



Class VI Update

Alexandria Lane, P.G. | 8/9/2023

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

Letter of Intent (LOI) to apply for Class VI Primacy

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 CO₂ in Arbuckle
 - Pratt – potential CO₂ in the Mississippian and/or Arbuckle

August 2023

- 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

- 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



Alexandria Lane

785-230-0741

Alexandria.lane@ks.gov