

February 3, 2016

The Honorable Kevin Brady
The Honorable Sander Levin
U.S. House Committee on Ways and Means
Washington, DC 20515

Dear Chairman Brady and Ranking Member Levin:

On behalf of the undersigned member companies and organizations, we request that Congress include a permanent extension of the Section 45Q Tax Credit for Carbon Dioxide Sequestration in a technical corrections act or other appropriate legislation. Section 45Q provides a per ton tax credit for the storage of carbon dioxide (CO₂) through the use of enhanced oil recovery (EOR) and is the most important benefit in the tax code for incentivizing carbon capture utilization and storage (CCUS) at power plants and industrial facilities.

As you know, the Omnibus Appropriations Act of 2016 provided an extension of expiring tax benefits for the wind and solar industries. Inadvertently, some other energy credits, such as geothermal and fuel cell technologies, were not provided with a similar extension and are scheduled for expiration in the near future. Similarly, Section 45Q, will expire the year in which the currently authorized 75 million tons of CO₂ are stored, and roughly half those credits had already been claimed as of 2014. Due to long lead times for construction of such projects, the Section 45Q credit has, for practical purposes, already expired because the lack of financial certainty regarding future availability of credits deters private investment in new commercial CO₂ capture projects.

Capturing and utilizing power plant and industrial CO₂ through EOR yields additional American oil from existing wells that would otherwise not be accessed, thereby expanding domestic reserves and reducing imports. The U.S. independent oil and gas industry is the world leader in CO₂-EOR and could produce billions of barrels of additional American oil from existing fields, while safely and permanently storing billions of tons of CO₂. Realizing our full oil production and carbon storage potential will require that more CO₂ becomes available for the industry to purchase and put to productive use. Fortunately, four decades of commercial experience show that many industries—coal gasification, natural gas processing, chemicals, fertilizer, refining, ethanol and others—can become valued partners in supplying that additional CO₂.

CCUS also represents an essential component of our nation's strategy for achieving greenhouse gas emissions reductions. Without widespread deployment of carbon capture technologies, we will simply fail to meet global mid-century goals for mitigating carbon emissions from electric power generation and a wide range of industrial activities.

Congressman Mike Conaway is preparing to introduce legislation to provide a sensible solution for ensuring the financial certainty and effectiveness of Section 45Q in driving private sector innovation and investment in commercial deployment of carbon capture projects. His proposal would provide for a necessary per ton increase in the value of the tax credit and make it permanent.

Congressman Conaway's forthcoming legislation would achieve a genuine win-win for our nation's economy and environment, as evidenced by the remarkable breadth of our coalition, which is virtually unprecedented in our politically polarized national energy policy arena. Therefore, we respectfully urge your inclusion of this measure in a technical corrections act or other legislative vehicle suitable for addressing energy tax provisions.

Sincerely,



Stephen I. Chazen
Chief Executive Officer
Occidental Petroleum Corporation



Shannon Angielski
Executive Director
Coal Utilization Research Council



Michael Flannigan
Senior Vice President, Global Government Affairs
Peabody Energy



(for)

David Goldston
Director, Government Affairs
Natural Resources Defense Council



Sasha Mackler
Vice President, Summit Carbon Capture
Summit Power Group, LLC



Brad Markell
Executive Director
AFL-CIO Industrial Union Council



Richard Reavey
Vice President Public Affairs
Cloud Peak Energy



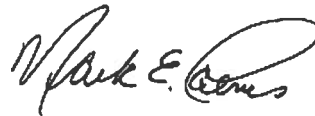
Bob Perciasepe
President
Center for Climate and Energy Solutions
National Enhanced Oil Recovery Initiative



Brad Crabtree
Vice President for Fossil Energy
Great Plains Institute
National Enhanced Oil Recovery Initiative



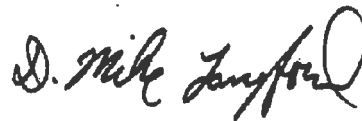
Deck Slone
Senior Vice President, Strategy and Public Policy
Arch Coal



Mark Calmes
Vice President, Environmental
Archer Daniels Midland Company



Kurt Waltzer
Managing Director
Clean Air Task Force



D. Michael Langford
National President
Utility Workers Union of America, AFL-CIO



Richard R. Lancaster
Vice President and Chief Generation Officer
Great River Energy



Don Gales
White Energy
Chief Executive Officer & President



Josh Freed
Vice President for Clean Energy
Third Way



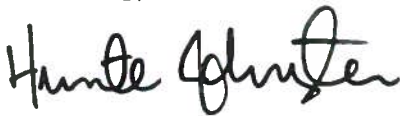
Tom Willis
Chief Executive Office
Conestoga Energy Partners, LLC



Robert G. Mannes
President & C.E.O.
Core Energy, LLC



Bill Rase
Executive Director
Port of Lake Charles, Louisiana



Hunter Johnston
Counsel
Lake Charles Methanol, LLC

NEORI Participants

AFL-CIO | AIR PRODUCTS, INC. | ALSTOM, INC. | ARCH COAL, INC. | ARCHER DANIELS MIDLAND CO. | C12 ENERGY | CLEAN AIR TASK FORCE | CLOUD PEAK ENERGY, INC. | ENERGY INNOVATION REFORM PROJECT | GE OIL & GAS | GREAT RIVER ENERGY | JUPITER OXYGEN CORPORATION | KENTUCKY DEPT. FOR ENERGY DEVELOPMENT AND INDEPENDENCE | LAKE CHARLES METHANOL | LINDE LLC. | LI-COR BIOSCIENCES | MARYLAND DEPARTMENT OF NATURAL RESOURCES | MICHIGAN GEOLOGICAL SURVEY | NATURAL RESOURCES DEFENSE COUNCIL | NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT | NRG ENERGY | PEABODY ENERGY | PRAXAIR, INC. | SMART TRANSPORTATION DIVISION | SUMMIT POWER GROUP, LLC | TENASKA ENERGY | UTILITY WORKERS UNION OF AMERICA | WYOMING ENHANCED OIL RECOVERY INSTITUTE | WYOMING OUTDOOR COUNCIL

NEORI Observers

CHAPARRAL ENERGY LLC | CORE ENERGY, LLC | INTERSTATE OIL AND GAS COMPACT COMMISSION | TELLUS OPERATING GROUP, LLC.