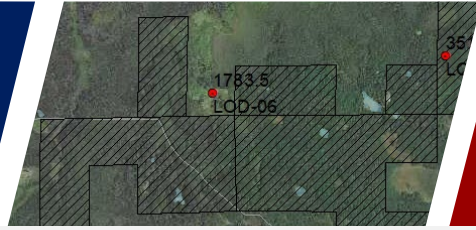


# Nonpetroleum Gas



## Did you know?

In Lake County, the 40-acre parcel of private land where helium was recently discovered is surrounded on three sides by state-managed lands. Without legislation, the county, local township, and school districts cannot receive revenue from royalty and rental payments tied to nonpetroleum gas production on state managed lands, or benefit from pooling agreements that protect adjacent landowner interests.

The company that drilled a helium appraisal well in northeast Minnesota envisions a potential production level of 11,000 gallons of liquid helium per day, which is currently worth approximately one million dollars per day.

In February 2024, the U.S. Department of Energy (DOE) announced that 16 projects across 8 states would receive \$20 million to accelerate the production of naturally-occurring geologic hydrogen.

Exploration companies have identified drilling targets for geologic hydrogen in Nebraska and Kansas, along a geologic formation known as the Mid-continent Rift. This formation extends northwards into Minnesota, from the Iowa border up to Lake Superior. The United State Geological Survey considers the Mid-continent Rift to be one of the top two prospective regions for geologic hydrogen production in the United States.

Minnesota has untapped and unexplored potential for both geologic hydrogen and helium resources. With no history of nonpetroleum gas production in the state, Minnesota lacks a regulatory framework that would support these emergent industries, properly protect natural resources and human health, provide a fair royalty structure on state-managed lands and ensure the conservation of the state's natural resources.

[Senate File 5048](#) proposes amendments to DNR's existing leasing authority to include nonpetroleum gases, such as helium and hydrogen, and new laws that direct rulemaking to state agencies to develop a framework to regulate the production of gas and oil. Through this bill, the Department of Natural Resources (DNR) would be authorized to lease state-managed lands for nonpetroleum gas exploration and production and be given permitting authority over all such projects in the State. Funding would be provided to hire staff who would write rules for leasing, permitting and associated activities for this emerging industry. A Technical Advisory Committee would also be created to develop recommendations that would guide the creation of an interim permitting framework during the rulemaking process. This multi-agency committee, led by DNR, would be charged with submitting a report with these recommendations to the State Legislature by January 2025. Implementation of the Interim permitting framework would have to be approved by the legislature.

# Proposal

[Senate File 5048](#) includes the following elements:

Upon enactment, immediately allows the DNR to lease state-managed lands to prospect for nonpetroleum gas resources. This will allow both royalty disbursements and rental payments to state and local governments under MS 93.22.

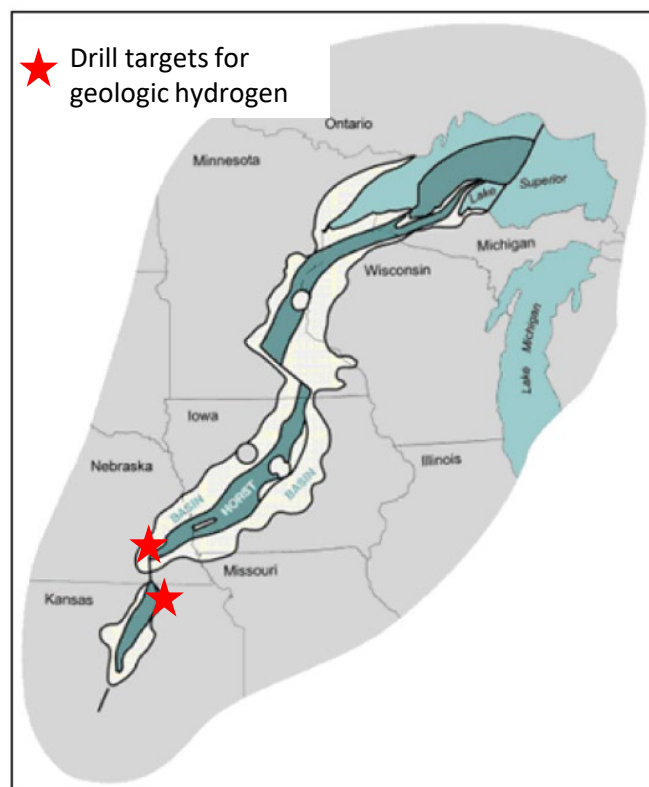
Temporarily prohibits the commercial extraction of oil and gas on all lands in Minnesota until interim permitting authority is authorized.

Amends DNR's existing oil and gas authority to include nonpetroleum gases and directs state agencies to evaluate the need for new rules that would support a regulatory framework for the exploration and production of gas and oil resources in the state.

Creates a multi-agency Gas Production Technical Advisory Committee to develop recommendations relating to gas and oil exploration and development in the state that would guide the creation of a temporary regulatory framework that would govern permitting during the rulemaking process.

Charges the Gas Production Technical Advisory Committee to submit a report to the state Legislature with their recommendations by January 2025.

The potential legislation includes appropriation requests to support leasing and regulation for nonpetroleum gases. A one-time appropriation of from the minerals management account would fund the Technical Advisory Committee, while additional funds would be appropriated from the minerals management account to fund rulemaking for the permitting and reclamation for gas and oil production.



Base map: Iowa Geological Survey

Active drilling targets for geologic hydrogen in southern end of the Mid-continent Rift, which extends through Minnesota.

## For more information contact:

### Joe Henderson

Minnesota Department of Natural Resources  
500 Lafayette Rd, St. Paul MN 55155-4047  
Phone 651-327-9266  
Email: [Joseph.Henderson@state.mn.us](mailto:Joseph.Henderson@state.mn.us)



This information can be made available in alternative formats such as large print, braille, or audio tape by emailing [info.dnr@state.mn.us](mailto:info.dnr@state.mn.us) or calling 651-259-5016.