



December 1, 2016

Honorable Paul Ryan
Speaker of the House
U.S. House of Representatives
H-232 U.S. Capitol
Washington, D.C. 20515

Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230 U.S. Capitol
Washington, D.C. 20510

Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
H-204 U.S. Capitol
Washington, D.C. 20515

Honorable Harry Reid
Minority Leader
U.S. Senate
S-221 U.S. Capitol
Washington, D.C. 20510

Dear Senators McConnell and Reid, and Representatives Ryan and Pelosi:

The Southern States Energy Board (SSEB), an interstate compact comprised of Governors and legislators from each of 16 southern states and two U. S. territories, supports the responsible use of enhanced oil recovery (EOR) using carbon dioxide (CO₂). SSEB appreciates efforts to develop federal policy aimed at spurring deployment of this technology.

The language contained in the bipartisan Carbon Capture Utilization and Storage Act (S. 3179) would help increase the use of EOR technology by extending and expanding the availability, and increasing the value and financial certainty, of the Carbon Dioxide Sequestration Credit, created by section 45Q of the Internal Revenue Code of 1986. While we understand that tax treatment of carbon capture and sequestration projects is unlikely to receive consideration as stand-alone legislation during the final weeks of this Congress, we would request the language of S. 3179 be added as an amendment to any appropriate legislation subject to adoption by Congress.

The Southern States Energy Board has a long and successful history of both policy and technology demonstration dealing with Carbon Capture and Storage (CCS) and Enhanced Oil Recovery using captured CO₂. SSEB manages the Southeast Regional Carbon Sequestration Partnership, SECARB, which has achieved a number of important milestones since the DOE projects began in 2003. SECARB was recognized by DOE for its work in an ongoing CO₂-EOR effort in Mississippi for "furthering CCS technology and meeting G-8 goals for deployment of similar projects." The project team monitored the storage of over 5.3 million tonnes of CO₂ at this site.

In 2015, the Southern States Energy Board passed a resolution at its Annual Meeting in support of CCS-EOR technology, policy, and financial aspects including tax incentives as described in S. 3179. The Resolution, attached, includes the following text which is consistent with the intent of S. 3179.

WHEREAS, bipartisan legislation has been previously introduced in Congress to reform and provide for additional tax credits for CO₂ capture and use in EOR; and

WHEREAS, these credits would pay for themselves over time through increased tax revenue due to new oil production, without even considering the other job and economic benefits of EOR; and

WHEREAS, enactment of such legislation could result in an additional eight billion barrels of U.S. oil production, and storage of four billion tons of CO₂ that would otherwise be released into the atmosphere; and

WHEREAS, there are other legislative efforts to enhance carbon capture including the use of master limited partnerships and private activity bonds, and the proposed FY 2016 federal budget contains an investment tax credit and a production tax credit to cover portions of investments in carbon capture projects.

THEREFORE BE IT RESOLVED, the Southern States Energy Board, in recognition of the economic and environmental benefits of carbon capture and enhanced oil recovery, supports policies and incentives that advance investment in carbon capture and enhanced oil recovery projects, and supports efforts to increase the awareness of the many benefits of carbon capture and EOR; and

BE IT FURTHER RESOLVED that Congress and the President should enact federal incentives to increase available CO₂ supply for the oil industry to purchase and use in EOR, as these incentives have the potential to also leverage private and state investment, harness the ingenuity of entrepreneurs and capitalize on billions of dollars of DOE-sponsored research and development to enable new commercial carbon capture and pipeline projects; and

BE IT FURTHER RESOLVED, the SSEB urges Congress and the Administration to support legislation and budget measures that provide assistance to the development and deployment of carbon capture and EOR technologies; and

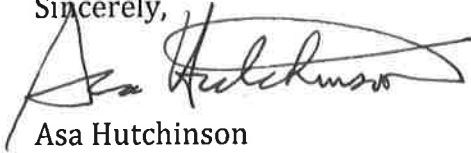
BE IT FURTHER RESOLVED, the SSEB urges Congress and the Administration to rapidly act on this resolution in order to increase the energy security of our nation, to reduce the dependence on unstable foreign oil sources, and to create high quality jobs and additional economic benefits.

CO₂ for Enhanced Oil Recovery is a technology that was pioneered in the United States and has been used consistently, safely, and economically since the 1970s. Since that time, this technology has proven to be a safe and effective way to increase domestic oil production while sequestering millions of tons of CO₂. Many southern states have demonstrated their commitment to CO₂-EOR by proactively addressing regulatory barriers, establishing tax incentives, and providing financial assistance.



The Southern states continue to provide an abundant source of energy that is critical to the economic well-being of the nation. Enhanced Oil Recovery using CO₂ is just one more tool that can be used in the south to continue that legacy of energy production. Therefore, SSEB encourages Congress to consider S. 3179 as a financial mechanism that will enhance opportunities for further economic development of CCS-EOR. Thank you for your attention to these matters, and please let us know if we can provide further information. We look forward to your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Asa Hutchinson". The signature is fluid and cursive, with a large initial "A" and a long, sweeping underline.

Asa Hutchinson
Governor of Arkansas
Chairman, Southern States Energy Board

cc: Honorable Heidi Heitkamp, U.S. Senate



SSEB Resolution 6. 2015–Resolution Supporting Carbon Capture and Storage and Enhanced Oil Recovery

WHEREAS, the Southern States Energy Board supports state efforts to store or find beneficial uses for carbon dioxide emissions by providing adequate funding and incentives for research into carbon capture and storage technologies and underground storage capacities, including the use of carbon dioxide (CO₂) for enhanced oil recovery (EOR); and

WHEREAS, EOR using CO₂, when performed appropriately and responsibly, offers a safe and commercially proven method of domestic oil production, and that as of 2013, EOR using CO₂ produced approximately 280,000 barrels of domestic oil per day, or four percent of U.S. crude oil production; and

WHEREAS, existing EOR technologies could help to recover an estimated 21.4 billion barrels of oil using 8.9 billion metric tons of CO₂, and that with technology advances, 63.3 billion barrels of oil, using 16.2 billion metric tons of CO₂ could be economically recovered, roughly doubling U.S. proven oil reserves and improving our nation's energy independence; and

WHEREAS, electricity generated from power plants burning coal and natural gas and from numerous industrial activities, including natural gas processing, production of ethanol, fertilizer, hydrogen and certain chemicals, refining, and manufacture of cement and steel, all emit CO₂ that could be captured and used to further the goals of energy independence and reduction of greenhouse gases; and

WHEREAS, use of carbon capture at power plants and industrial facilities for EOR could reduce U.S. greenhouse gas emissions by 10-20 billion tons, and produce oil with less environmental impact; and

WHEREAS, there are a number of economic and job opportunities in CO₂ capture and use, including but not limited to, manufacturing CO₂ capture system components; installing carbon capture technology; building pipelines to transport CO₂; rehabilitation of mature oil fields; and managing CO₂ injections and monitoring long-term storage; and

WHEREAS, coal and oil production and utilization and other industrial processes are a critical component of many southern states' economies, and that beneficial use of CO₂ provides a long-term path for continued low-carbon production and use of our nation's coal and oil resources and presents an opportunity for state and local governments to stimulate economic activity and realize additional revenue at a time when many governments face significant fiscal challenges; and

WHEREAS, CO₂ capture equipment, installed on a broad range of industrial processes, has the potential to supply significant volumes of CO₂ to the EOR industry enabling the United States to achieve significant net carbon reductions through the sequestration of CO₂; and



WHEREAS, the United States has the opportunity to provide global leadership in carbon capture research and technology development, hydrocarbon recovery and geologic storage research and technologies, manufacturing, engineering and other services; and

WHEREAS, bipartisan legislation has been previously introduced in Congress to reform and provide for additional tax credits for CO₂ capture and use in EOR; and

WHEREAS, these credits would pay for themselves over time through increased tax revenue due to new oil production, without even considering the other job and economic benefits of EOR; and

WHEREAS, enactment of such legislation could result in an additional eight billion barrels of U.S. oil production, and storage of four billion tons of CO₂ that would otherwise be released into the atmosphere; and

WHEREAS, there are other legislative efforts to enhance carbon capture including the use of master limited partnerships and private activity bonds, and the proposed FY 2016 federal budget contains an investment tax credit and a production tax credit to cover portions of investments in carbon capture projects.

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BE IT FURTHER RESOLVED, the SSEB urges Congress and the Administration to support legislation and budget measures that provide assistance to the development and deployment of carbon capture and EOR technologies; and

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