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S.F. No. 5048 – Facilitating Oil and Gas Exploration and Production on State-Owned Land (A-2 Delete-Everything Amendment)

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Section 1 [Authority to Issue Oil and Gas Leases] authorizes the commissioner of natural resources (DNR) to issue leases to prospect for, remove, or extract gas and oil from state-owned lands.

Section 2 [Oversight of Oil and Gas Leases] makes oil and gas leases subject to most of the same requirements as other mineral leases and to oversight by the Executive Council and DNR.

Section 3 [Prohibition on Gas and Oil Production without a Permit] prohibits production of gas or oil without a permit.

Section 4 [Oil and Gas Production Rulemaking] authorizes various agencies to adopt rules governing oil and gas exploration and production. Requires rules to be adopted using the expedited rulemaking procedure in Minnesota Statutes, Section 14.389.

Section 5 [Oil and Gas Lease Application Requirements] requires applicants for oil and gas leases to submit an application and filing fee to the DNR and reserves the right of the state to reject an application for such a lease. Requires oil and gas leases to include certain terms, including a duration of no more than five years, the payment of a per acre bonus consideration to the DNR, the provision of financial assurance in certain cases, and the payment of rent and a production royalty on any oil or gas produced.

Section 6 [Gas Production Technical Advisory Committee] requires DNR to create a Gas Production Technical Advisory Committee to develop recommendations to the DNR relating to the production of oil and gas in the statute and to guide the creation of a temporary regulatory framework to govern oil and gas permitting before permanent rules are adopted. Requires statutory and policy recommendations to be submitted to the legislature.

Section 7 [Report on Geologic Carbon Sequestration] requires the DNR to prepare a report on geologic carbon sequestration within the state to guide future decision making and legislation to assist in achieving goals for carbon neutrality by 2050 as established in Minnesota's Climate Action Framework. Requires the creation of an advisory committee to guide the DNR's work on the report.

Section 8 [Appropriation; Nonpetroleum Gas Regulatory Framework] appropriates \$750,000 to the DNR for the work of the Gas Production Technical Advisory Committee. Appropriates \$1,253,000 to the DNR to adopt a regulatory framework for gas and oil production in Minnesota and for rulemaking.

Section 9 [Legislative Report on Geologic Carbon Sequestration] appropriates \$300,000 to the DNR to develop the geologic carbon sequestration report required by section 7.