

Subject Gas and Oil Production

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## Overview

As amended, this bill establishes a regulatory framework for gas and oil production in the state, including requiring the Department of Natural Resources (DNR) to adopt rules, establishing a task force to develop recommendations for a temporary regulatory framework, and appropriating money for these purposes.

## Summary

Section	Description
1	<b>Leases.</b> Allows the DNR to lease state lands to prospect for and extract gas and oil. Defines gas for purposes of the provision as both hydrocarbon and nonhydrocarbon gases.
2	<b>Lease requirements.</b> Requires gas and oil leases to be approved by the Executive Council.
3	<b>Prohibition on production of gas or oil without a permit.</b> Prohibits a person from producing gas or oil without a permit from the DNR. Establishes certain requirements for permits and definitions for “production” and “gas” for purposes of the provision. Prohibits an agency from issuing a permit for gas or oil production until rules are adopted unless the permit has been approved by the legislature.
4	<b>Gas and oil production rulemaking.</b> Requires the DNR to amend and adopt certain rules pertaining to the production of gas and oil. Also allows other agencies (the Pollution Control Agency (PCA), Department of Health (MDH), Environmental Quality Board (EQB), and the Department of Labor and Industry) to adopt rules pertaining to the production of gas and oil.

Section	Description
5	<p><b>Gas and oil leasing.</b></p> <p>Allows the DNR to enter into leases for gas and oil exploration and production on state lands with the approval of the Executive Council. Provides a process for applying for leases and specifies the terms for the leases. Allows the DNR to require applicants to provide financial assurance. Requires a lessee to pay a production royalty to the DNR of not less than 18.75 percent of the gross sales price of the product. Requires the payments to be distributed in the same way similar payments from iron ore are distributed.</p>
6	<p><b>Minnesota Gas and Oil Resources Technical Advisory Committee.</b></p> <p>Requires the DNR to establish a Minnesota Gas and Oil Resources Technical Advisory Committee to provide recommendations on the production of gas and oil to guide the creation of a temporary regulatory framework that will govern permitting until rules are adopted. Requires the recommendations to address certain items and that the committee hold at least one public meeting. Requires the DNR to submit a report with recommendations to the legislature by January 15, 2025.</p>
7	<p><b>Appropriation; nonpetroleum gas regulatory framework.</b></p> <p>Appropriates money from the minerals management account in fiscal year 2024 as follows: \$763,000 to the DNR for the Minnesota Gas and Oil Resources Technical Advisory Committee; and \$2,406,800 to the DNR for the rulemaking under section 4.</p>



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