



RESOLUTION 23.054

Urging the United States Congress to Adopt Legislation to Increase the 45Q Tax Credit for Enhanced Oil Recovery to \$85 per Ton of Carbon Dioxide Used

WHEREAS, the Interstate Oil and Gas Compact Commission (IOGCC) is one of the oldest and largest interstate compacts in North America, formed by states with participation of international affiliates to conserve oil and gas by the prevention of physical waste thereof from any cause, to facilitate the coordination of the exercise of the police powers of the several states and provinces within their several jurisdictions to promote the maximum ultimate recovery from the petroleum reserves of said states and provinces, and to recommend measures for the maximum ultimate recovery of oil and gas; and

WHEREAS, IOGCC adopted Resolution 20.073 urging the United States Congress to enact legislation to stimulate the national economy and promote energy independence by investing in carbon capture, use, and storage (CCUS); and

WHEREAS, IOGCC adopted Resolution 21.055 urging the President of the United States and the United States Congress to act in a bipartisan manner to prioritize the development of technological innovation, like CCUS, to improve environmental outcomes; and

WHEREAS, the 117th Congress of the United States passed the Inflation Reduction Act (IRA), which increased the 45Q tax credit for carbon dioxide permanently stored to \$85 per ton, but only increased the 45Q tax credit for carbon dioxide sequestered by enhanced oil recovery (EOR) to \$60 per ton; and

WHEREAS, EOR has the potential to sequester over 83 billion tons of CO₂ in the United States while increasing oil production by approximately 110 billion barrels;¹ and

WHEREAS, an average of 0.5 to 0.75 tons of CO₂ are sequestered per barrel of oil produced,² which in many cases results in a carbon-negative barrel of oil; and

WHEREAS, the current structure of the 45Q tax credit incentivizes storage of CO₂ at the expense of beneficial reuse for EOR, which could reduce the United States' overall CO₂ storage capacity by at least 83 billion tons; and

¹ National Petroleum Council. A Roadmap to At-Scale Deployment of Carbon Capture, Use, and Storage. December 2019, updated March 2021.

² International Energy Agency. World Energy Outlook 2018.



WHEREAS, a 45Q tax credit for EOR set equal to the credit for storage would significantly increase the volume of CO₂ sequestered and is in the best interest of the national economy, energy independence, and improved environmental outcomes for the United States.

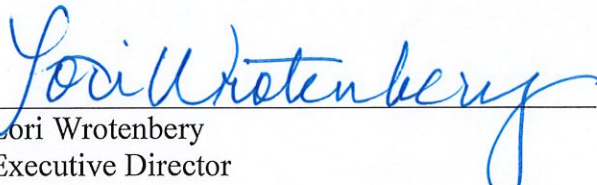
NOW, THEREFORE, BE IT RESOLVED THAT, the Interstate Oil and Gas Compact Commission hereby urges the Congress of the United States to increase the 45Q tax credit for anthropogenic carbon dioxide sequestered by EOR to \$85 per ton.

I certify that this is a true and correct copy of the resolution adopted by the Commission on June 23, 2023.

Voting yes: Alabama, Alaska, Arizona, Arkansas, Idaho, Kansas, Kentucky, Louisiana, Mississippi, Montana, Nebraska, Nevada, North Dakota, Ohio, Oklahoma, Texas, Utah, West Virginia, and Wyoming.

Voting no: California, Colorado, and New York.

Abstaining and therefore considered not present: Illinois, Michigan, and New Mexico.


Lori Wrotenberg
Executive Director
Interstate Oil and Gas Compact Commission

