

April 4, 2016

The Honorable Orrin Hatch
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

On behalf of the undersigned member companies and organizations, we request that Congress extend the Section 45Q Tax Credit for Carbon Dioxide Sequestration in any legislative vehicle for tax provisions that emerges in 2016. Section 45Q provides a tax credit for each ton of carbon dioxide (CO₂) stored underground through enhanced oil recovery (EOR). It is the most important benefit in the tax code for incentivizing carbon capture utilization and storage (CCUS) at power plants and industrial facilities. In the House, Congressman Conaway has introduced H.R. 4622, the Carbon Capture Act of 2016, to extend and strengthen the 45Q tax credit. Senator Heitkamp and Senator Capito are exploring the possibility of introducing a bipartisan companion bill in the Senate.

Capturing power plant and industrial CO₂ and utilizing it 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 requires more CO₂ available for the industry to purchase and put to productive use. Fortunately, four decades of commercial experience show that many industries—coal, 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.

As you know, the Omnibus Appropriations Act of 2016 extended 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. H.R. 4622 makes the 45Q tax credit permanent and makes added improvements to drive private sector innovation and investment in commercial deployment of carbon capture projects.

As evidenced by the remarkable breadth of our coalition, which is virtually unprecedented in our politically polarized national energy policy arena, we believe this opportunity is a genuine win-win for our nation's economy and environment. Furthermore, nearly 30 House Republicans and Democrats, representing 20 states, have co-sponsored H.R. 4622, and we expect a large and politically diverse group of Senate supporters as well, if a companion bill is introduced. As such, we respectfully urge your inclusion of measures to extend and strengthen the 45Q tax credit in any legislative vehicle for energy tax provisions in 2016.

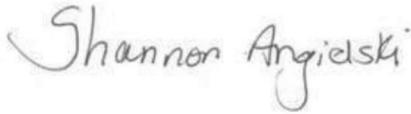
Sincerely,



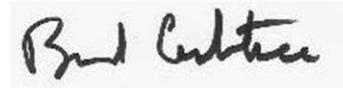
Stephen I. Chazen
Chief Executive Officer
Occidental Petroleum Corporation



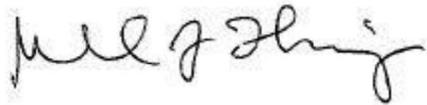
Bob Perciasepe
President
Center for Climate and Energy Solutions
National Enhanced Oil Recovery Initiative



Shannon Angielski
Executive Director
Coal Utilization Research Council



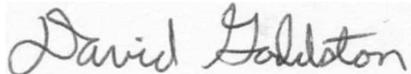
Brad Crabtree
Vice President for Fossil Energy
Great Plains Institute
National Enhanced Oil Recovery Initiative



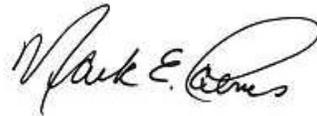
Michael Flannigan
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Peabody Energy



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



(for)
David Goldston
Director, Government Affairs
Natural Resources Defense Council



Mark Calmes
Vice President, Environmental
Archer Daniels Midland Company



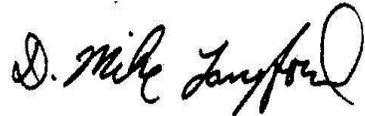
Sasha Mackler
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Summit Power Group, LLC



Kurt Waltzer
Managing Director
Clean Air Task Force



Brad Markell
Executive Director
AFL-CIO Industrial Union Council



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



Richard Reavey
Vice President Public Affairs
Cloud Peak Energy



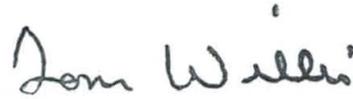
Cecil E. Roberts
International President
United Mine Workers of America



Don Gales
Chief Executive Officer & President
White Energy



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



Tom Willis
Chief Executive Office
Conestoga Energy Partners, LLC



Josh Freed
Vice President for Clean Energy
Third Way



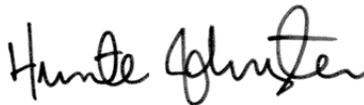
Bill Rase
Executive Director
Port of Lake Charles, Louisiana



Robert G. Mannes
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Core Energy, LLC



John Risch
National Legislative Director
SMART-TD (UTU)



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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 | INTERNATIONAL BROTHERHOOD OF BOILERMAKERS | INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS | 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 | UNITED MINE WORKERS OF AMERICA | 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 | MITSUBISHI HEAVY INDUSTRIES AMERICA, INC. | TELLUS OPERATING GROUP, LLC.