

This comment is an inquiry into the Section 45Q Tax Credit as relates to Microalgae Cultivation. Specifically we seek clarification with regards to the qualification of (1) carbon oxide source, for (2) the carbon oxide end use, and ultimately (3) what is the minimum applicable volume needed in order to qualify said source and end use for the Section 45Q Tax Credit and can this be achieved by multiple facilities operating in close proximity to each other.

1) If a natural gas (methane) production field, comprising natural gas production wells and natural gas processing facilities, and which has been producing natural gas for distribution to utility companies for downstream distribution to homes, businesses, and power stations for more than 20 years, also has a carbon oxide component to the natural gas streams and that carbon oxide component while variable can constitute as high as 15% of the total natural gas stream, and the carbon oxide component has historically been viewed as a waste by-product with no monetary value, (a) is the reservoir exempted from classification as a carbon oxide reservoir, and (b) is the treating facility that separates the carbon oxide component from the natural gas considered a manufacturing facility?

2) If carbon oxide separated from natural gas at a treating facility as described above is utilized to generate microalgae for any number of commercial purposes, is the volume of carbon oxide utilized in this manner deemed to be fully sequestered regardless of the end product for the algal biomass?

3) If these volumes qualify as per above, what minimum volume threshold is required to qualify? If multiple treating facilities for separating carbon oxide from natural gas are owned and operated by a common operator within relatively close proximity (e.g. 25 miles), is it allowable to recognize the aggregate carbon oxide volume as the basis for meeting the minimum threshold for 45Q?