

HOUSE BILL NO. HB0185

Enhanced oil recovery-severance tax exemption.

Sponsored by: Representative(s) Burkhardt, Banks, Conrad,
Heiner, Knapp, Larson, JT, Lawley and Tarver
and Senator(s) Cooper, Ellis and Jones

A BILL

for

1 AN ACT relating to mine product taxes; providing an
2 exemption for the production of crude oil and natural gas
3 produced through enhanced oil recovery techniques and using
4 Wyoming carbon dioxide; specifying conditions for the
5 exemption; requiring reports; providing definitions; making
6 conforming amendments; providing a sunset date for the
7 exemption; and providing for an effective date.

8

9 *Be It Enacted by the Legislature of the State of Wyoming:*

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11 **Section 1.** W.S. 39-14-204(a)(iii) and (iv) and
12 39-14-205 by creating a new subsection (q) are amended to
13 read:

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15 **39-14-204. Tax rate.**

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2 (a) Except as otherwise provided by this section and
3 W.S. 39-14-205, the total severance tax on crude oil, lease
4 condensate or natural gas shall be six percent (6%),
5 comprising one and one-half percent (1.5%) imposed by the
6 Wyoming constitution article 15, section 19 and the
7 remaining amount imposed by Wyoming statute. The tax shall
8 be distributed as provided in W.S. 39-14-211 and is imposed
9 as follows:

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11 (iii) Two percent (2%), except as provided in
12 W.S. 39-14-205(q); plus

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14 (iv) Two percent (2%), except as provided in
15 W.S. 39-14-205(n) and (q).

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17 **39-14-205. Exemptions.**

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19 (q) Crude oil and natural gas production resulting
20 from oil and gas that is produced by means of enhanced oil
21 and gas recovery is exempt from one-half (1/2) of the
22 severance taxes imposed under W.S. 39-14-204(a)(iii) and

1 from all of the severance taxes imposed under W.S.
2 39-14-204(a)(iv), subject to the following:

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4 (i) As used in this subsection:

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6 (A) "Carbon capture, utilization and
7 storage technology" means technology that has the principal
8 purpose of capturing, reusing, storing, sequestering or
9 using carbon dioxide emissions to prevent carbon dioxide
10 from entering the atmosphere;

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12 (B) "Enhanced oil and gas recovery" means
13 all existing and future technologies or methods to recover
14 oil and gas beyond traditional primary and secondary
15 recovery methods, including technology to optimize
16 development and recovery of oil and gas resources in new
17 fields.

18
19 (ii) The taxpayer seeking the exemption shall
20 complete an application for the exemption on a form and in
21 the manner prescribed by the department;

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1 (iii) To qualify for the exemption under this
2 subsection, the crude oil and natural gas shall be produced
3 by means of enhanced oil and gas recovery from projects
4 using carbon capture, utilization and storage technology;

5
6 (iv) The carbon dioxide used in the enhanced oil
7 and gas recovery to produce crude oil and natural gas shall
8 be from a carbon dioxide source originating within the
9 state of Wyoming;

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11 (v) To ensure that the crude oil and natural gas
12 production by means of enhanced oil and gas recovery
13 satisfies the conditions of this subsection, the department
14 may consult with the public service commission and the
15 Wyoming oil and gas conservation commission before
16 approving the exemption under this subsection;

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18 (vi) The department may promulgate rules as
19 necessary to implement this subsection;

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21 (vii) The exemption available under this
22 subsection shall be available to a taxpayer for all

1 qualifying production by means of enhanced oil and gas
2 recovery that is completed before July 1, 2032;

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4 (viii) Not later than November 1 of each year,
5 the department shall report to the joint revenue interim
6 committee and the joint minerals, business and economic
7 development interim committee on the use of the exemption
8 under this subsection and the associated revenue impacts.

9

10 **Section 2.** This act is effective July 1, 2024.

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(END)