

Industrial Commission of North Dakota



Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

New Reports Highlight North Dakota's Tax Policy and CO₂-Enhanced Oil Recovery Potential

BISMARCK, N.D. – The North Dakota Tax Commissioner's Office and Energy & Environmental Research Center (EERC) have released reports that forecast the economic potential of CO₂-enhanced oil recovery (CO₂-EOR) in North Dakota. These studies underscore the state's strategic advantages in leveraging CO₂ utilization to drive sustainable energy production, economic growth and environmental benefits over the next 20 years.

Federal tax policy provides a \$25 per ton advantage for permanent carbon storage over utilization. The reports reveal North Dakota's current tax policies help narrow this gap to less than \$10 per ton for CO₂-EOR, highlighting the state's role as a leader in carbon management and advancement across the oil, lignite and agriculture sectors. However, the report continues to demonstrate the need for the federal government to enact tax parity for CO₂-EOR projects to support the development of long-term CO₂ markets.

"North Dakota continues to lead with innovative policies that support our industries and drive economic growth while addressing the challenges of a sustainable energy future," said members of the Industrial Commission in a joint statement. "These reports demonstrate how CO₂-EOR can unlock billions of barrels of untapped oil, reduce emissions and provide billions in revenue – all while maintaining North Dakota's reputation as a global energy leader."

Key findings from the reports include:

- **Energy Potential:** CO₂-EOR could unlock an additional 5 billion to 8 billion barrels of oil over the next 30–50 years, doubling the Bakken Formation's production milestones.
- **Economic Impact:** Statewide, CO₂-EOR could generate \$2.9 billion to \$9 billion in incremental revenue primarily from oil and gas production tax collected on incremental barrels produced.
- **Environmental Benefits:** CO₂-EOR reduces greenhouse gas emissions by 20% during production, producing low-carbon-intensity oil that meets global market demands.
- **Strategic Positioning:** With potential in-state CO₂ sources and tax policies that offset 64.5% of the federal tax credit disparity, North Dakota is well positioned to be a first mover into CO₂-EOR from oil shale.

The report underscores the need for long-term CO₂ supply agreements and sustained policy incentives to fully realize the economic and production opportunities presented by CO₂-EOR.

The full reports may be viewed at www.stand.nd.gov.

-30-

For more information:

ND State Tax Office

Jessie Wald

328.3039

jeswald@nd.gov

UND EERC

Nikki Krueger

777.5428

nkrueger@undeerc.org

STAND

Janel Schmitz

328.5880

janelshmitz@nd.gov