



March 29, 2012

Ms. Karlene Fine
Executive Director
North Dakota Industrial Commission
600 East Boulevard Avenue, Department 405
Bismarck, ND 58505-0840

Dear Ms. Fine:

Subject: Plains CO₂ Reduction (PCOR) Partnership Program Phase III
Contract No. FY08-LXIII-162

We wish to formally request a change to the subject contract, specifically to the statement of work (SOW). The SOW to be accomplished (as provided in Proposal No. 2008-0119 and incorporated into the contract) involved the injection of CO₂ from the Antelope Valley Station (AVS) into the North Dakota portion of the Williston Basin for both sequestration and enhanced oil recovery (EOR).

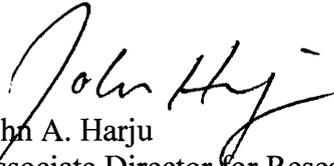
As reported at previous meetings and progress reports, numerous attempts to secure a commitment for CO₂ from AVS failed. Therefore, on September 30, 2009, as a means of meeting the U.S. Department of Energy's demands, a decision was made to move to the Bell Creek oil field of southeastern Montana. We are confident that our efforts in the Bell Creek oil field will not only provide valuable monitoring, verification, and accounting information from a commercial-scale CO₂-EOR storage project but will also provide a stepping stone to Cedar Creek Anticline—home to 300 million bbl of incremental oil critical to the Williston Basin's and North Dakota's energy future. At the same time, countless North Dakota specific activities have continued at a robust pace within the program, including detailed characterization of Stark County's Lodgepole Mounds, Burke County's Rival Field, and the Phase II demonstration projects. With respect to the state's lignite industry, the program performed specific work that supported the development of North Dakota's CO₂ storage rules and characterized and qualified key saline formations capable of storing all of the state's potential CO₂ emissions from its 800-year supply of lignite resources. Program resources have been routinely mobilized to support numerous presentations and other outreach efforts at the request of the state's lignite industry.

The PCOR Partnership is committed to helping develop North Dakota's lignite resources. Efforts to monetize carbon credits for CO₂ sequestration in geologic formations safeguards the lignite industry and will help make CO₂-based EOR projects in North Dakota economically feasible. Large-scale commercialization of these activities will result in increased employment opportunities and tax revenues for the citizens of North Dakota, extend the productive life of many of North Dakota's oil fields, and safeguard the lignite industry by continuing to provide lignite-based energy at a low cost.

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The subject contract stipulates that in order to receive the seventh installment payment, the EERC must provide confirmation of a Williston Basin site. The EERC, therefore, respectfully requests removal of the Williston Basin site stipulation and the allowance of the pending payments to be utilized in support of the ongoing PCOR Partnership's Phase III efforts.

Sincerely,


John A. Harju
Associate Director for Research

Approved by:


Dr. Gerald H. Groenewold, Director

JAH/rss

c: Michael Jones, Lignite Energy Council
Ed Steadman, EERC
Lucia Romuld, EERC
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Sheryl Landis, EERC