

MEETING SUMMARY
Alaska Mitigation Advisory Group
Oil & Gas Sector Technical Work Group (OG TWG)
Call #2, June 25, 2008, 10:00am – 12:00noon

Attendance:

1. Technical Working Group members:

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| Janet Bounds | Chevron |
| Russ Douglass | Doyon Drilling |
| Kip Knudsen | Tesoro |
| Louis Kozisek | Alaska Joint Pipeline Office |
| John Norman | Alaska Oil and Gas Conservation Commission |
| Jane Williamson | Alaska Oil and Gas Conservation Commission |
| Jim Pfeiffer | BP |

2. Center for Climate Strategies (CCS) staff:

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| Alison Bailie |
| Greg Powell |

3. Alaska State Agency (DEC) Liaison and Attendees:

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| Jackie Poston |
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Background documents:

(all posted at http://www.akclimatechange.us/Oil_Gas.cfm)

1. Agenda
2. PowerPoint presentation for meeting
3. Draft Catalog of Mitigation Options
4. Mitigation Option Descriptions

Discussion items and key issues:

1. TWG member noted that no one from Department of Energy was on TWG. Jackie Poston noted that if the TWG wants someone from DoE (or other), submit list of experts we would like; need to identify area of expertise
2. Discussion on cap-and-trade or carbon tax indicated TWG preferences that it should only be considered if at regional level at minimum. TWG members noted the following concerns
 - a. No point establishing cap-and-trade or carbon tax if different from federal initiative
 - b. Need more information before supporting
 - c. Need some analysis on tracking cap-and-trade proposals, could obliterate oil and gas sector if not careful.
 - d. Impact on economic growth needs to be considered – also for other options
 - e. TWG members also noted that care must be taken to ensure that options acknowledge the risks of increased cost of living to Alaskans.

Alison Bailie noted that these details would be developed later in the process, if the TWG decides that cap-and-trade/carbon tax should be priorities for analysis the TWG will develop more details on possible implementation. These details will be developed for each option that is developed further.

3. Rule-making for reporting of GHG emissions
 - a. TWG members noted that the federal government, through EPA, will provide rule-making on reporting GHG emissions and did not want TWG to duplicate work.
 - b. If gaps in federal reporting are significant, there may be need for recommendations for GHG reporting for Alaska; if gaps are small, no need to develop new rule
4. TWG member noted that under market-based mechanism option there was not mention of incentives, however it was pointed out that other options contain incentives.
5. TWG member suggested adding option for demand side (energy conservation) incentives
 - a. Expand beyond oil and gas (Usibelli coal mine)

- b. Facilitators responded that option would be added to the catalog but that another TWG, the Energy Supply and Demand TWG (http://www.akclimatechange.us/Energy_Supply_Demand.cfm), would cover the demand side options for all types of energy consumption by residential, commercial and industrial (including electricity and coal mining but excluding oil and gas operations) sectors in Alaska. In addition, the transportation TWG will consider energy conservation of transportation fuels in Alaska (http://www.akclimatechange.us/Transportation_Land_Use.cfm). Keeping this option as a place-holder in the Oil and Gas TWG catalog will remind all three TWGs to review assumptions and provide input to each other on design and analysis.
 6. Option 1.2 Incentives for advanced fossil fuel production – members noted that “advanced” may be misleading as it could imply that the option is focused on “more” fossil fuel production. Suggestions included “low-GHG” or “cleaner”
 7. TWG noted the likelihood that incentives for low-GHG fossil fuel production will be part of federal legislative package – has been suggested at federal level. Members wanted more information added to the catalog to indicate what federal and other actions were already taking place, in order to avoid duplication of effort. Jackie Poston suggested that this information could be provided, if the request is made to her.
 8. Option 1.3 – member suggested replacing “tax” with “emissions fee”
 9. CCSR – what is the time horizon? While the time horizon for the MAG analysis of emission reductions is through 2020, the TWG should also consider options with longer horizons, such as CCSR.
 10. Concerning re-injection of CO₂ into wells, TWG members noted that Class 6 re-injection well regulations (federal) are on the way
 - a. Class 6 wells developed based on Class 2
 - b. Coming in July 2008
 - c. EPA contact Louris Davies – Jackie to contact
 11. CO₂ for EOR has been underway for a long time – but the capture side of the technology remains unknown. There may be opportunity for a demonstration project in the near future. So far the CO₂ separation has proved challenging
 12. Separate CO₂ capture from storage and reuse
 - a. Consider tertiary benefits of removing CO₂ (corrosion)
 - b. Consider whether CO₂ would have to be removed from pipeline gas
 13. TWG members suggested reviewing UIC projects and process – TWG members to compile names and other sources to contact
 14. Members noted that Reduce flaring would likely have low emission reductions since routine flaring hasn’t happened since the 1970s
 15. Option 3.1 – Many of the initiatives are already underway at various companies
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- a. Potentially high opportunity for reduction
 - b. Turbines improved efficiency by ~10%
 - c. Cogeneration at refineries could have high GHG reduction potential
16. TWG members suggested adding the following as new options
- a. Consider use of renewables at oil and gas operations – Prudhoe Bay has significant renewable resources, Option 3.3 – add renewables to description
 - b. Satellite developments provide opportunities to share facilities – add incentives for this opportunity as new option
 - c. Add ‘improve efficiency of pipeline’
 - d. Consider distribution
17. TWG members noted that fugitive emissions occur from all oil pipelines all the time (API 622 and 4681)
- a. VOCs and NGLs – could be relevant for climate change
18. Inventory and forecast is under revision. TWG members suggested developing a “high growth” scenario that includes potential developments such as the natural gas pipeline. This option will be discussed at future meetings

Next steps and agreements:

- CCS to send revised catalog by Friday, June 27
- Send ideas for new mitigation options to Alison and Greg by July 3, 2008
- Alison and Greg will send a revised catalog to MAG

Next meeting:

July 23, 2008, 10:00am-12noon