

Denbury Executes Term Sheet with Gulf Coast Midstream Partners for Joint Development of Texas Gulf Coast CO₂ Sequestration Project

04.11.2021 | [Business Wire](#)

[Denbury Inc.](#) (NYSE: DEN) ("Denbury") today announced that its wholly-owned subsidiary, Denbury Carbon Solutions, LLC, and Houston-based Gulf Coast Midstream Partners, LLC ("GCMP") have executed a non-binding letter of intent and term sheet ("LOI") for the permanent sequestration of CO₂ in a planned underground storage project southwest of Houston, Texas. The project is currently being developed by GCMP's wholly-owned subsidiary, Gulf Coast Carbon Solutions, LLC ("GCCS") and the arrangement contemplates Denbury participating as an equity investor alongside GCMP with up to 50% equity ownership in the project. Denbury's election of its equity ownership level will be determined prior to the execution of final agreements.

Located just 25 miles from Denbury's existing CO₂ Green Pipeline, the project site is ideally positioned to sequester large volumes of CO₂ from Gulf Coast industrial emissions sources. Total CO₂ storage capacity is estimated to be up to 400 million metric tons, with potential to begin sequestration by early 2025. Initial injection rates are anticipated to be 1.5 million metric tons per year ("MMTPA"), with the ability to increase capacity up to 9 MMTPA to meet anticipated market demand. GCMP has already initiated the Class VI permitting process with the U.S. Environmental Protection Agency for the project.

Chris Kendall, Denbury's President and Chief Executive Officer, commented, "Today's announcement with GCMP reinforces Denbury's strategy of providing low cost, safe and reliable permanent storage for captured industrial CO₂ emissions. Not only does this project provide significant near-term storage potential, the western extension of our Gulf Coast CO₂ pipeline infrastructure enhances CO₂ offtake and storage access for industrial facilities in the southwest Houston area. We are excited to work with GCMP on this significant storage project."

John M. Hopper, GCMP's Chief Executive Officer, said that "We are very pleased to partner with Denbury in our carbon sequestration project. Denbury's world-class CO₂ transportation infrastructure and CO₂ management skill set are an ideal complement to GCMP's underground storage development and operations expertise. Together, GCMP and Denbury are well-positioned to offer a bundled CO₂ transportation and permanent sequestration service to meet the evolving needs of the carbon capture sequestration market."

ABOUT DENBURY

Denbury is an independent energy company with operations and assets focused on Carbon Capture, Use and Storage (CCUS) and Enhanced Oil Recovery (EOR) in the Gulf Coast and Rocky Mountain regions. For over two decades, the Company has maintained a unique strategic focus on utilizing CO₂ in its EOR operations and since 2013 has been active in CCUS through the injection of captured industrial-sourced CO₂. The Company currently injects over three million tons of captured industrial-sourced CO₂ annually, and its objective is to fully offset its Scope 1, 2, and 3 CO₂ emissions within this decade, primarily through increasing the amount of captured industrial-sourced CO₂ used in its operations. For more information about Denbury, visit www.denbury.com.

The Denbury Carbon Solutions team was formed in January 2020 to advance Denbury's leadership in the anticipated high-growth CCUS industry, leveraging its unique capabilities and assets that were developed over the last 20-plus years through its focus on CO₂ EOR.

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ABOUT GULF COAST MIDSTREAM PARTNERS

Gulf Coast Midstream Partners and its principals formed GCMP for the purpose of developing both hydrocarbon and non-hydrocarbon underground storage options, including carbon sequestration solutions in secure geologic storage facilities through GCCS that qualify for credits under IRS Section 45Q as well as in the voluntary carbon credits market. The principals in GCMP have a combined 150+ years of hands-on experience in designing, developing and operating large-scale infrastructure projects including underground storage facilities in solution-mined salt caverns and depleted oil & gas reservoirs. GCMP's management team members have been directly involved in the development and commercialization of more than two dozen underground storage projects, totaling in excess of \$2 billion in aggregate capex spend. For more information about Gulf Coast Midstream Partners, please see GCMP's web site at: www.gulfcoastmidstream.com.

This press release contains forward-looking statements that involve risks and uncertainties, including Denbury and GCMP negotiating and executing definitive agreements documenting the anticipated arrangements discussed above, the construction of the connecting CO₂ pipeline and sequestration facilities and their becoming operational, and the estimated levels of CO₂ emissions being available for sequestration. These statements are based on engineering, geological, financial and operating assumptions that management of both parties believe are reasonable based on currently available information; however, their achievement are subject to a wide range of business risks, and there is no assurance that these goals and projections can or will be met. Actual results may vary materially. In addition, any forward-looking statements represent the parties' estimates only as of today and should not be relied upon as representing its estimates as of any future date. The parties assume no obligation to update these forward-looking statements.

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Contact

DENBURY CONTACTS:

Brad Whitmarsh, Executive Director, Investor Relations, 972.673.2020, brad.whitmarsh@denbury.com
Susan James, Manager, Investor Relations, 972.673.2593, susan.james@denbury.com

GCMP CONTACTS:

John M. Hopper, Chief Executive Officer, 713.974.5607, john@gulfcoastmidstream.com
Ben Danielson, Chief Development Officer - CCS, 832.919.6862, ben@gulfcoastmidstream.com

Dieser Artikel stammt von Rohstoff-Welt.de

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/398611--Denbury-Executes-Term-Sheet-with-Gulf-Coast-Midstream-Partners-for-Joint-Development-of-Texas-Gulf-Coast-C>

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