

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



MIKE COONEY
LT. GOVERNOR

November 30, 2016

The Honorable Mitch McConnell
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Harry Reid
United States Senate
Need address
Washington, DC 20510

Dear Senators McConnell and Reid:

I am a strong supporter of efforts to improve federal policy to increase the utilization of Enhanced Oil Recovery (EOR) through expanding and extending the Carbon Dioxide Sequestration Credit contained in section 45(Q) of the Internal Revenue Code.

Working with Governor Matt Mead of Wyoming, we convened a State CO₂-EOR Deployment Work Group to develop actionable incentives for increased deployment of CO₂-EOR. That Work Group consists of representatives from 14 states, private sector stakeholders and CO₂-EOR experts. This bipartisan initiative will soon result in the release of a report detailing a suite of recommendations relating to federal and state policy for CO₂-EOR. The extension and strengthening of the Section 45Q tax credit is one of the primary recommendations of the Work Group.

CO₂-EOR enhances our nation's energy and economic security by lessening our dependence on foreign oil and reducing our trade deficit by keeping dollars currently spent on oil imports at work in the U.S. economy. The production of coal and oil are important to Montana's economy, and we benefit from all sectors involved in CO₂ – EOR, which provides a long-term low-carbon path to production of abundant fossil energy resources. This industry can grow and protect jobs and investments in traditional energy and industrial sectors, and provide a practical, technology-based solution for lowering its carbon footprint.

In Montana, coal resources not only generate electricity, but through carbon capture at power plants, could supply the CO₂ needed to recover additional American oil from our nation's oil fields. The US has been leading the world for decades in CO₂-EOR, but growth of the industry has been hampered by the limited supply of CO₂. Carbon capture can solve that supply problem, while reducing emissions and creating jobs for our country. This is a win for our economy, our security and our environment.

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Today the EOR industry provides tangible benefits for the economy and environment, creating good-paying jobs and keeping CO2 out of the air. As you consider extending and strengthening the 45Q tax credit for carbon dioxide, you should not only incentivize the expansion of that industry to enhance secure CO2 storage, you should seek to ensure the growth of the existing EOR industry, recognizing the benefits to our economy and environment.

I urge you to act now, and extend and strengthen the section 45Q tax credit for carbon dioxide in end-of-year legislation.

Sincerely,

A handwritten signature in blue ink, appearing to read 'S. Bullock', with a long horizontal flourish extending to the right.

STEVE BULLOCK
Governor

Cc: Senator Tester
Senator Daines
Senator Heitkamp
Representative Zinke
Governor Matt Mead
David Foster, U.S. DOE