

November 7, 2024

Alaska Oil and Gas Conservation Commission

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Submitted via aogcc.ccus@alaska.gov

Subj: Santos Comments on AOGCC's Intention to Pursue Class VI Primacy

To whom it may concern,

Oil Search (Alaska), LLC, a subsidiary of Santos Limited ("Santos"), appreciates the opportunity to provide comments to inform development of the Alaska Oil and Gas Conservation Commission's ("AOGCC") effort to pursue primacy over Class VI wells ("Class VI Primacy") and revisions to its regulations. As AOGCC has indicated in its request for comments, Santos provides these comments with the intent of assisting AOGCC to develop proposed regulations that are efficient, cost-effective, reasonable, and meet the requirements of both Alaska House Bill 50 ("HB 50") and the Environmental Protection Agency ("EPA").

Santos is supportive of AOGCC's pursuit of Class VI Primacy, and the State's overall efforts to develop reasonable carbon regulations to enable carbon management, sequestration, utilization, and storage in Alaska. In Alaska, Santos continues to work towards our corporate net-zero goal by partnering with Alaska Native Corporation landowners on improved forestry management projects. Santos views carbon storage as another opportunity to deliver on this target. A reasonable and predictable carbon regulatory regime to implement both HB 50 and Alaska Senate Bill 48 ("SB 48") will make the State of Alaska a valuable partner to energy companies and attract additional business to the State of Alaska.

Santos is one of the largest leaseholders in the State of Alaska, holding over 500 oil and gas leases on the North Slope, many of which are on State lands. On the North Slope, Santos is the operator of the Pikka Project. Development of Phase 1 of the Pikka Project is currently underway, which will bring an anticipated contribution of 80,000 barrels of oil per day of throughput to the Trans Alaska Pipeline System (TAPS) beginning in 2026. The Pikka Project will contribute significantly to the State of Alaska's economy, with widespread benefits across the region and State. The Pikka Project is the largest project being developed on State lands in the last 20 years. It is the first oil project sanctioned in Alaska, and one of the first in the world, to be developed on a net-zero equity basis for Scope 1 and 2 emissions from first oil.

Santos' vision is to be a leading global provider of Carbon Capture and Storage ("CCS") infrastructure, carbon management services, and low carbon fuels. Santos is actively participating in and leading efforts on CCS and other carbon management projects in Alaska and across the world. Santos is a global energy company; it is one of Australia's biggest domestic gas suppliers and a leading LNG supplier in the Asia Pacific region. Santos has developed one of the world's largest and lowest cost Carbon Capture and Storage projects in Moomba, South Australia, which is expected to store up to 1.7 million tons of CO2 each year, depending on CO2 availability. This project recently achieved first injection and is already performing at full injection rates. Santos was the first in the world to book carbon storage capacity on our balance sheets. In Alaska, Santos, and its partner ASRC Energy Services, was recently awarded a grant from the Department of Energy to drill a stratigraphic well at the Pikka Unit to evaluate carbon storage

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opportunities and pursue Class VI permitting of that well. Across its business and the globe, Santos is working to supply affordable, reliable and lower carbon energy by decarbonizing its projects through design and technology innovation and securing carbon offsets where decarbonization at source is not feasible. Santos recognizes that Alaska is not only a world class oil and gas province, it also has excellent potential for carbon management.

Given these objectives and experience, Santos offers the below comments aimed to inform the AOGCC's effort to design robust Class VI Primacy package.

Comments

1. Consistent with the State's mandate to maximize the use of state land, the AOGCC's Class VI Primacy regulations should consider and allow for use of active or former oil and gas reservoirs for carbon storage purposes and enhanced oil recovery. Current and former oil and gas reservoirs are good options for carbon storage because (1) existing infrastructure is in place, reducing cost and surface footprint of a carbon storage project, (2) reservoir seal and rock quality is assured; (3) abundant subsurface data has been collected over decades to inform carbon storage, and (4) there may be other ancillary benefits of co-locating a carbon capture and storage project in proximity of carbon emission sources.
2. AOGCC's regulations should allow for a procedure to convert an existing well drilled for the purposes of oil or gas recovery (including an enhanced recovery injection well) to a Class VI well. This regulation should complement any DNR regulation related to transition from oil and gas recovery to carbon storage operations.
3. AOGCC should include language in regulation which allows for the Commission to exercise its discretion informed by the best available science and storage reservoir monitoring data in order to issue a completion certificate prior to the term of 50 years. Regulation should describe the criteria by which a completion certificate will be issued.
4. AOGCC should clearly state in regulation that upon issuance of a certificate of completion, any bonds posted by the storage operator will be released and title of the storage facility and carbon injected into the pore space will be transferred to the pore space owner. Any bonding requirement should consider and complement any DNR regulation related to the furnishing of a bond or surety for carbon storage operations.
5. Santos recommends that AOGCC incorporate elements for the existing oil and gas regulatory program when designing its regulatory package for Class VI wells. While there may be some unique elements, the existing permitting program for oil and gas is well understood by operators, AOGCC staff, and stakeholders.
6. Consideration should be given to existing oil and gas development in the vicinity of Class VI wells similar to how AOGCC considers how other types of injection wells may impact hydrocarbon reservoirs.

Conclusion

Santos supports the AOGCC's efforts to pursue Class VI Primacy and develop a robust and reasonable regulatory framework to achieve that aim. As a company, Santos is committed to being a global leader in decarbonization and low carbon fuels and to a net-zero emissions future. With operations in Alaska, Santos is actively engaged in carbon management throughout Alaska and is keenly interested in the State's development of carbon storage and other programs to meet its own net-zero targets and as a business opportunity. Santos offers the above comments in this spirit, with the ultimate aim of the AOGCC producing a robust, credible, and economic regulatory framework. Santos looks forward to reviewing the draft regulations and providing additional feedback. If you have additional questions, please contact us at Joe.Balash@santos.com or Kyle Kohman at Kyle.Kohman@santos.com.

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Sincerely,



Joe Balash
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