

SENATE FILE NO. SF0018

Enhanced oil recovery-severance tax exemption.

Sponsored by: Joint Minerals, Business & Economic
Development Interim Committee

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; and providing for an effective date.

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

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

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

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

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

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

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16 **39-14-205. Exemptions.**

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18 (q) Crude oil and natural gas production resulting
19 from oil and gas that is produced by means of enhanced oil
20 and gas recovery is exempt from one-half (1/2) of the
21 severance taxes imposed under W.S. 39-14-204(a)(iii) and
22 from all of the severance taxes imposed under W.S.
23 39-14-204(a)(iv), subject to the following:

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(i) As used in this subsection:

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

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

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

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(iii) To qualify for the exemption under this subsection, the crude oil and natural gas shall be produced

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1 by means of enhanced oil and gas recovery from projects
2 using carbon capture, utilization and storage technology;

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

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

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16 (vi) The department may promulgate rules as
17 necessary to implement this subsection;

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19 (vii) Not later than November 1 of each year,
20 the department shall report to the joint revenue interim
21 committee and the joint minerals, business and economic
22 development interim committee on the use of the exemption
23 under this subsection and the associated revenue impacts.

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2 **Section 2.** This act is effective July 1, 2025.

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(END)