



INDUSTRIAL COMMISSION OF NORTH DAKOTA

Doug Burgum
Governor

Drew H. Wrigley
Attorney General

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Agriculture Commissioner

Memorandum

TO: Oil and Gas Research Council

FR: Reice Haase

DT: July 21st, 2023

RE: Legislative Report

Legislative Report:

The 68th Legislative Session concluded on April 30th, 2023. Highlights relevant to the Oil and Gas Research Program are summarized as follows:

- HB 1014 appropriated **\$17.5 million** to the oil and gas research fund for the 2023-2025 biennium:
- SB 2089 converted the flare mitigation tax credit into the new "Clean Natural Gas Capture and Emissions Reduction Program", and directed the Industrial Commission to use up to **\$3 million** from the oil and gas research fund
- Grant Management Software and Digitization: Section 9 of HB 1014 appropriated **\$250,000** from each of the research programs, including the oil and gas research fund, for records digitization and grant management software procurement
- Carbon Capture Education: Section 10 of HB 1014 appropriated **\$100,000** from the oil and gas research fund (as well as \$100,000 each from Lignite and Renewable) for carbon capture and utilization education and marketing. The three research councils must make a recommendation to the Industrial Commission for the funds
- Pipeline Leak Detection and Prevention: Section 13 of HB 1014 appropriates **\$3 million** from SIIF to the oil and gas research fund for a pipeline leak detection and prevention program
- Pipeline Authority Capacity Purchases: Sections 18-22 provide for a new **\$60 million/year** program allowing the Pipeline Authority to purchase capacity on natural gas pipelines, with an effective date of July 1, 2025
- Section 2 of HB 1014 appropriates **\$3 million** to the Department of Mineral Resources for oil and gas litigation expenses

**Sixty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2023**

SENATE BILL NO. 2089
(Finance and Taxation Committee)
(At the request of the Department of Mineral Resources)

AN ACT to create and enact section 54-17.6-06.1 of the North Dakota Century Code, relating to clean natural gas capture and emissions reduction; and to designate funding from the oil and gas research fund.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 54-17.6-06.1 of the North Dakota Century Code is created and enacted as follows:

54-17.6-06.1. Clean natural gas capture and emissions reduction program.

1. The clean natural gas capture and emissions reduction program shall provide an incentive for natural gas capture and utilization systems on an oil or gas well site or gathering pipeline facility which collect or utilizes over fifty percent of propane and heavier hydrocarbons from an oil and gas well site for beneficial use by:
 - a. Compressing or liquefying gas for artificial lift, uses as fuel, or for nonpipeline transport to a processing facility;
 - b. Conversion to liquid fuels;
 - c. Conversion to electricity for onsite use or supply to the electrical grid;
 - d. Conversion to computational power;
 - e. Collection of tank vapors for beneficial use or transport to a processing facility;
 - f. Temporary gas injection into producing wells in lieu of flaring or shutting in wells; or
 - g. Other value-added processes as approved by the industrial commission.
2. The commission is granted all the powers necessary and appropriate to effectuate the provisions of this section.
3. The commission:
 - a. May make grants or loans or provide other forms of financial assistance as necessary or appropriate to qualified entities for activities under subsection 1;
 - b. Shall keep accurate records of all financial transactions performed under this section;
 - c. May accept donations, grants, federal funds, contributions, and gifts from any public or private source and deposit such in the oil and gas research fund;
 - d. May make and explore orders, rules, and policies necessary to effectuate the purpose of this section; and
 - e. Shall consult with the council in matters of policy affecting the administration of the clean natural gas capture and emissions reduction program.

SECTION 2. OIL AND GAS RESEARCH FUND - CLEAN NATURAL GAS CAPTURE AND EMISSIONS REDUCTION PROGRAM - ONE-TIME FUNDING. Pursuant to the continuing appropriation under section 57-51.1-07.3, the industrial commission shall use up to \$3,000,000 from the oil and gas research fund for the clean natural gas capture and emissions reduction program under section 54-17.6-06.1 for the biennium beginning July 1, 2023, and ending June 30, 2025. The designation under this section is considered a one-time funding item.