Dear Senator:

On behalf of our millions of members and activists we write to express our opposition to any government subsidy for carbon capture for the purpose of Enhanced Oil Recovery (EOR). Rather than sequestering the CO2, EOR is used to produce an even greater supply of climate polluting fuels.

Proposals to incentivize CO2 injection for EOR (CO2-EOR), including an expansion or extension of the Section 45Q tax credit for Carbon Capture and Sequestration (CCS), would merely add another subsidy to the billions of dollars that big oil already receives from taxpayers every year.

When it was enacted as part of the Emergency Economic Stabilization Act of 2008, Congress intended Section 45Q to promote the development of carbon capture technologies that would keep carbon pollution from entering the atmosphere. Congress recognized that EOR should not be the goal of sequestration but hoped developing carbon capture for EOR would prove to be a step towards CCS. To ensure that full scale CCS was developed Congress set the value of the tax credit at $10 per ton of CO2 captured for EOR but $20 per ton for permanent CCS. It has become clear that CO2-EOR will not be a pathway towards CCS.

Section 45Q has been in the tax code for nearly eight years and roughly half the credits have been claimed. In 2010 the Department of Energy (DOE) commissioned a study to examine if investments in EOR would expedite the scaling up of utility-scale CCS. However, the DOE study found that encouraging EOR with captured CO2 will not encourage CCS. Subsidies for CO2-EOR only encourage oil industry growth because CO2 injection is such a valuable method for extracting more oil from otherwise exhausted reserves.

It is no surprise that there is no climate benefit to encouraging oil industry growth to help secure a future for coal combustion. Phasing out coal, oil and gas is the only viable pathway to avoiding the most dangerous impacts of climate change.

The oil industry wants the 45Q credit extended so it can serve as a long term subsidy of their existing business plans. The industry has largely exhausted natural supplies of CO2 that it uses in EOR and sees a convenient pathway to get taxpayers to help subsidize their business costs. A bill introduced by Representative Conaway in the House would triple the credit for CO2 used in EOR, remove any

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preference for CO2 sequestered, and make the credit permanent. Senator Heitkamp attempted to attach similar language as a rider in the Senate. This would put a new taxpayer handout to the oil and gas industry on the books and potentially cost taxpayers billions of dollars.

Enhancing oil recovery is not a climate solution. Neither is further subsidizing the oil industry. In fact both are a step in the wrong direction. That is why we ask you to oppose any attempts to extend or expand the Section 45Q tax credit.

Thank you,

Center for Biological Diversity
Chesapeake Climate Action Network
Clean Water Action
Earth Day Network
Earthjustice
Earthworks
Environment America
Friends of the Earth
GreenLatinos
Greenpeace
Institute for Policy Studies—Climate Policy Program
International Forum for Globalization
Labor Network for Sustainability
Montana Environmental Information Center
Nuclear Information & Resource Service
Oil Change International
Onward Oregon
Oregon Environmental Council
Physicians for Social Responsibility
Public Citizen
Rachel Carson Council
Rainforest Action Network
Safe Climate Campaign
Southern Oregon Climate Action Now
SustainUS
Students for a Just and Stable Future
WildEarth Guardians
350PDX
350.org