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Oxy moves forward on Permian 'direct air capture' plant



Jordan Blum

May 21, 2019 | Updated: May 22, 2019 6:46 a.m.



An aerial shot of Carbon Engineering's pilot direct air capture plant north of Vancouver.

Photo: Carbon Engineering

Houston's Occidental Petroleum said Tuesday it is designing the first "direct air capture" plant in West Texas' booming Permian Basin to suck carbon dioxide out of the sky and inject it into the ground to aid in oil production.

Oxy and Chevron earlier this year became the first major oil companies to put their money into so-called negative emissions technologies with the goal of developing "direct air capture" factories. They both invested in Carbon Engineering, a Canadian company that has developed a direct air capture pilot plant outside of Vancouver.

Now Oxy is moving first with Carbon Engineering to begin the engineering and design work of what they're calling the world's largest direct air capture and sequestration facility to be located somewhere in West Texas.

"Using atmospheric CO₂ for oil recovery greatly reduces the net addition of CO₂ to the atmosphere from oil production and fuel use, and opens a pathway to producing fully carbon-neutral or even net-negative fuels," said Richard Jackson, who oversees the company's venture capital arm, Oxy Low Carbon Ventures.

Earlier this month, Oxy outbid Chevron by paying \$38 billion to buy The Woodlands-based Anadarko Petroleum, including its prized acreage in the Permian.

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While direct air capture - so long as the plant is powered with more renewable energy - can theoretically help combat climate change, Oxy uses the carbon dioxide as a valuable resource.

A top producer in the Permian, Oxy also is the industry leader in vast quantities of carbon dioxide for a production process called enhanced oil recovery. As the industry leader in the process, Oxy injects carbon dioxide into aging reservoirs to force more oil from wells. The company uses 50 million tons of carbon dioxide annually for enhanced recovery. Its ultimate goal: put more carbon dioxide into the ground than it takes out in the form of fossil fuels.

This proposed plant would capture 500,000 metric tons of carbon dioxide per year.

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Oxy isn't yet estimating project costs, but Carbon Engineering previously estimated the cost of a major plant at about \$300 million to

\$500 million.

The first plant would begin construction in 2021 and open no later than 2023, the companies said.

The goal would be to eventually build multiple plants each capable to capturing 1 million metric tons per year.



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