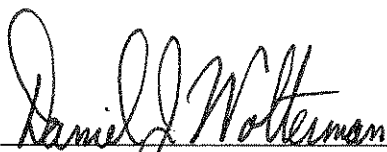


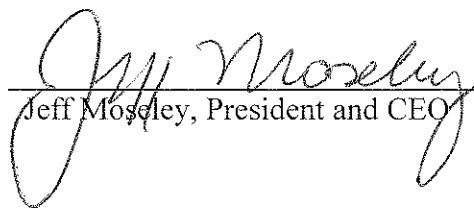
**Resolution of the Board of Directors in Support of Proposed Rules for
Carbon Dioxide Geologic Sequestration Wells**

The Environmental Protection Agency (EPA) is presently considering how carbon dioxide (CO₂) sequestration should be regulated under the federal Underground Injection Control (UIC) Program. The Greater Houston Partnership is pleased that this work is a priority for the agency. The Partnership encourages the EPA to develop rules that:

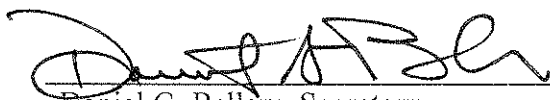
1. Assure that sites are properly selected, managed and monitored in order to protect underground sources of drinking water, especially sole source aquifers;
2. Establish a new Class VI well category tailored for large-scale CO₂ sequestration projects that builds on the existing UIC framework;
3. Recognize and maintain the integrity of the existing Class II regulatory framework for CO₂ enhanced oil recovery projects;
4. Support the development of innovative technologies for geologic carbon sequestration;
5. Create and maintain a consistent national framework for geologic carbon sequestration, while continuing to enable states to apply for authority to administer the rules at the state level;
6. Provide more flexibility than has been proposed for projects that transition from Class II to Class VI status;
7. Revise the standard for determining site closure. Criteria should be performance based and a function of site-specific geologic and other risk criteria; and,
8. Revise the proposed requirement that CO₂ storage must occur below the deepest underground sources of drinking water to allow site selection based upon more flexible, site-specific considerations.



Daniel J. Wolterman, Chairman



Jeff Mosley, President and CEO



Daniel G. Bellow, Secretary

MEMORANDUM

DATE: November 5, 2008

TO: Greater Houston Partnership Board of Directors

FROM: Doug Foshee
Chairman, Environment Advisory Committee

SUBJECT: Resolution of the Board of Directors in Support of Proposed Rules for Carbon Dioxide Geologic Sequestration Wells

RECOMMENDATION

The Environmental Protection Agency (EPA) is presently considering how carbon dioxide (CO₂) sequestration should be regulated under the federal Underground Injection Control (UIC) Program. The Greater Houston Partnership is pleased that this work is a priority for the agency. The Partnership encourages the EPA to develop rules that:

1. Assure that sites are properly selected, managed and monitored in order to protect underground sources of drinking water, especially sole source aquifers;
2. Establish a new Class VI well category tailored for large-scale CO₂ sequestration projects that builds on the existing UIC framework, including the oil and gas industry's over 35 years of experience injecting CO₂ for enhanced oil recovery;
3. Recognize and maintain the integrity of the existing Class II regulatory framework for CO₂ enhanced oil recovery projects;
4. Support the development of innovative technologies for geologic carbon sequestration;
5. Create and maintain a consistent national framework for geologic carbon sequestration, while continuing to enable states to apply for authority to administer the rules at the state level;
6. Provide more flexibility than has been proposed for projects that transition from Class II to Class VI status. In order to fully reflect the petroleum industry's 35-year successful record of managing CO₂ projects, the rule should provide flexibility for monitoring and other operational requirements and should provide greater flexibility for well construction requirements than has been proposed;
7. Revise the standard for determining site closure. Criteria should be performance based and a function of site-specific geologic and other risk criteria, rather than being dependent on a 50-year period or any other fixed period of time; and,

8. Revise the proposed requirement that CO₂ storage must occur below the deepest underground sources of drinking water; this is unnecessarily stringent. The rules should allow site selection based upon more flexible, site-specific considerations.

BACKGROUND

The EPA has proposed new regulations under the Safe Water Drinking Act (SWDA) to regulate underground injection of CO₂ for the purpose of long-term underground storage, also known as geologic sequestration. The SWDA is designed to protect the quality of underground sources of drinking water and directs the EPA to develop minimum federal requirements for underground injection practices. Under this authority, the EPA has promulgated the UIC Program to protect underground sources of drinking water.

Currently, there are five categories of injection wells under the EPA's existing UIC Program:

- Class I** Hazardous wastes, industrial non-hazardous liquids and municipal wastewater;
- Class II** Fluids/CO₂ in connection with oil and natural gas production; enhanced oil recovery;
- Class III** Fluids associated with the extraction of minerals or energy;
- Class IV** Hazardous or radioactive wastes; these wells are banned unless authorized under approved ground water remediation project; and,
- Class V** General category used for "experimental" or "other" non-hazardous injection wells.

In its proposed rulemaking, the EPA recommends creation of a new category of injection wells under its existing UIC Program with new federal requirements to allow for permitting of the injection of CO₂ for the purpose of geologic sequestration. The proposed Class VI wells will be used for long-term storage of CO₂. Class VI permit applicants must characterize their CO₂ stream to determine if the injectate is hazardous waste. If the CO₂ stream is considered a hazardous waste, then more stringent UIC Class I requirements will apply.

IMPLEMENTATION

To implement this recommendation, the Partnership would communicate its support of this resolution to the EPA via written communication.

RESOURCES REQUIRED

This resolution can be implemented within current budgetary constraints.