules and regulations so they are more effective and less onerous.

"If you don't provide input to change or ease the impact of those regulations, shame on you," he said. "Either live with what you get or make sure what you're given is workable. This room holds the data that could make regulations either useful or intractable."

Capturing carbon dioxide (CO2) emissions and using those gases in enhanced oil recovery projects works, he said, and the companies with EOR projects have the data that proves it works.

Enhanced recovery, said Dr. Bruce Hall, senior scientist with the Clean Air Task Force, is a great start.

"In order to make power sources carbon neutral, you need a place to put it," said Hall, who traveled to Midland from New Hampshire to attend the conference.

"Right down the street is a proposed power plant that would capture the CO2 from the plant and sell it to oil companies for EOR," he continued. "We're looking to the CO2 industry to lead the charge in providing storage for CO2 emissions. The next stage will be power plants that strip off CO2 and make it available to other users so it never enters the atmosphere."

In coming to Midland, he said he is representing the non-profit organization in saying "the EPA is writing regulations to monitor and make sure CO2 doesn't make it to the atmosphere and the industry has the data and knowledge and they need to share it with regulators so the regulators understand the process of how CO2 can become permanently stored. That way the industry won't be spending so much money on the process it becomes a barrier. And we need the public to understand they're not just squirting it into the ground."

Still, said Barry Petty, managing partner of Trinity CO2 LLC, there is a lot of apprehension as the industry wonders whether President Obama will use "his czar position to club Congress into going along with his wishes. It will be interesting to see what comes out of Copenhagen, what promises the president makes. The technology that would be required, in a lot of cases, we're just not there."

His company, he said, has been getting calls from producers saying they see rules and regulations coming but they don't want to be in the CO2 business, they don't know how to capture CO2 and wonder if Trinity can help. Petty says he tells them yes, but can't yet because rules and regulations are not set yet and so potential costs aren't yet known.

"No one will do anything substantial until they know what the costs are going to be," Petty explained, noting proposed EOR projects are being put on hold because they're not sure they can get the CO2 supply from power-generating plants that have been proposed, and the power plants can't move forward without someplace to put the captured CO2.

Whatever action is taken, Petty predicted, "will be borne on the shoulders of the American taxpayer. Until they see their electric bill, they won't realize what it costs. Some estimates are that electric bills will double."

Mella McEwen can be reached at mmcewen@mrt.com.