

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

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; 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 39-14-
12 205 by creating a new subsection (q) are amended to read:

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2 **39-14-204. Tax rate.**

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

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

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

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19 **39-14-205. Exemptions.**

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21 (q) Crude oil and natural gas production resulting
22 from oil and gas that is produced by means of enhanced oil
23 and gas recovery is exempt from one-half (1/2) of the

1 severance taxes imposed under W.S. 39-14-204(a)(iii) and
2 from all of the severance taxes imposed under W.S.
3 39-14-204(a)(iv), subject to the following:

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5 (i) As used in this subsection:

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

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

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20 (ii) The taxpayer seeking the exemption shall
21 complete an application for the exemption on a form and in
22 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 captured and used in the
7 enhanced oil and gas recovery to produce crude oil and
8 natural gas shall be from a carbon dioxide source
9 originating within the 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, 2025.

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(END)