

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 (CO<sub>2</sub>) 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 CO<sub>2</sub> 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 CO<sub>2</sub> capture projects.

Capturing and utilizing power plant and industrial CO<sub>2</sub> 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 CO<sub>2</sub>-EOR and could produce billions of barrels of additional American oil from existing fields, while safely and permanently storing billions of tons of CO<sub>2</sub>. Realizing our full oil production and carbon storage potential will require that more CO<sub>2</sub> 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 CO<sub>2</sub>.

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  
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(for)

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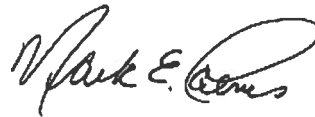
Bob Perciasepe  
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Center for Climate and Energy Solutions  
National Enhanced Oil Recovery Initiative



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



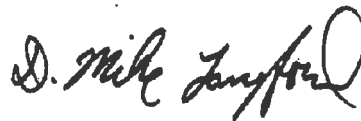
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### NEORI Participants

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.