

UNIVERSITI TEKNOLOGI MARA

**TECHNO-ECONOMIC ANALYSIS
OF CARBON DIOXIDE
SEQUESTRATION AND
REUTILIZATION IN THE
UPSTREAM SECTOR OF THE OIL
AND GAS INDUSTRY**

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ABSTRACT

This thesis investigated the techno-economic analysis of carbon dioxide sequestration and reutilization in the upstream sector of the oil and gas industry. Carbon Capture and Storage (CCS) was a rather new technology with not much research established, especially in the latter part, the CO₂ sequestration. Since CO₂ sequestration is a new technology, less information is available in the discipline, especially in terms of economics. Apart from a lack of economic studies, CO₂ sequestration is often associated with safety concerns regarding the CO₂ stored. The amount of research in terms of CO₂ sequestration done in Malaysian ground was still bleak. This research aimed to quantify the costs and revenues of CO₂ sequestration, assess its operational safety, conduct a cost–benefit analysis, and perform a sensitivity analysis of key economic. The economic theories governing the thesis work were discounting and intergenerational theory and social cost-benefit, which holistically addressed the economics and the project's safety using technical analysis as the guide. Methods used in the study were Monte Carlo simulation, reservoir simulation, cost-benefit analysis (CBA), and sensitivity studies. Reservoir simulation was utilized to estimate the amount of oil recovery and the CO₂ that can be stored. Monte Carlo Simulation was used to categorize the cases into pessimistic, optimistic, and P50, where the optimistic was when the highest oil/carbon price and lowest CAPEX, and vice versa. CBA was done using economic indicators such as Annual Worth (AW), Present Worth (PW), and Future Worth (FW). For the sensitivity analysis, spider plots were used where the economic indicator was Net Present Value (NPV). Since CO₂ sequestration resembled upstream oil and gas undertaking much, the PSC system was embedded into the computation and Income Tax Allowance (ITA) too as gazetted in the 2023 National Energy Transformation Roadmap (NETR) blueprint. The results were divided into 2 categories: enhanced oil recovery/secondary recovery and standalone CO₂ sequestration. The outcome of the analysis showed that for EOR/secondary, positive outcomes in terms of NPV, internal rate of return (IRR), and payback period were obtained for P50 and the optimistic case, while the pessimistic case registered a loss. The same finding was true for standalone CO₂ sequestration, except the P50 case registered a loss as well. In terms of the safety of the operation, the injection process was concluded to be a safe operation because the injection pressure did not exceed the fracture pressure. The sensitivity study revealed that the factors having the highest governance on the profitability varied based on the Monte-Carlo category. For the pessimistic study, the CAPEX had the most prominent effect, while for the optimistic was the oil/carbon price. The implication of the study revealed that to ensure the CO₂ sequestration project became monetarily successful, a higher carbon price is needed unless the operation is coupled with EOR (utilization).

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TABLE OF CONTENTS

	Page
CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	x
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xx
CHAPTER 1 INTRODUCTION	1
1.1 Research Background	1
1.2 Problem Statement	7
1.2.1 Cost Structure Obscurity	7
1.2.2 CO2 Emission Reduction	9
1.2.3 CCS Volatility	10
1.2.4 CCS in Malaysian Landscape	12
1.3 Research Objectives	13
1.4 Research Question	13
1.5 Significance of Study	13
1.6 Scope of Study	15
1.7 Research Gap	16
CHAPTER 2 LITERATURE REVIEW	21
2.1 Underlying Theories	21
2.1.1 Discounting and Intergenerational Equity	21
2.1.2 Social cost-benefit analysis	25
2.2 Cost Quantification	26
2.3 Public & Environmental Concern	27
2.4 Maturity of CO ₂ Sequestration	36

Figure 4.183	Pessimistic CO2 Sequestration Contractor Tax Paid	269
Figure 4.184	Pessimistic CO2 Sequestration Income After Tax	269
Figure 4.185	Pessimistic CO2 Sequestration Cash Out	270
Figure 4.186	Pessimistic CO2 Sequestration NCF & Cum. NCF	270
Figure 4.187	Pessimistic CO2 Sequestration Contractor's Discounted NCF	271
Figure 4.188	Pessimistic CO2 Sequestration NPV	272
Figure 4.189	Optimistic CO2 Sequestration Revenue	273
Figure 4.190	Optimistic CO2 Sequestration Royalty	274
Figure 4.191	Optimistic CO2 Sequestration OPEX	274
Figure 4.192	Optimistic CO2 Sequestration Capital Allowance	275
Figure 4.193	Optimistic CO2 Sequestration Cost Ceiling	275
Figure 4.194	Optimistic CO2 Sequestration Cost Incurred	277
Figure 4.195	Optimistic CO2 Sequestration Cost Bank	277
Figure 4.196	Optimistic CO2 Sequestration Cost Recovered	278
Figure 4.197	Optimistic CO2 Sequestration Unrecovered Cost	278
Figure 4.198	Optimistic CO2 Sequestration Profit	279
Figure 4.199	Optimistic CO2 Sequestration Cash Flow	280
Figure 4.200	Optimistic CO2 Sequestration Contractor's Profit	280
Figure 4.201	Optimistic CO2 Sequestration Contractor's Entitlement	281
Figure 4.202	Optimistic CO2 Sequestration Income Before Tax	281
Figure 4.203	Optimistic CO2 Sequestration Taxable Income	283
Figure 4.204	Optimistic CO2 Sequestration Investment Tax Allowance	283
Figure 4.205	Optimistic CO2 Sequestration Chargeable Income	284
Figure 4.206	Optimistic CO2 Sequestration Contractor Tax Paid	284
Figure 4.207	Optimistic CO2 Sequestration Income After Tax	285
Figure 4.208	Optimistic CO2 Sequestration Cash Out	285
Figure 4.209	Optimistic CO2 Sequestration NCF. & Cum. NCF	286
Figure 4.210	Optimistic CO2 Sequestration Contractor's Discounted NCF	287
Figure 4.211	Optimistic CO2 Sequestration Contractor's Discounted NPV	288
Figure 4.212	AW CO2 Sequestration P50	289
Figure 4.213	FW CO2 Sequestration P50	289
Figure 4.214	AW CO2 Sequestration Pessimistic	290
Figure 4.215	FW CO2 Sequestration Pessimistic	290
Figure 4.216	AW CO2 Sequestration Optimistic	291