Carbon Dioxide Reduction Act

- K.S.A. 55-1636 through 55-1641, 79-233 and 79-32,256, and amendments thereto
- KCC as lead agency on CO₂ sequestration projects
- Promulgated 2007; Amended July 2010
- Federal Class VI regs promulgated December 2010
Changes to 45Q tax credit

- Up to $85 per tonne of CO₂ permanently stored
- $60 per tonne of CO₂ used for EOR or other industrial uses
- $180 per tonne of CO₂ – Direct Air Capture (DAC) projects
- $130 per tonne – used CO₂

- Reduced capacity requirements for eligible projects
  - 18,750 tonnes per year for power plants
  - 12,000 tonnes per year for other facilities
  - 1,000 tonnes per year for DAC facilities

7-year extension to qualify

Projects need to begin by January 2033
January-February 2023

- Renew Kansas Biofuels sent draft legislation to many stakeholders
  - KDHE, KCC, KIOGA, API, ONEOK, more…
- Legislation was messy
  - Two different drafts, both designating a different agency
  - Deadline for program implementation was unlikely
  - Contradictions with federal regs
  - Pore space law / existing mineral rights issues
- Agency pushback on legislation
  - Legislation was not introduced this session
  - May be introduced next session
March 2023 - LOI submitted to U.S. EPA

• Required to be eligible for $50 million funding to support states/tribes developing UIC Class VI programs
Lead agency undecided

- During draft legislation review process – KIOGA & API stated they would prefer KCC be designated primacy
- KCC / KDHE discussed a joint approach like Wyoming
- KCC has first right of refusal to undertake Class VI primacy
- No decision has been reached
May 2023

- 3 projects in discussion / pre-application phase with U.S. EPA R7 in Kansas
- Ethanol plants in Pratt, Russell, and Oakley counties
  - Russel & Oakley – potential CO$_2$ in Arbuckle
  - Pratt – potential CO$_2$ in the Mississippian and/or Arbuckle
Company updated KDHE and KGS on potential Class VI project

Stratigraphic test well was drilled into the Arbuckle in Russel County (Oct. 2022)

Company is moving forward with project

KGS/KDHE will provide feedback on proposed seismic monitoring plan for facility
Agency Concerns

- Induced seismicity
- Cost vs. Benefit
- Pore space ownership / existing mineral rights
  - Unitization? Law doesn’t exist in KS
  - Compensation for encroachment on existing mineral rights?
  - How will that affect Class I operators
  - How will that affect oil and gas operators
- Neither agency has technical staff to implement complex regulatory program
  - e.g. reservoir modeling
- Primacy package process takes years to complete
  - Ethanol industry may be able to get a permit with EPA quicker than KS can obtain primacy
Questions

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