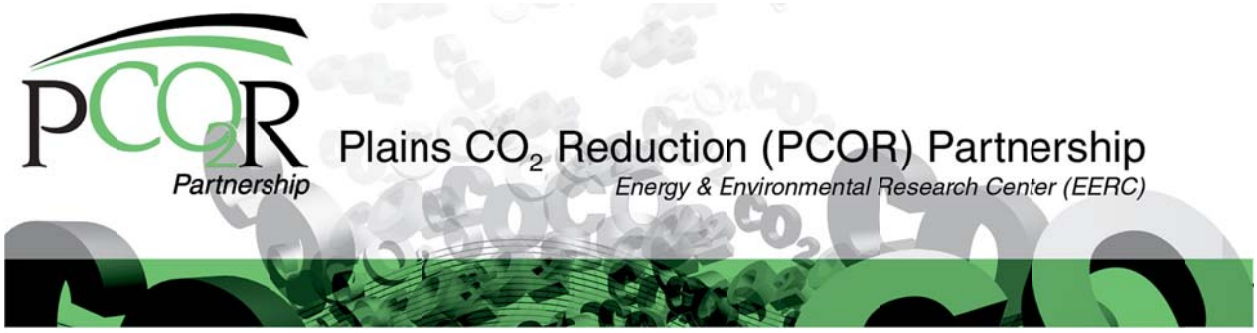

BELL CREEK TEST SITE – 1 MILLION METRIC TONS INJECTED

Plains CO_2 Reduction (PCOR) Partnership Phase III
Task 9 – Milestone M48

Prepared for:

Andrea M. Dunn

National Energy Technology Laboratory
U.S. Department of Energy
626 Cochrans Mill Road
PO Box 10940
Pittsburgh, PA 15236-0940

DOE Cooperative Agreement No. DE-FC26-05NT42592

Prepared by:

Nicholas S. Kalenze
John A. Hamling
Scott C. Ayash
Charles D. Gorecki
Edward N. Steadman
John A. Harju

Energy & Environmental Research Center
University of North Dakota
15 North 23rd Street, Stop 9018
Grand Forks, ND 58202-9018

October 2014
2014-EERC-11-01
Approved

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ACKNOWLEDGMENT

This material is based upon work supported by DOE NETL under Award No. DE-FC26-05NT42592.

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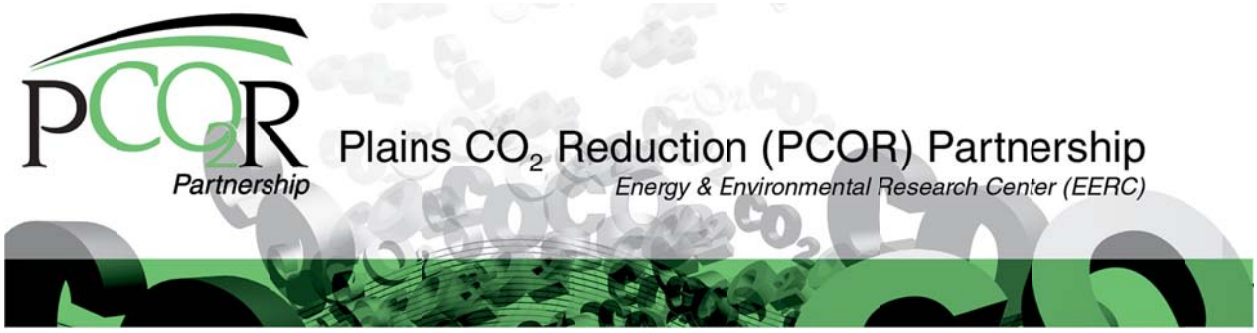

BELL CREEK TEST SITE – 1 MILLION METRIC TONS INJECTED

BACKGROUND

The Plains CO_2 Reduction (PCOR) Partnership is one of seven Regional Carbon Sequestration Partnerships competitively awarded by the U.S. Department of Energy (DOE) National Energy Technology Laboratory in 2003 as part of a national plan to mitigate greenhouse gas emissions. The PCOR Partnership is led by the Energy & Environmental Research Center (EERC) at the University of North Dakota and includes stakeholders from the public and private sectors. The PCOR Partnership region includes all or part of nine U.S. states and four Canadian provinces.

Phase III, the development phase, is a 10-year effort (2007–2017) that extends the characterization (Phase I) and validation (Phase II) phases. The Phase III efforts of the PCOR Partnership include two large-volume demonstration tests, one in Canada (the Ft. Nelson project) and one in the United States (the Bell Creek project). The demonstration tests focus on injecting commercial-scale volumes of carbon dioxide (CO_2) into deep geologic formations for CO_2 storage.

Many different aspects of carbon capture and storage will be evaluated during the demonstrations, ranging from CO_2 capture, compression, and pipeline transport to injection; recycle; and monitoring, verification, and accounting.

1 MILLION METRIC TONS INJECTED AS OF JULY 1, 2014

The PCOR Partnership, led by the EERC, is working with Denbury Onshore LLC (Denbury) to study CO_2 storage associated with a commercial enhanced oil recovery (EOR) project at the Denbury-operated Bell Creek oil field located in southeastern Montana. Denbury is managing all injection, production, and recycle activities as part of its commercial CO_2 EOR operation. The EERC, through the PCOR Partnership, is studying the behavior of reservoir fluids and injected CO_2 to demonstrate safe and effective storage of CO_2 associated with a commercial EOR project. The PCOR Partnership is developing practices and technologies that will allow future commercial-scale CO_2 storage projects to make informed decisions regarding site selection, injection programs, operations, and monitoring strategies that maximize storage efficiency and effective storage capacity in clastic geologic formations.

Denbury is developing the Bell Creek oil field in a phased approach, with each development phase corresponding to approximately 12 months of injection before the next

development phase is brought online. *Continuous CO_2 injection has been occurring at the Bell Creek oil field since May of 2013*, primarily in the Phase 1 development area. Currently, active injection is expanded into the Phase 2 development area. The amount of injected CO_2 is being reported to the Montana Board of Oil & Gas (MBOG) by Denbury on a monthly basis.

This milestone marks that 1,000,000 metric tons of CO_2 were injected at the Bell Creek oil field as of July 1, 2014. The CO_2 is sourced from the Lost Cabin gas-processing facility, which processes gas from the Madden Field in the Wind River of Wyoming, and the Shute Creek gas-processing facility, which processes gas from the LaBarge Field in the Green River Basin of Wyoming. Current reported MBOG injection totals are 1,247,174 metric tons of CO_2 from 40 wells at the Bell Creek oil field as of August 2014. Subsequent monthly injection totals will be reported to DOE as part of the PCOR Partnership's regular quarterly reporting once the data become available. There is approximately a 2-month delay between when data are supplied to MBOG and when they are made publically available.

Attached in Appendix A is a letter dated September 24, 2014, which announced the last reported CO_2 injection totals (through July 31, 2014) to the DOE Project Manager.

APPENDIX A

CO_2 INJECTION TOTALS

EERC
Energy & Environmental Research Center

UNIVERSITY OF NORTH DAKOTA
15 North 23rd Street — Stop 9018 / Grand Forks, ND 58202-9018 / Phone: (701) 777-5000 Fax: 777-5181
Web Site: www.undeerc.org

September 24, 2014

Dr. Andrea Dunn
Project Manager
National Energy Technology Laboratory
U.S. Department of Energy
3610 Collins Ferry Road
PO Box 880, MS P03D
Morgantown, WV 26507-0880

Dear Andrea:

Subject: Carbon Dioxide (CO_2) Injection Totals

Denbury Resources, Inc., in collaboration with the Plains CO_2 Reduction (PCOR) Partnership, initiated injection of CO_2 into the Bell Creek Field in the Powder River Basin in southeastern Montana to demonstrate CO_2 storage associated with commercial CO_2 enhanced oil recovery in May 2013. The project has injected **1,123,341** metric tons of CO_2 into the Muddy Sandstone as of July 31, 2014. The CO_2 is sourced from the Lost Cabin gas-processing facility, which processes gas from the Madden Field in the Wind River Basin of Wyoming, and the Shute Creek gas-processing facility, which processes gas from the LaBarge Field in the Green River Basin of Wyoming. CO_2 is delivered to the Bell Creek Field via the 232-mile Greencore Pipeline and a tie-in from the Anadarko Pipeline.

If you have any questions regarding the injection of CO_2, please contact me by telephone at (701) 777-5355 or by e-mail at cgorecki@undeerc.org.

Sincerely,

Charles D. Gorecki
Senior Research Manager
PCOR Partnership Program Manager

CDG/jre

c: John Harju, EERC
Ed Steadman, EERC
John Hamling, EERC
Katherine Anagnost, EERC
Scott Ayash, EERC
Janelle Ensrud, EERC