

No Carbon Capture Tax Credits for Oil and Gas Drilling

February 26, 2026

Dear Member of Congress:

We are writing to urge you to end the wasteful 45Q carbon capture tax subsidies that are propping up enhanced oil recovery (EOR), an oil extraction method that is [uneconomic without massive public investment](#).¹ The oil company profits from EOR come at the expense of billions in public resources and community safety. The 45Q tax credit was never intended to function as a permanent entitlement for oil and gas production. Yet today it is doing exactly that, with the Environmental Protection Agency documenting over [90% of all carbon dioxide captured in the United States going to extract more oil](#), funded through billions in public subsidies.²

The Department of Energy (DOE) estimates that carbon dioxide used for [EOR could ultimately result in the extraction of 177 billion barrels of otherwise uneconomic oil in the United States](#).³ DOE analysis of just one enhanced coal bed methane recovery (ECBMR) project found that it could produce an [additional 1.5 trillion cubic feet of gas](#) from coal seams.⁴

Oil and gas companies are seizing on carbon capture as a way to [ostensibly offset greenhouse gas emissions on paper](#), while getting US taxpayers to foot the bill for extraction of uneconomic oil.⁵ The industry relies on [inadequate tax credit claim requirements and weak IRS oversight](#) to avoid any meaningful government scrutiny for this massive corporate tax scheme.⁶ Despite this weak regulatory regime, the Treasury recently further weakened oversight by creating “[safe harbor](#)” provisions that effectively eliminate transparency and oversight of the 45Q tax credit by expanding the use of confidential third-party verifiers to validate tax credit eligibility based solely on data provided to verifiers by the claimant by the tax credit claimant.⁷

¹National Petroleum Council. “Meeting the Dual Challenge, A Roadmap to At-Scale Deployment of Carbon Capture Use and storage”. December 2019. At 8-2.

² Environmental Protection Agency Website. “Supply, Underground Injection, and Geologic Sequestration of Carbon Dioxide. Accessed February 4, 2026.

³ National Petroleum Council. “Meeting the Dual Challenge, A Roadmap to At-Scale Deployment of Carbon Capture Use and storage”. December 2019. At 8-7

⁴ Department of Energy Website. “Alabama Project Testing Potential for Combining CO2 Storage with Enhanced Methane Recovery.” Accessed February 4, 2026.

⁵ Carbon Market Watch. “Netzero Oil Company: Climate Action or oxymoron” April 2024. At 17.

⁶ Taxpayers for Common Sense and Heartland Institute. “IRS must ensure fair, transparent, and verifiable administration of the 45Q tax credit” Dec 15, 2025

⁷ Internal Revenue Service. Safe Harbor for the Credit for Carbon Oxide Sequestration under Section 45Q for Qualified Carbon Oxide Disposed of in Secure Geological Storage in Calendar Year 2025. December 19, 2025.

Concurrent efforts at the U.S Environmental Protection Agency (EPA) to [delegate oversight of carbon dioxide injections to the states](#) will further complicate and weaken the ability of the IRS and Treasury to verify the integrity of tax credit claims.⁸ This is on top of [concerns](#) that EPA has yet to develop standards to ensure injection sites can safely and securely store carbon dioxide.⁹

Industry [plans to expand injection of carbon dioxide into offshore reservoirs](#) in the Outer Continental Shelf would magnify existing verification gaps while tying federal tax policy even more directly to increasing oil production.¹⁰ Offshore carbon dioxide injection will exacerbate existing problems for verifying tax credit claims. Both the [technical complexity](#) of offshore geology and extremely limited inspection capacity of federal regulators expose taxpayers to additional losses while oil and gas companies reap massive and potentially fraudulent profits off tax payer subsidies.¹¹

Moreover, the 45Q tax credit program is uncapped, exposing taxpayers to unlimited losses. The Treasury's own [claims](#) estimate the cost to taxpayers for 45Q at \$43.6 billion over the next ten years alone.¹² Independent analysis indicates that if all currently proposed carbon capture projects are constructed, [program costs would balloon into the hundreds of billions of dollars](#), particularly as companies exploit loose eligibility rules, safe harbor provisions and inadequate enforcement mechanisms.¹³ This level of public spending represents a massive transfer of taxpayer dollars to oil and gas companies at a time when families are already struggling with rising costs. Hardworking taxpayers will pay for fuel at the pump and through their taxes.

Continuing to subsidize EOR through 45Q is fiscally irresponsible and fundamentally at odds with the public interest. Not only do these subsidies support uneconomic oil and gas extraction, but they will also perpetuate [dangerous pipelines](#) and [injection wells](#) that exist within a regulatory regime that is demonstrably incapable of ensuring public safety or fiscal accountability.^{14,15}

⁸ Environmental Protection Agency Website. Accessed Feb 4, 2026.

⁹ Representative Huffman and Representative Casten. Letter to EPA Administrator Zeldin. September 11, 2025.

¹⁰ Velev, Vasil. Carbon Herald. Trump Administration Sets Roadmap For Offshore Carbon Storage Rules. September 8, 2025.

¹¹ Dean, Marcella, et al. International Journal of Greenhouse Gas Control. Insights and guidance for offshore CO2 storage monitoring based on the QICS, ETI MMV, and STEMM-CCS projects. International Journal of Greenhouse Gas Control. September 2020.

¹² US Treasury. Tax expenditures 2026. At Table 2A and Table5.

¹³ Earth Track and Just Solutions. Taxpayer Cost for Carbon Capture, Utilization, and Storage. April 2025. At 2.

¹⁴ Food & Water Watch website. 150 Groups to EPA: Halt Permitting of Carbon Injection Wells After Dangerous Leaks at Nation's First CCS Facility, Accessed Feb 4, 2026

¹⁵ Food & Water Watch website. CO2 Pipeline Moratorium Now! Accessed, Feb 4, 2026

Congress must act to eliminate the 45Q taxpayer subsidy for carbon dioxide EOR. . Ending this corporate handout is necessary to protecting taxpayers, safeguarding communities, and restoring integrity to federal energy and tax policy.

Sincerely,

Original Signatories

Better Path Coalition	Greater New Orleans Interfaith Climate Coalition
Bold Alliance	Habitat Recovery Project
Center for International Environmental Law	Indigenous Environmental Network
Climate Justice Alliance	Institute for Policy Studies Climate Policy Program
Deep South Center for Environmental Justice	Oil Change International
Earthworks	Our Revolution
Eco-Justice Collaborative	Raices Collaborative
Food & Water Watch	Science and Environmental Health Network
For a Better Bayou	Sierra Club
Friends of the Earth US	The Alliance for Affordable Energy

National Signatories

Biofuelwatch	Dream Tank
Bold Alliance	Earthjustice
Center for Biological Diversity	Earthworks
Center for International Environmental Law	Food & Water Watch
Center for Oil & Gas Organizing	FracTracker Alliance
Clean Water Action	Friends of the Earth US
	Greenpeace USA

Healthy Ocean Coalition
Hip Hop Caucus
Indigenous Environmental Network
Institute for Policy Studies Climate
Policy Program
Oil and Gas Action Network
Oil Change International
Physicians for Social Responsibility
Rachel Carson Council
Sierra Club

Unitarian Universalist Service
Committee
Unitarian Universalists for a Just
Economic Community
Center for Progressive Reform
Climate Justice Alliance
Our Revolution
Progressives for Climate
Science and Environmental Health
Network
Clean Energy Action

State and Local Signatories

350 Bay Area Action
350 Mass
350Hawaii
350NYC
A Community Voice
Alaska Community Action on Toxics
Allegheny County Clean Air Now
Animals Are Sentient Beings, Inc.
Athens County's Future Action Network,
ACFAN (OH)
Better Path Coalition
Between the Waters
Biofuelwatch
Breathe Easy Susquehanna County

Bucks Environmental Action
California Nurses for Environmental
Health & Justice (CNEHJ)
Center on Race, Poverty & the
Environment
Central Illinois Healthy Community
Alliance
Citizens Against Heartland
Greenwashing Projects
Citizens Against Predatory Pipelines
Clean Energy Action
Climate Reality Chicago Metro Chapter
Climate Reality Project - NJ
Climate Reality Project Greater New
Orleans Chapter

Climate Reality Project Lehigh Valley PA

Climate Reality Project: Chicago Metro Chapter

Climate Reality Project: Susquehanna Valley PA Chapter

Coalition to Ban Unsafe Oil Trains

Commission Shift

Community Energy reSource

Concerned Citizens against Wabash Valley Resources

Concerned Citizens of St. John

Concerned Health Professionals of Pennsylvania

Covington County AL Against CCS

CURE

Deep South Center for Environmental Justice

Delaware Riverkeeper Network

DivestNJ

Don't Gas the Meadowlands Coalition

Dream Tank

Eco-Justice Collaborative

Empower NJ

Empower Our Future

For a Better Bayou

Fossil Free California

Fox Valley Citizens for Peace & Justice

FreshWater Accountability Project

Greater Highland Area Concerned Citizens

Greater New Orleans Interfaith Climate Coalition

GreenFaith

Greenfire Coalition Writers' Forum

Habitat Recovery Project

Healthy Gulf

Highland Park Ecology and Environmental Group

Illinois Coalition to Stop CO2 Pipelines

Illinois People's Action

Illinois Water Authority Association

Inclusive Louisiana

Intertwined Faith Community

Iowa Citizens for Community Improvement

Louisiana League of Conscious Voters

M-W & Associates

McKean County Green Party

Metro East Green Alliance

Mossville Environmental Action Now
MEAN

Move Past Plastic (MPP)

MoveOn.org HobokenRESIST!

Natural Capitalism Solutions

New Mexico No False Solutions
No False Climate Solutions PA
North Braddock Residents For Our
Future
NWSOFA-Indivisible
Ohio Valley Environmental Advocates
Physicians for Social Responsibility PA
Prairie Rivers Network
Project CoffeeHouse
PSR Iowa Chapter
Putnam Progressives
Raices Collaborative
Responsible Decarbonization Alliance
Sacred Places Institute For Indigenous
Peoples
San Francisco Bay Physicians for Social
Responsibility
San Francisco Baykeeper
SanDiego350
Santa Cruz Climate Action Network
Save Our Illinois Land
Seneca Lake Guardian
Sunflower Alliance
The Alliance for Affordable Energy
The Wei LLC
Third Act Illinois
Valley Improvement Projects

Vessel Project of Louisiana
Veterans for peace #35
Waterspirit
Youth v. Oil