



THE ALLIANCE

Linking Alaska's Resources to Alaska's People

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CCUS Cliff Notes #2 - **What is the State Trying to Accomplish with SB49 and HB 50?**

On January 26th, 2023, Governor Dunleavy transmitted legislation to the house and senate for introduction.

SB49 and HB 50 titled "Carbon Capture, Utilization and Storage Act" were described by the Governor as "a key component of the state's efforts to monetize its immense carbon storage potential and maximize utilization of resources."

The bills are working their way through the house and senate.

The bills have 14 sections. A description of what is meant to be accomplished with each section is listed below:

Section 1: Short Title of the Bill

Section 2: Grants AOGCC jurisdiction to regulate carbon storage unit operations in the state like oil and gas

Section 3: Authorizes AOGCC to seek primary enforcement authority for permitting and regulating Class VI injection wells for CO₂

Section 4: Creates Carbon Storage Closure Trust Fund to provide non-sweepable fund for post-closure operations of State agencies

Section 5: Adds carbon storage to mineral estate disposal exemption for agricultural lands disposal

Section 6: Adds carbon storage exemption for when state lands are leased for purposes other than extraction of natural resources

Section 7: Adds carbon storage to provisions requiring leases to pay damages to landowners and to post bonds for that purpose; and providing lessee access to access the internal estate if a surface owner refuses to engage in a surface use agreement; this is the same statutory process that exists for other mineral estate development of split estate

Section 8-11: Adds carbon storage program to mineral leasing statutes, primarily providing for revenue collection

Section 12: Adds carbon storage provision to exemptions for coal bed methane and unconventional gas because carbon storage leasing might be possible on unmineable coal seams

Section 13: Adds carbon storage leases to prohibition in the Kachemak Bay oil and gas closure area

Section 14: Adds new section to Alaska Land Act as Article 15A – Carbon Storage Exploration Licenses; Leases

In the one-page sheet summarizing the bill, the Department of Natural Resources highlighted the following elements of the bill that would diversify Alaska’s revenue portfolio:

- New revenue from carbon storage companies
- Enhanced recovery from oil and gas fields
- Synergies with new oil production projects and LNG export business models
- Bring new industries to Alaska to capitalize on carbon capture streams
- Promote clean energy industry job creation

The DNR paper also noted that the bill would bring the decades-long success of Alaska’s oil and gas industry framework to CCUS.

Tomorrow: CCUS Part 3 – Pros and Cons of SB49/HB50