

This comment is an inquiry into the Section 45Q Tax Credit as related to Enhanced Gas Recovery. Specifically we seek clarification with regards to the qualification of (1) carbon oxide source, for (2) the carbon oxide end use and minimum volume to qualify, and ultimately (3) whether multiple facilities operating near each other can be considered as one combined operating facility for the purposes of achieving such qualified volumes.

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 then utilized for the purposes of Enhanced Gas Recovery by way of injection back into a subsurface natural underground natural gas reservoir, (a) does this volume of carbon oxide utilized in this manner qualify for the 45Q Tax Credit, and (b) what annual minimum volume threshold of carbon oxide (metric tonnage) is required in order for this facility to qualify for the 45Q tax credit? We have reviewed previously released 45Q guidance, but while considering the conditions described above it remains unclear what minimum volume thresholds would apply, assuming that the volumes are generally qualified.

3) 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?