



June 1, 2023

Mr. Reice Haase
Executive Director and Secretary
North Dakota Industrial Commission
State Capitol, 14th Floor
600 East Boulevard Avenue, Department 405
Bismarck, ND 58505-0840

Dear Mr. Haase:

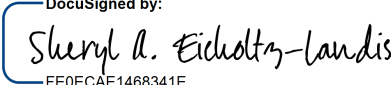
Subject: North Dakota Industrial Commission Contract No. G-050-96; "PCOR Initiative to Accelerate CCUS Deployment;" DOE Cooperative Agreement No. DE-FE0031838 41000/24793 (Budget Period 1); 41000/26076 (Budget Period 2)

In accordance with Section 3.a of the subject agreement, the Energy & Environmental Research Center (EERC) is requesting the remaining portion of the incremental funding from the North Dakota Industrial Commission Oil and Gas Research Program (OGRP) in the amount of \$500,000 to be used in one of two ways as delineated in the attached Technical Justification.

If this request is acceptable, kindly issue a modification to the subject agreement accordingly.

Should you have any questions or require further information concerning this matter, please feel free to contact me by phone at (701) 777-5124 or by e-mail at slandis@undeerc.org. For technical questions, please contact Kevin Connors by phone at (701) 777-5236 or by e-mail at kconnors@undeerc.org.

Sincerely,

DocuSigned by:

Sheryl A. Eicholtz-Landis
Director of Contracts and Intellectual Property

SEL/kal

Attachment

c/att: Brent Brennan, Oil and Gas Research Council
Kevin Connors, EERC

TECHNICAL JUSTIFICATION

In 2019, the Energy & Environmental Research Center (EERC) received a 5-year award from the U.S. Department of Energy (DOE) to continue the work of the Plains CO₂ Reduction (PCOR) Partnership program that began in 2003. The North Dakota Industrial Commission (NDIC) committed to support this new 5-year effort by matching DOE funding with cash cost share up to \$2 million through the Lignite Research, Development, and Marketing Program (LRP) and \$2 million through the Oil and Gas Research Program (OGRP). This commitment is reflected in NDIC Contracts FY20-XCI-226 and G-050-96. NDIC has honored this commitment by providing \$3 million to date (\$1.5 million each from LRP and OGRP) to match the \$15 million that has been incrementally provided by DOE as shown in the table below.

	2019	2020	2021	Total
DOE	\$5,000,000	\$5,000,000	\$5,000,000	\$15,000,000
NDIC – OGRP	\$500,000	\$500,000	\$500,000	\$1,500,000
NDIC – LRP	\$500,000	\$500,000	\$500,000	\$1,500,000

On April 26, 2022, the EERC applied for \$5,000,000 of additional funding from DOE that would utilize the last \$500,000 of OGRP’s total \$2 million contract. This application was pursuant to the federal appropriation for FY2022 funding directing DOE to make available “*not less than \$20 million for the Regional Carbon Sequestration Partnership (RCSP) program,*” which includes the PCOR Partnership. However, the DOE unexpectedly deviated from Congressional appropriations direction for FY2022 by recompeting those funds via a new Funding Opportunity Announcement (DE-FOA0002799) instead of directing them to the already-awarded RCSPs. Unfortunately, preliminary discussions with DOE indicate a likely similar deviation from FY2023 federal appropriations language, which again directs DOE to make available not less than \$20 million for the RSCP program.

The EERC continues to work with North Dakota’s Congressional delegation and DOE to secure the federal funding that was appropriated and anticipated for the RCSPs, thereby the PCOR Partnership. At the same time, the emergence of commercial carbon capture, utilization, and storage (CCUS) activity in the region and unprecedented growth in the membership of the PCOR Partnership demonstrate the need for uninterrupted regional leadership in CCUS. To maintain this regional leadership, the EERC is requesting access to the remaining incremental funding from the OGRP contract. If the appropriated-DOE funding is secured, this \$500,000 will be used as cost share for the DOE program as originally planned, resulting in an 80% match to the OGRP funds. However, if DOE does not provide any additional funding, the EERC requests permission to leverage these OGRP funds with existing industry funding from the PCOR Partnership members. This second scenario would change the cost-share match to the OGRP funds; however, the total match would be no less than 70%.

ENCLOSURE ONE

The funding profile showing an increase to the project by \$2,139,990 is shown in the table below: \$500,000 from the LRP, \$500,000 from the OGRP, and \$1,139,990 from industry share secured to date.

Funding Source	Current Commitment to DOE Program	This Request May 2023*	Total Program
U.S. DOE	\$15,000,000		\$15,000,000
NDIC OGRP	\$1,500,000	\$500,000	\$2,000,000
NDIC LRP	\$1,500,000	\$500,000	\$2,000,000
UW	\$377,424		\$377,424
UAF	\$375,450		\$375,450
Industry	\$0	\$1,139,990	\$1,139,990
Total	\$18,752,874	\$2,139,990	\$20,892,864

* If DOE does not provide additional funding, the May 2023 request will be considered complementary funding to the PCOR Partnership Program and will not be reported to DOE as cost share.

With this funding, the EERC will operate under the current scope of work and advance the vision of the PCOR Partnership, which is to accelerate the commercial deployment of CCUS in North Dakota and the region. This work will help the state of North Dakota maintain a leadership role in the deployment of CCUS and contribute to the long-term viability and development of the state's abundant lignite resources.

The EERC will work with our project partners at the University of Wyoming School of Energy Resources (UW) and University of Alaska at Fairbanks Institute of Northern Engineering (UAF) to secure similar levels of funding from their respective states.

We would welcome the opportunity to further discuss the PCOR Partnership and present our recent accomplishments and our vision for the future.