

## **Exhibit No. 2**

### **Accufacts Inc.**

“Clear Knowledge in the Over Information Age”

# **Accufacts’ Perspectives on the State of Federal Carbon Dioxide Transmission Pipeline Safety Regulations as it Relates to Carbon Capture, Utilization, and Sequestration within the U.S.**

prepared for the

**Pipeline Safety**



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by

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**March 23, 2022**

**This report is developed from information clearly in the public domain. The views expressed in this document represent the opinion of the author.**

## I. Introduction

Accufacts Inc. (“Accufacts”) was asked to review and comment on various aspects related to carbon dioxide transmission pipeline safety and federal pipeline safety regulations within the U.S. In recent years there has been considerable discussion about how to address carbon dioxide emissions and global warming through carbon capture, utilization, and sequestration (aka “CCUS” or “CCS”). CCS efforts are intended to help mitigate climate change by capturing carbon dioxide emissions both before and after they are released to the atmosphere and permanently storing such material deep in underground geological structures.

The federal Pipeline Safety Act (“PSA”) directs the U.S. Department of Transportation (“DOT”) to issue detailed safety standards with regard to the design, construction, operation, and maintenance of CO<sub>2</sub> pipelines.<sup>1, 2</sup> In turn, the DOT has delegated its authority to the Pipeline and Hazardous Materials Safety Administration (“PHMSA”). The PSA’s broad mandate is supplemented by detailed federal regulations.<sup>3</sup> The PSA expressly prohibits state and local regulation that interferes with or supplements federal safety standards for interstate pipelines.<sup>4</sup> States meeting certain conditions may supplement federal pipeline safety regulation on their intrastate pipelines as long as such state regulations are not in conflict with federal pipeline safety regulations.

The U.S. has the most mileage of CO<sub>2</sub> transmission pipelines in the world, consisting of approximately 5,150 miles, out of a total 229,287 miles of hazardous liquid transmission pipelines within the U.S.<sup>5</sup> The vast majority, if not all, of these CO<sub>2</sub> existing pipelines are driven by enhanced oil recovery (“EOR”) efforts that increase oil production utilizing CO<sub>2</sub> in a supercritical state. Most of this supercritical state CO<sub>2</sub> comes from high pressure higher purity natural underground source domes. It is an excellent solvent for EOR efforts, but the CO<sub>2</sub> must be injected into oil fields as a supercritical fluid.

CCS efforts are driven by an entirely different purpose such that CO<sub>2</sub> used for CCS could be shipped as a gas or a non-supercritical liquid. However, current federal safety regulations regulate only pipelines that transport supercritical CO<sub>2</sub> containing over 90% carbon dioxide molecules, and not pipelines that ship CO<sub>2</sub> in these other lower concentrations or forms, leaving a large regulatory gap. Moreover, even the regulations for supercritical CO<sub>2</sub> pipelines are incomplete or inadequate and place the public at

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<sup>1</sup> 49 U.S.C. § 60101 *et seq.*

<sup>2</sup> 49 U.S.C. § 60102(a) and (i).

<sup>3</sup> 49 C.F.R. Part 195.

<sup>4</sup> 49 U.S.C. § 60104(c) (“A State authority may not adopt or continue in force safety standards for interstate pipeline facilities or interstate pipeline transportation.”)

<sup>5</sup> PHMSA reporting database, “Hazardous Liquid Pipeline Miles and Tanks,” as of January 31, 2022 for CO<sub>2</sub> commodity at:

[https://portal.phmsa.dot.gov/analytics/saw.dll?Portalpages&PortalPath=%2Fshared%2FPDM%20Public%20Website%2F\\_portal%2FPublic%20Reports&Page=Infrastructure](https://portal.phmsa.dot.gov/analytics/saw.dll?Portalpages&PortalPath=%2Fshared%2FPDM%20Public%20Website%2F_portal%2FPublic%20Reports&Page=Infrastructure).

great risk, especially from the tens of thousands of miles of CO<sub>2</sub> pipelines that may be driven by CCS efforts.<sup>6</sup>

A flurry of multibillion dollar CO<sub>2</sub> pipeline proposals have recently been announced, likely driven by enhanced tax credit incentives provided by Internal Revenue Code § 45Q.<sup>7,8,9</sup> Congress provided these enhancements in the Bipartisan Budget Act of 2018, and expanded by the Infrastructure Investment and Jobs Act of 2021 (“Acts of 2018 and 2021”).<sup>10</sup> As intended, these laws accelerated CCS and CO<sub>2</sub> pipeline development efforts, because they make such credits more available and valuable to certain generators of CO<sub>2</sub> emissions and require projects to start construction by January 1, 2026.<sup>11</sup> Since most carbon dioxide emitters are likely considerable distances from suitable deep, permanent underground storage sites, it is understandable that CO<sub>2</sub> transmission pipelines may be needed between emitters and these storage sites. If CO<sub>2</sub> pipeline mileage increases as projected, the CO<sub>2</sub> pipeline network could soon rival the existing oil and natural gas pipeline networks in size and complexity. PHMSA would be faced with the greatest and fastest pipeline expansion in the history of the U.S. pipeline industry, and many of these pipelines could threaten the safety of countless individuals and communities.

This report is intended to increase regulator and public awareness of the regulatory challenges posed by this proposed massive expansion in CO<sub>2</sub> pipeline mileage and the unique safety risks of transporting CO<sub>2</sub>, especially in its supercritical state. It focuses on a higher-level review of the more technical pipeline safety matters, based on decades of pipeline safety experience including pipeline failure investigations, process engineering and process safety management practice, as well as years of experience in processing and handling many tons of liquid CO<sub>2</sub>. This report also makes specific recommendations for improvements in federal pipeline safety regulations needed to fill regulatory gaps and ensure public safety. The proposed CO<sub>2</sub> pipeline boom presents

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<sup>6</sup> For one perspective see what I would call a planning study from Princeton University, “Net-Zero America - Potential Pathways, Infrastructure, and Impacts,” Final Report, October 29, 2021, pp. 212 – 219 of 348, indicating a possible need of over 60,000 new miles of CO<sub>2</sub> pipelines by 2050.

<sup>7</sup> Des Moines Register, “What we know about two carbon capture pipelines proposed in Iowa,” <https://www.desmoinesregister.com/story/money/business/2021/11/28/what-is-carbon-capture-pipeline-proposals-iowa-ag-ethanol-emissions/8717904002/>, Nov. 28, 2021.

<sup>8</sup> Agweek, “World’s largest carbon capture pipeline aims to connect 31 ethanol plants, cut across Upper Midwest,” <https://www.agweek.com/business/worlds-largest-carbon-capture-pipeline-aims-to-connect-31-ethanol-plants-cut-across-upper-midwest> 12/6/2021.

<sup>9</sup> S&P Global Platts, “Oil producer Denbury plans CO<sub>2</sub> storage hub in southern Alabama,” <https://www.spglobal.com/platts/en/market-insights/latest-news/energy-transition/020822-oil-producer-denbury-plans-co2-storage-hub-in-southern-alabama>, 2/8/2022.

<sup>10</sup> 26 U.S.C. § 45Q.

<sup>11</sup> I.R.C. § 45Q.

PHMSA with an unprecedented challenge; hopefully, this report will help PHMSA rise to this challenge.

## II. A brief history of U.S. federal CO<sub>2</sub> pipeline safety regulation

PHMSA and its predecessor agencies, such as the Office of Pipeline Safety, have historically relied on more prescriptive minimum safety approaches. In the past several decades federal minimum pipeline safety regulations have, by the industry's lobbying, shifted to more "performance-based" approaches that rely heavily on certain industry standards or recommended practices, some of which are incorporated by reference into federal pipeline safety regulation.<sup>12</sup> This industry driven shift can result in changes in pipeline safety regulations without proper public input. A prime example may be in the development of CO<sub>2</sub> transmission pipeline safety regulations that historically have been a very small percentage of overall transmission pipeline mileage in the U.S. This country may be facing a significant increase in CO<sub>2</sub> transmission pipeline mileage without appropriate pipeline safety regulatory development or enactment, leaving the country and the public ill prepared for a tsunami of CO<sub>2</sub> pipeline construction.

Congress, in Section 211 of the Pipeline Safety Reauthorization Act of 1988, required that the DOT regulate carbon dioxide transported by pipeline facilities. Part of this concern was driven by a 1986 natural carbon dioxide release event in Lake Nyos, Cameroon spanning many miles with over 1,700 fatalities, underscoring the dangers and possible consequences of CO<sub>2</sub> releases.<sup>13</sup> On July 12, 1991, federal regulators issued a minimalist final rule that mainly added the words "and carbon dioxide" to existing federal minimum pipeline safety regulations developed for hazardous liquid petroleum pipelines (49CFR§195). It opted to not issue standards specifically applicable to supercritical CO<sub>2</sub> pipelines due to the small number of already existing and anticipated CO<sub>2</sub> pipelines. Even though the situation is about to change dramatically, PHMSA has not proposed to review and overhaul its CO<sub>2</sub> pipeline standards, such that these limited regulations are still in effect today.<sup>14</sup> As a result, many of PHMSA's regulations no longer are adequate to protect public safety.

For example, under federal regulations "carbon dioxide" is defined as follows:

"Carbon Dioxide means a fluid consisting of more than 90 percent carbon dioxide molecules compressed to a supercritical state."<sup>15</sup>

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<sup>12</sup> 49CFR§195.3 What documents are incorporated by reference partly or wholly in this part?

<sup>13</sup> Federal Register / Vol. 56, No. 113 / Wednesday, June 12, 1991/Rules and Regulations, Research and Special Programs Administration (RSPA), DOT, Docket No. PS-112, Amendment 195-45, RIN 2137-AB72, 49CFR Part 195, "Transportation of Carbon Dioxide by Pipeline," final rule.

<sup>14</sup> *Ibid*, p. 26924.

<sup>15</sup> 49CFR§195.2 Definitions.

The above definition is clearly not appropriate to deal with CCS CO<sub>2</sub> pipelines, nor is that its intent as demonstrated further in this report.

Existing U.S. CO<sub>2</sub> transmission pipelines are primarily located in sparsely developed or more rural locations and, as mentioned previously, involve approximately 5,150 miles moving CO<sub>2</sub> mostly from natural underground sources/domes to EOR projects. The current definition of “carbon dioxide” does not include pipelines that transport supercritical carbon dioxide streams in which CO<sub>2</sub> makes up less than 90 percent of the stream. It also excludes pipelines that transport CO<sub>2</sub> as a non-supercritical liquid or gas. In 1991, there were only a very limited number of pipelines transporting CO<sub>2</sub> in these other forms that apparently didn’t justify the need for federal regulation, which is not the case now.

In 2011, Congress, in the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, Section 15, mandated that the Secretary of Transportation “prescribe minimum safety standards for the transportation of carbon dioxide by pipeline in a gaseous state.” As a result, PHMSA issued a report in early 2015 entitled “Background for Regulating the Transportation of Carbon Dioxide in a Gaseous State.”<sup>16</sup> Unfortunately, PHMSA never issued new regulations for transportation of CO<sub>2</sub> as a gas.

Thus, PHMSA currently has no regulations applicable to pipelines transporting CO<sub>2</sub> as a gas, liquid, or in a supercritical state at concentrations of CO<sub>2</sub> less than 90 percent. This regulatory gap means that current federal pipeline safety regulations are clearly inadequate because CO<sub>2</sub> pipeline companies could develop CO<sub>2</sub> gas and liquid pipelines that fall outside of this narrow federal rule. The definition of “carbon dioxide” should be modified so that all CO<sub>2</sub> transmission pipelines are regulated by federal law and held to appropriate minimum safety standards. Otherwise, CO<sub>2</sub> pipelines could be designed, constructed, operated, and maintained with no federal or state oversight.

### **III. CO<sub>2</sub> transmission pipelines can take on three basic forms**

CO<sub>2</sub> transmission pipelines can be designed to transport carbon dioxide either as a supercritical state fluid, a liquid (aka in a subcritical or chilled state), or as a gas. Within the industry the term “dense phase” is often used to label CO<sub>2</sub> pipelines operating in either a supercritical state fluid or in a liquid phase as explained below. It is odd that the proposed new CO<sub>2</sub> transmission pipeline applications recently reviewed have not clearly stated in what phase they are designed to operate, their temperature ranges, nor their quality requirements.<sup>17</sup> The key characteristics of supercritical, liquid, and gaseous CO<sub>2</sub> transmission pipelines are summarized below.

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<sup>16</sup> PHMSA report dated February 2015, posted to the 2016 docket under PHMSA-2016-0049-001 at [www.regulations.gov](http://www.regulations.gov).

<sup>17</sup> For example, see Summit Carbon Solutions, “Application to the South Dakota Public Utilities Commission for a Permit for the SCS Carbon Transport LLC (SCS) Pipeline Under the Energy Conversion and Transmission Facility Act – Document Number: SCS-0700-ENV-05-PE-009-A,” dated February 7, 2022.

**i. Supercritical state CO<sub>2</sub> transmission pipelines**

Pure CO<sub>2</sub> has a critical temperature of about 88 °F (33 °C) and a critical pressure of approximately 1070 psia, or pounds force per square inch absolute (73 atm). At temperatures and pressures above these critical values, CO<sub>2</sub> is not technically a liquid and instead is in a supercritical state as a dense phase “fluid” or vapor with properties between that of a liquid and a gas. This supercritical fluid will not condense to liquid within the pipeline, as long as the temperature remains above the critical temperature, no matter how high the pressure is increased above the critical pressure. If the temperature along a supercritical state pipeline drops below the critical temperature, part of the fluid will condense to liquid with a higher density than the fluid. If the pressure along a supercritical state pipeline drops below 1070 psia, part of the CO<sub>2</sub> will convert to a gas/liquid mixture depending on the temperature.

The primary reason that the existing 5,000 or so miles of CO<sub>2</sub> pipelines transport CO<sub>2</sub> in a supercritical state is because CO<sub>2</sub> in this state is an excellent solvent having no liquid surface tension. It readily dissolves oil trapped in porous rock. In contrast, CO<sub>2</sub> destined for sequestration could be transported as a gas or liquid, because sequestration does not, as a practical matter, need the CO<sub>2</sub> to be in a supercritical state, and federal law does not require transportation in a supercritical state. In fact, a clever pipeline operator could employ loopholes to avoid federal pipeline safety oversight by PHMSA. Clearly the sources and needs of CO<sub>2</sub> for EOR are not the same as those for the CCS objective, which is to remove CO<sub>2</sub> from the atmosphere.

CO<sub>2</sub> supercritical fluid transmission pipeline operating pressures usually range from 1,200 to 2,200 pounds force per square inch gauge, or psig. The higher pressure is set based on the maximum operating pressure (“MOP”) usually related to a pipe specification limit.<sup>18</sup> There are a minor number of CO<sub>2</sub> supercritical state pipelines that have been designed to operate at much higher MOPs (*e.g.*, 3200 psig). Moving CO<sub>2</sub> as a dense phase supercritical state fluid permits the use of pumps along a pipeline instead of compressors that would be needed to move the material if it were a gas. For pipelines, the use of pumps to move higher density fluids requires smaller, less complex, equipment that is more efficient in moving mass along a pipeline than compressors (*i.e.*, pumps are cheaper to build, install, maintain, and operate than compressors). In addition, the higher MOPs of supercritical state CO<sub>2</sub> pipelines permit them to utilize smaller diameter pipe, albeit much stronger pipe, to move the same tonnage of CO<sub>2</sub> as compared to shipment as a gas. In contrast, gas pipelines require larger diameter pipe to move the same tonnage, because they must usually operate at pressures lower than the supercritical pressure (1070 psig), otherwise some of the CO<sub>2</sub> could convert to a liquid

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<sup>18</sup> MOP stands for maximum operating pressure for liquid pipelines and is defined in federal minimum pipeline safety regulations that provide conditions for “normal” operation of pipelines. Pipelines are permitted to exceed MOP within certain limits, under certain situations.

(depending on the temperature along the pipeline) and such liquid slugs would severely damage/destroy the compressors used in gas pipelines.

While there are many cost/efficiency advantages to moving CO<sub>2</sub> in a supercritical state, there is one well known threat associated with supercritical state operation. A CO<sub>2</sub> pipeline operating in a supercritical state can be more prone to pipe running ductile fractures than hazardous liquids or natural gas pipelines. Running ductile fractures are unusual and particularly dangerous fractures that can “unzip” a CO<sub>2</sub> transmission pipeline for extended distances exposing great lengths of the buried pipeline. These extreme rupture forces throw tons of pipe, pipe shrapnel, and ground covering, generating large craters along the failed pipeline. It is well known that CO<sub>2</sub> pipelines operating in dense phase, either supercritical or as a liquid, are particularly susceptible to such running ductile fractures. Although current federal regulations recognize this risk, they do not contain any detailed requirements that specifically identify how to address fracture propagation threats. Though there are various approaches well known in the industry (*i.e.*, pipe steel fracture toughness parameters, usually for new pipe, and/or mechanical arrestors such as valves, thicker/tougher pipe transitions) such approaches should be specifically mentioned in safety regulation.<sup>19</sup> To address this risk, PHMSA should revise federal regulations, especially for supercritical CO<sub>2</sub> pipelines, to specifically mitigate the effects of these fracture propagation forces. The current regulations do not adequately address these CO<sub>2</sub> fracture risks.

## **ii. Liquid CO<sub>2</sub> transmission pipelines**

Subcooled or subcritical state means to transport CO<sub>2</sub> as a liquid that usually requires chilling and/or cooling of the stream slightly below ambient temperatures to assure the pipeline is operated in one phase, that of a liquid. For new pipelines this also may require the use of pipeline insulation, though not always, to reduce temperature increase of the CO<sub>2</sub> along the pipeline, assuring it stays as a liquid. It is important that cooling stay well above the pipe carbon steel brittle transition temperature of approximately - 20 °F to avoid the threat of catastrophic pipeline rupture. Despite these obstacles, transporting CO<sub>2</sub> as a liquid, basically at its highest density, which is typically about double the density of CO<sub>2</sub> fluid in its supercritical state, allows the pipeline transportation of more tonnage of carbon dioxide with even smaller diameter pipe than a supercritical state operation, as well as lower MOPs. Because the liquid phase operation also has a lower viscosity, a liquid CO<sub>2</sub> pipeline system for a given length can utilize a fewer number of pump stations that can have major advantages over supercritical state or gas pipeline approaches needed to move similar tonnage of CO<sub>2</sub>. For CCS objectives, liquid phase CO<sub>2</sub> transmission pipelines additional efficiency over their supercritical state or gas counterparts may justify the additional cooling infrastructure along such

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<sup>19</sup> 49 CFR§195.111 Fracture propagation. The regulation states in full: “A carbon dioxide pipeline system must be designed to mitigate the effects of fracture propagation.” Thus, pipeline safety law contains no detailed standards to prevent running ductile fractures leaving much room for misinterpretation.

pipelines. It is worth emphasizing that PHMSA chose to not issue regulations for CO<sub>2</sub> pipelines designed to operate as a liquid, so such pipelines are currently unregulated.

### **iii. CO<sub>2</sub> gas transmission pipelines**

New pipelines designed to move CO<sub>2</sub> as a gas in a transmission pipeline is not likely, given that the system must be operated at lower pressures. For a CO<sub>2</sub> gas pipeline, the MAOP must not exceed approximately 1,000 psig at normal operating temperatures, so that the CO<sub>2</sub> is maintained as a gas and does not convert to a liquid as this could be disastrous for the pipeline's compressors.<sup>20</sup> For an equivalent daily CO<sub>2</sub> tonnage pipeline capacity, the requirement to keep design pressure lower drives such new gas pipeline approaches to much higher pipe diameters than their liquid or supercritical state pipeline alternatives. However, specific situations may exist where existing liquid or larger diameter natural gas pipelines could be "repurposed" into primarily CO<sub>2</sub> gas service.<sup>21</sup> Such change in service, will most likely be highly limited in its pipeline mileage and, in my opinion, should exceed the requirements identified in ADB-2014-04, addressing repurposing of natural gas pipelines or liquid pipelines. For example, an Advisory Bulletin, or ADB, does not carry the force of promulgated pipeline safety regulation but is issued to more quickly alert pipeline operators of PHMSA concerns on certain issues. ADB-2014-04 does not address, nor was it intended to address, the specific additional challenges associated with unique fracture propagation risks associated with CO<sub>2</sub> transmission pipelines as previous discussed. While there are unique situations where nonoperating or underutilized pipelines exist, there are several factors that can make repurposing of such pipelines to CO<sub>2</sub> gas service economically attractive, given the billions of dollars in tax credit incentives associated with CCS under the Acts of 2018 and 2021, and the associated start construction deadline. The critical deadlines to meet tax credit triggers could make timing of such conversions more favorable than routing and construction of new CO<sub>2</sub> pipelines for CCS. Such pipeline conversions would be at much greater risk of failure from CO<sub>2</sub> service than conventional hydrocarbon or new construction CO<sub>2</sub> pipelines, given the unique and increased potential for CO<sub>2</sub> pipeline ruptures from various risks associated with CO<sub>2</sub> operation. Only time will tell, given the economic temptations and timing thresholds, whether such repurposing of an existing transmission pipeline to CO<sub>2</sub> service will prove practical for CCS utilization.

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<sup>20</sup> MAOP stands for maximum allowable operating pressure, which is the standard for gas pipelines and is defined in federal minimum pipeline safety regulations that provide conditions for "normal" operation of pipelines. Pipelines are permitted to exceed MAOP within certain limits, under certain situations.

<sup>21</sup> See DOT PHMSA, Advisory Bulletin, ADB-2014—04, "Pipeline Safety: Guidance for Pipeline Flow Reversals, Product Changes and Conversion to Service," Docket No. PHMSA-2014-0040, Sept 12, 2014.



#### **IV. CO<sub>2</sub> transmission pipelines pose different risks than traditional hydrocarbon transmission pipelines**

Carbon dioxide gas is odorless, colorless, doesn't burn, is heavier than air, and is an asphyxiant and intoxicant, making CO<sub>2</sub> pipeline releases harder to observe and avoid especially as a released plume spreads and migrates well off the pipeline right-of-way. CO<sub>2</sub> properties differ from those for materials moved in hazardous hydrocarbon liquid or natural gas transmission pipelines. CO<sub>2</sub> pipeline releases significantly increase the possible "affected" or "potential impact" area identified in federal regulations addressing hydrocarbon transmission pipelines upon pipeline rupture release, and CO<sub>2</sub> pipeline ruptures have a greater potential to endanger the public. Current federal pipeline safety regulations do not incorporate these important CO<sub>2</sub> differences to assure safety to the public. Federal pipeline safety regulatory changes are warranted if CO<sub>2</sub> pipeline mileage is to be increased dramatically in the U.S., especially under CCS. CO<sub>2</sub> transmission pipelines have many unique failure dynamics such that a rupture may impact significantly greater geographic areas than hydrocarbon pipelines. In particular, a combination of CO<sub>2</sub> phase/temperature changes may result in explosive pipe release forces as the CO<sub>2</sub> converts to gas. Moreover, CO<sub>2</sub>'s lack of odor and invisibility means that it may not be possible for citizens and first responders to determine if they are in a hazard area before they are harmed, unless they have access to a CO<sub>2</sub> detection meter. It is important that anyone using such CO<sub>2</sub> detection meters assure that such equipment has been properly calibrated/maintained and users properly trained in their use and limitations. Once a CO<sub>2</sub> pipeline release has been warmed by the surrounding environment, it travels unseen influenced by gravity, terrain, and the wind, preferentially settling in low spots, displacing air and providing no warning to persons and animals caught in the invisible release plume. Hydrocarbon pipeline releases that haven't ignited, can usually be detected by unusual smell or sight, which makes CO<sub>2</sub> pipeline releases different and harder to detect by emergency responders or the public.

During a CO<sub>2</sub> pipeline rupture release, multiple phase changes can result not only in the significant lowering of temperature near the pipe failure site, but also the likelihood of solid CO<sub>2</sub> formation (i.e., dry ice). Dry ice particles within the fluid can contribute to fogging in the air and ground around the pipeline release, as well as the formation of dry ice within the pipeline upstream/downstream of the pipe failure site that can impact the rate of release out of a pipe failure. Such dry ice blockage can result in temporary restriction/blockage within the pipe, affecting release rate, especially for smaller diameter transmission pipelines experiencing rupture fracture.

In CO<sub>2</sub> pipelines experiencing smaller, slower rate releases, often called leaks, such as through minor holes or cracks, the resulting lower rate CO<sub>2</sub> rich clouds may disperse/dissipate after a short time. In much larger rate releases, such as pipeline rupture fractures caused from various anomalies or pipeline threats, the resulting release of cold gas and dry ice solid mixtures can be quite dangerous (see video of

DNV rupture failure test of an CO<sub>2</sub> 8-inch diameter pipeline).<sup>22</sup> The CO<sub>2</sub> released from a pipeline will be heavier than air, and the high-rate release from a pipe rupture will form cold dense gas fog clouds comprised of dry ice particles and visible water vapor as the humidity in the air condenses from the extreme cooling. Such high-rate releases can produce areas of low visibility from “fog,” both from dry ice particles and water condensation. The CO<sub>2</sub> pipeline rupture fog becomes transparent when eventually warmed by the surrounding environment. Upon warming, the CO<sub>2</sub> plume can flow considerable distances from the pipeline unobserved, traveling over terrain, displacing oxygen while settling or filling in low spots. Oxygen displacement can starve gasoline or diesel powered equipment, such as first responder and private vehicles, causing such equipment to malfunction or even shut off, and cause pilot lights on furnaces, stoves, and natural gas fireplaces to go out. Oxygen displacement by CO<sub>2</sub> gas can cause asphyxiation of humans and animals, that can lead to death. Further, CO<sub>2</sub> gas can cause disorientation, confusion, and unconsciousness, which can be dangerous for persons caught in the plume, especially those who are driving, using power equipment, or exposed to cold weather. Cooling of a CO<sub>2</sub> release can also impact the rate of release and exacerbate pipe fracture propagation during rupture. Clearly, dispersion modeling for analyzing potential impact areas for CO<sub>2</sub> pipeline failures and their related released gas plumes, must consider the propensity of heavier than air CO<sub>2</sub> gas to displace oxygen and to follow the terrain as terrain factors can play a critical role in evaluating a potential area and receptors that could be affected by a CO<sub>2</sub> pipeline release. It is vitally important to not underestimate the potential distance that a CO<sub>2</sub> pipeline rupture plume can reach and affect, especially in nonlevel terrain. Additional safety margins should be employed in populated areas when using dispersion modeling results for CO<sub>2</sub> pipeline releases.

Before the U.S. is blanketed with a major increase in CO<sub>2</sub> transmission pipeline mileage driven by CCS efforts, substantial changes need to be implemented in federal pipeline safety regulations specifically addressing the unique dangers of CO<sub>2</sub> in transmission pipelines in any phase. CO<sub>2</sub> is not flammable. It doesn't burn or explode/detonate from ignition, so heat radiation is not an issue of concern as in conventional hydrocarbon pipelines. CO<sub>2</sub> can, however, generate similar overpressure “blast” forces upon pipeline rupture (from the high-rate releases associated with pipeline fracture failure, see previous referenced 8-inch CO<sub>2</sub> pipeline rupture test). CO<sub>2</sub> pipeline rupture and resulting rapid “blast like” expansion forces dissipate quickly with distance from the pipeline but can easily extend well beyond the pipeline right of way. The areas potentially impacted by ruptures of oil and gas transmission pipelines are well defined in current federal regulations, which estimate how far liquid hydrocarbon will spread and the blast or burn radius resulting from a natural gas pipeline rupture. The danger zone for human life for hazardous hydrocarbon liquid and natural gas pipeline releases is generally measured in feet, albeit many thousands of feet for larger diameter higher pressure pipelines.

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<sup>22</sup> Video of 2013 DNV Spadeadam Research and Testing test experiment of dense phase CO<sub>2</sub> 8-inch buried pipeline rupture, <https://www.dnv.com/oilgas/laboratories-test-sites/dense-phase-spadeadam-video.html>.

In contrast, a CO<sub>2</sub> pipeline's impact area may be measured in miles, not feet. This is likely because:

- CO<sub>2</sub> pipeline ruptures can release many tons of CO<sub>2</sub>,
- the compressed CO<sub>2</sub> will expand into gas phase upon pipeline rupture and fill a much larger volume than it did inside the pipe, and
- the CO<sub>2</sub> may not disperse quickly because it is heavier than air, meaning that it will tend to flow toward and settle in low lying areas including ravines, valleys, and basements.

Current federal pipeline safety regulations do not provide any methodology for assessing the hazard zone for CO<sub>2</sub> pipelines or require that pipeline operators adequately address this risk.

## **V. Impact of impurities on CO<sub>2</sub> pipelines**

The amounts and types of impurities in a CO<sub>2</sub> stream can have an impact on pipeline design and approaches. Current CO<sub>2</sub> pipeline regulations, which only address CO<sub>2</sub> pipelines greater than 90% CO<sub>2</sub> concentration compressed to a supercritical state, make no mention as to the level of non-CO<sub>2</sub> impurities such as H<sub>2</sub>S, which can be lethal even in very low parts per million concentrations. Also, impurities can affect the range of safe operating pressures. Most of the natural sources of CO<sub>2</sub> for existing pipelines contain CO<sub>2</sub> well above 90%, but this may not be the case for all CO<sub>2</sub> streams captured from industrial facilities. Federal regulation should be modified to adequately regulate CO<sub>2</sub> pipelines used for CCS, and subsequent transportation by transmission pipeline, especially because CCS pipelines may operate differently from those used for EOR. Such federal regulatory improvements should focus on public safety for all forms/phases of CO<sub>2</sub> transmission pipelines. There are some very pure sources of CO<sub>2</sub> emitters, such as ethanol plants and some hydrogen reformers, that emit very high concentrations of CO<sub>2</sub> to the atmosphere that require very little, if any, impurity treatment to prepare for pipeline transportation for CCS.<sup>23</sup> Unlike most of the currently existing CO<sub>2</sub> pipelines whose sources are underground natural gas domes or reservoirs, CSS pipelines may be supplied from various sources where the concentration of CO<sub>2</sub> is quite low and needing concentration, processing, and treatment for contaminant removal before it may be safely transported by pipeline.

There appears to be no transmission pipeline in the U.S. that transports pure CO<sub>2</sub>, although there are pipelines that move very high concentrations of CO<sub>2</sub>, well above 90%, containing only small levels, of impurities, especially those from natural sources of CO<sub>2</sub>. Such CO<sub>2</sub> rich sources can still contain impurities, such as hydrogen sulfide, methane, carbon monoxide, oxygen, nitrogen oxide, sulphur oxide, hydrogen, or

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<sup>23</sup> My experience is that purity from such CO<sub>2</sub> specialized emitters can exceed 99.9 % with trace impurities.

water.<sup>24</sup> The types and amounts of impurities in a CO<sub>2</sub> rich pipeline is largely driven by the source of CO<sub>2</sub>, and proper operation of associated upstream treatment equipment to assure the material meets pipeline quality specifications, which is not always assured. At relatively low levels of impurities, such as at trace or levels in the lower parts per million, the specific effects of the impurities on the overall stream critical thermodynamic properties (such as enthalpy, entropy, density, and viscosity), are not significantly impacted. However, higher impurity concentrations, such as impurities measured in percentage concentrations should not be ignored as they can impact the critical pressure, but more importantly the critical temperature, such that even a percent or two change in impurity levels can result in unexpected phase change from dense phase fluid to other phases. Such phase changes may impact the system hydraulics, and to some extent the rupture release dynamics should the pipeline fail.

Two impurities that might be possible in CO<sub>2</sub> pipelines merit mention given their unique dangers to pipelines and the public: water and H<sub>2</sub>S. CO<sub>2</sub> pipelines are usually made from carbon steel and require special maximum water quality specifications typically measured in the part per million, or its equivalent, that prevents the possibility of free water forming anywhere in the pipeline system. The presence of free water in a CO<sub>2</sub> stream permits the formation of carbonic acid in the pipeline, an acid that has a ferocious appetite for carbon steel. Given the rapidity and unpredictability at which carbonic acid can attack pipelines, prudent CO<sub>2</sub> pipeline operators have voluntarily established maximum water quality limitations for their input streams. Given the risks associated with carbonic acid attack, PHMSA should not leave this critical factor to company discretion, but instead should adopt federal regulations that specify a maximum water quality limitation for CO<sub>2</sub> pipelines.

Hydrogen sulfide, or H<sub>2</sub>S, is mentioned here because of a curious item identified in an article related to a supercritical state CO<sub>2</sub> pipeline rupture failure in Mississippi in early 2020.<sup>25</sup> The observations noted in the article by responders of a “green cloud” from the pipeline release, is a possible indication of high levels of H<sub>2</sub>S. Further investigation indicates that the source of the CO<sub>2</sub> (Jackson Dome) has levels of H<sub>2</sub>S at 5 percent, or 50,000 ppm. In contrast, the Centers for Disease Control and Prevention states that a level of 300 parts per million is “immediately dangerous to life or health.”<sup>26</sup> While the H<sub>2</sub>S level that transitions into “sour” gas is not defined in federal

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<sup>24</sup> For example, see Suoton P. Peletire, Nejat Rahmanian, Iqbal M. Mujtaba, “Effects of Impurities on CO<sub>2</sub> Pipeline Performance, Chemical Engineering Transactions,” Vol. 57, 2017.

<sup>25</sup> Dan Zegart Huffpost article, “The Gassing of Satartia,” August 26, 2021 at [https://www.huffpost.com/entry/gassing-satartia-mississippi-co2-pipeline\\_n\\_60ddea9fe4b0ddef8b0ddc8f](https://www.huffpost.com/entry/gassing-satartia-mississippi-co2-pipeline_n_60ddea9fe4b0ddef8b0ddc8f),

<sup>26</sup> <https://www.cdc.gov/niosh/idlh/7783064.html>. It is my understanding that while a few states have attempted to impose H<sub>2</sub>S limits on intrastate pipelines, there is no such federal pipeline safety regulation limiting H<sub>2</sub>S on transmission pipelines, even though there are OSHA H<sub>2</sub>S limits on workplace workers, much lower than 300 ppm.

pipeline safety regulations, serious questions need to be raised about this specific CO<sub>2</sub> pipeline operation.

For CCS generated CO<sub>2</sub> from fuel combustion emission, an expected source for CCS, H<sub>2</sub>S is not a likely contaminant of the stream with trace levels of H<sub>2</sub>S in the less than 1 ppm to be expected. Treatment for the removal of water and water quality enforcement control limitations, however, are critical for CCS pipelines transporting CO<sub>2</sub> from combustion sources. Yet, current federal pipeline safety regulations also do not require that this risk be addressed.

## **VI. Areas needing additional federal pipeline safety focus for CO<sub>2</sub> pipelines**

Based on my experiences, the following are my preliminary observations on specific areas where CO<sub>2</sub> pipeline safety regulation improvement efforts should focus.

- 1. PHMSA should update the definition of carbon dioxide in current regulation.**  
The current “carbon dioxide” definition incorporated into pipeline safety regulation is driven by EOR and does not or may not apply to all CO<sub>2</sub> pipelines that may be developed for CCS projects. Federal regulations need to be modified to assure that federal standards apply to all CO<sub>2</sub> transmission pipelines that transport CO<sub>2</sub> for CCS projects, including all supercritical, gas, and liquid CO<sub>2</sub> transmission pipelines.
- 2. PHMSA needs to identify in regulation the potential impact areas for CO<sub>2</sub> pipeline ruptures.**  
The unique, and potentially very large impact areas for CO<sub>2</sub> pipeline ruptures need to be developed, defined, and promulgated into pipeline regulations. As mentioned previously, these areas are most likely to be measured in miles, not feet.
- 3. Specific CO<sub>2</sub> pipeline federal regulations should not be based solely on industry Recommended Practices.**  
Changes in the CO<sub>2</sub> pipeline safety regulation are needed and should be prescribed to avoid misinterpretation or misuse. Recent efforts by many in the industry to rely on more performance-based standards, even those incorporated by reference, have proven ineffective and disastrous. Such industry efforts also remove an important party to pipeline safety regulatory development, the public. Ironically, it is the public that has the most to lose from inadequate pipeline safety regulation if such referenced citations are not clear, relevant, effective, and cannot be enforced in assuring pipeline safety.
- 4. PHMSA should specifically identify how to incorporate fracture propagation protection on CO<sub>2</sub> transmission pipelines.**  
Given the differential propensity for CO<sub>2</sub> pipelines to propagate fractures along the pipeline upon rupture, regulations should specifically list pipeline design methods to arrest CO<sub>2</sub> fracture propagation.

**5. PHMSA should mandate the use of odorant injection into CO<sub>2</sub> transmission pipelines.**

Given the inability to detect or observe a CO<sub>2</sub> pipeline release, it is time to require the use of odorant injection in such pipelines, especially those pipelines that are not in unpopulated areas, to assist the public in identifying dangerous releases.

**6. PHMSA should require CO<sub>2</sub> pipeline operators to update their required procedural manuals related to coordination with local emergency response agencies for CO<sub>2</sub> pipeline ruptures.**

The major differences and uniqueness of CO<sub>2</sub> pipeline releases compared to hydrocarbon pipelines require that pipeline operators improve the sections of their federally mandated operation, maintenance, and emergencies procedural manuals for emergency response to CO<sub>2</sub> pipeline ruptures.<sup>27</sup> In particular, operators must be required to periodically and fully inform, train, and equip key local officials and emergency responders with regard to special response actions unique to CO<sub>2</sub> pipeline releases. Moreover, upon a rupture, pipeline operators must inform state and local emergency personnel so that they can quickly and adequately protect impacted citizens and themselves.

**7. PHMSA should establish regulations setting specific maximum contaminant impurities for CO<sub>2</sub> pipelines.**

Given the various sources and the unique risk associated with the introduction of water into a CO<sub>2</sub> pipeline, PHMSA should prescribe the maximum concentration of water allowed in them. This requirement goes well beyond a quality specification given the ability of water to rapidly cause CO<sub>2</sub> pipeline failures in unpredictable ways. Given the wide range of impurity sources for CO<sub>2</sub> streams for CCS, PHMSA should review a full range of limits for all common impurities and consider establishing maximum levels for all impurities that pose a safety risk in federal pipeline safety regulations.

**8. PHMSA should strengthen federal regulations for conversion of existing pipelines to CO<sub>2</sub> pipeline service.**

It is not clear whether the public interest is best served by CO<sub>2</sub> shipment in existing transmission pipelines converted to CO<sub>2</sub> service. Further, the general conditions of PHMSA's advisory bulletin are not adequate for conversion to CO<sub>2</sub> pipelines. PHMSA should fully investigate the risks of such conversions and issue regulations appropriate to the serious risks that could result from repurposing a pipeline for CO<sub>2</sub> service.

## **VII. Conclusions**

Current federal minimum pipeline safety regulations focus on higher concentration CO<sub>2</sub> pipelines transporting CO<sub>2</sub> in a supercritical state for use in oil production. Such

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<sup>27</sup> 49CFR§195.402 and 49CFR§192.605 Procedural manual for operations, maintenance, and emergencies.

regulations are incomplete or in conflict with the intent of CCS, to reduce CO<sub>2</sub> content in the atmosphere to address global warming. Federal pipeline safety regulation concerning CO<sub>2</sub> pipelines need specific changes to address the likely expansion of CO<sub>2</sub> transmission pipeline mileage expected by CCS efforts enhanced by the Acts of 2018 and 2021.

Certain manufacturing processes, such as ethanol and some hydrogen reforming refinery units, produce CO<sub>2</sub> emission that are very pure CO<sub>2</sub>, with only trace amounts of contaminants, that are higher priority choices for CCS and associated pipelines, most likely new liquid transmission pipelines, especially under the immense tax credits associated with the Acts of 2018 and 2021. Current federal pipeline safety regulations, however, are not adequate to deal with the additional pipeline risks associated with the expected significant increase in associated CO<sub>2</sub> transmission pipelines under CCS.

The country is ill prepared for the increase of CO<sub>2</sub> pipeline mileage being driven by federal CCS policy. Federal pipeline safety regulations need to be quickly changed to rise to this new challenge, and to assure that the public has confidence in the federal pipeline safety regulations.<sup>28</sup>

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<sup>28</sup> Disclosure: The author prepared this report for the Pipeline Safety Trust but retained full editorial control. The author received compensation from the Pipeline Safety Trust and the Bold Alliance for the preparation of this report.

# South Dakota Public Utilities Commission Information Guide to Siting Pipelines

This guide is intended to offer a simple overview of the Public Utilities Commission's process in making a decision to approve or deny the construction of pipeline facilities specific to South Dakota Codified Laws Chapter 49-41B ([www.sdlegislature.gov/Statutes/Codified\\_Laws](http://www.sdlegislature.gov/Statutes/Codified_Laws)) and South Dakota Administrative Rules Chapter 20:10:22 ([www.sdlegislature.gov/Rules/RulesList](http://www.sdlegislature.gov/Rules/RulesList)). This guide is informational and does not address all situations, variations and exceptions in the pipeline siting process and proceedings of the PUC.

## PUC Authority

The South Dakota Legislature gave the PUC authority to issue permits for certain pipelines. South Dakota pipelines within the commission's siting jurisdiction include those designed to transport coal, gas, liquid hydrocarbons, liquid hydrocarbon products, or carbon dioxide, for example. In considering applications, the commission's primary duty is to ensure the location, construction and operation of the pipeline will produce minimal adverse effects on the environment and the citizens. The commission determines these factors based on definitions, standards and references specified in South Dakota Codified Laws and Administrative Rules. In pipeline siting cases, the commission has one year from the date of application to make a decision.

The commission strives to issue a reasoned decision and conditions, where appropriate, that uphold the law and discourage a potentially expensive and lengthy appeal process.

In rendering its decision, the commission may grant the permit, deny the permit, or grant the permit with terms, conditions or modifications of the construction, operation or maintenance as the commission finds appropriate and legally within its jurisdiction. The commission does not have authority to change the route or location of a project. The decision of the commission can be appealed to the circuit court and, ultimately, to the South Dakota Supreme Court.

The PUC is not involved in the easement acquisition process that occurs between applicants and landowners. Likewise, the PUC does not have a role in the eminent domain process, which is handled in the circuit court system. Landowners with concerns about these issues should seek advice from their personal attorney.

## Applicant Responsibility

The applicant that seeks the PUC's approval must show its proposed project:

- will comply with all applicable laws and rules;
- will not pose a threat of serious injury to the environment nor to the social or economic condition of inhabitants or expected inhabitants in the siting area;
- will not substantially impair the health, safety or welfare of the inhabitants; and
- will not unduly interfere with the orderly development of the region with due consideration having been given to the views of the governing bodies of affected local units of government.

## PUC Staff Role

PUC staff members assigned to work on a pipeline siting case will typically include one attorney and multiple analysts. Staff attorneys have educational and practical experience in administrative law, trial procedure and business management principles. Staff analysts have expertise in engineering, research and economics. Some of the work the staff does involves reviewing data and evidence submitted by the applicant and intervenors, requesting and analyzing opinions from experts, and questioning the parties. The staff considers this information relative to state laws and rules and presents recommendations to the Public Utilities Commissioners.

## Public Involvement

South Dakotans have a variety of ways to stay informed and involved. Read more on back.

### South Dakota Public Utilities Commission

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605-773-3201; 1-800-332-1782

[www.puc.sd.gov](http://www.puc.sd.gov); [puc@state.sd.us](mailto:puc@state.sd.us)



**Review the electronic docket.** A docket is the continually updated collection of documents filed with the commission for a particular case. Dockets are accessible under the Commission Actions tab on the PUC website, [www.puc.sd.gov](http://www.puc.sd.gov). Dockets are labeled to correspond with their type and filing date. For example, the Navigator Heartland Greenway Carbon Dioxide Pipeline docket is HP22-002; HP for hydrocarbon and carbon dioxide pipeline, 22 for the year 2022 and 002 to indicate it was the second hydrocarbon and carbon dioxide pipeline docket filed with the commission in 2022.

**Attend a public input meeting.** The PUC will hold a public input meeting or meetings on a pipeline siting case, with 30 days notice, as physically close as practical to the proposed route. At the meeting, the applicant describes its project and the public may ask questions and offer comment. Commissioners and staff attend this public meeting.

**Submit comments.** Members of the public are encouraged to submit written comments about an active siting case to the PUC. These ***informal*** public comments are reviewed and considered by the PUC commissioners and staff. Comments should include the docket number or siting project name, commenter's full name, mailing address, e-mail address and phone number. These comments should be emailed to [puc@state.sd.us](mailto:puc@state.sd.us) or mailed or hand-delivered to PUC, 500 E. Capitol Ave., Pierre, SD 57501. Comments are posted in the "Comments" section of the docket within a reasonable time after having been received. The commenter's name, city and state will be posted along with their comment. Comments received from businesses, organizations or other commercial entities (on letterhead, for example) will include the full contact information for such.

Please follow these guidelines when submitting written comments to the PUC:

- For comments sent by email, the maximum file size is 10 MB. If you have questions, please contact South Dakota PUC staff at 605-773-3201 (Monday – Friday, 8 a.m. – 5 p.m. Central Time).
- For comments sent by U.S. mail or hand delivered, no more than twenty (20) 8.5" x 11" pages, including attachments and support materials, should be submitted with a comment. Sheets with printing on both sides are counted as two pages.
- A reference document, article or other attachment not written by the person

commenting should clearly identify the source of the content. The inclusion of any copyrighted material without accompanying proof of the commenter's explicit right to redistribute that material will result in the material being rejected.

- In instances where individual comments are deemed to be a duplicate or near duplicate copies of a mass message campaign, the PUC will post only a representative sample and list the name, city and state of the commenter.
- Comments containing threatening language or profanity will be rejected.
- Multimedia submissions such as audio and video files will not be accepted as written comments.
- Electronic links will not be accepted.

**Become an intervenor.** Individuals who wish to be ***formal*** parties in a siting case may apply to the commission for intervenor status. Intervention deadline is clearly indicated within the docket. Intervention is appropriate for people who intend to actively participate in the case through legal motions, discovery (requests for facts or documents), the written preparation and presentation of actual evidence, and in-person participation in a formal hearing. Intervenors are legally obligated to respond to discovery from other parties and to submit to cross-examination at a formal hearing. Individuals seeking only to follow the progress of a siting case or to offer comments for the PUC's consideration need not become intervenors.

**Communicate on record.** Verbal communication between a commissioner and a person with an interest in a matter before the commission that does not occur in a public forum or as part of the official record should be avoided. Those who communicate in writing with a commissioner about an open or imminent docket matter should understand that their comments will become part of the official record and subject to review by all parties and the public. Likewise, comments made at a PUC public proceeding or submitted to the commission relative to a docket matter become part of the record, open to review by all parties and the public. Because commissioners have a decision-making role in docket matters, any discussion with a commissioner about an open or imminent docket must take place in an open forum, such as a public meeting, with notice given to all parties.