

Introduced by

Senators Klein, Nodland, Wardner, Triplett

Representatives Skarphol, Sukut

1 A BILL for an Act to provide an appropriation for defraying the expenses of the industrial
2 commission; to create and enact a new section to chapter 54-17 and a new section to chapter
3 57-51 of the North Dakota Century Code, relating to establishing a grant program for recovery
4 of flared gas and tax exemption for captured gas; to provide an effective date; and to provide an
5 expiration date.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1.** A new section to chapter 54-17 of the North Dakota Century Code is created
8 and enacted as follows:

9 **Flared gas reduction and energy conservation infrastructure grant.**

- 10 1. The industrial commission shall provide a grant for the purpose of facilitating a
11 fieldwide gas capture, transport, and discharge system to minimize Bakken flare gas
12 volume in the state. The industrial commission shall use up to six million six hundred
13 thousand dollars of the funding appropriated in section 3 of this Act for the grant
14 program to purchase and install up to twenty-two compressed natural gas discharge
15 stations consisting of a skidded compressor and a meter run connected to a gas-
16 gathering system. Once completed, the system will conserve energy and minimize
17 waste from gas that would otherwise be flared in association with oil development in
18 the state.
- 19 2. Before making a grant from the program established by this section, the industrial
20 commission shall obtain the recommendation of the director of the department of
21 mineral resources that the application is likely to reduce flared gas in the state.
- 22 3. The industrial commission may require periodic reporting by a grant recipient of project
23 progress. The industrial commission shall require as a condition of a grant award that,

1 upon completion of the grant project, the recipient provide a report of the outcome of
2 the project to the industrial commission.

3 **SECTION 2.** A new section to chapter 57-51 of the North Dakota Century Code is created
4 and enacted as follows:

5 **Captured gas exempt.**

6 Any gas captured and compressed at a well site, or at a multiwell gathering point, and
7 transported to a suitable discharge station under the flared gas reduction and energy
8 conservation program in chapter 54-17 and that otherwise would have been flared is exempt
9 from the tax imposed in this chapter for twenty-four months from the first month the gas is
10 captured as certified to the tax commissioner by the operator of the well, or until such time as
11 capture and compression of the gas terminates, whichever occurs first.

12 **SECTION 3. APPROPRIATION.** There is appropriated out of any moneys in the resources
13 trust fund in the state treasury, not otherwise appropriated, the sum of \$6,600,000, or so much
14 of the sum as may be necessary, to the industrial commission for the purpose of a flared gas
15 reduction and energy conservation grant program, for the biennium beginning July 1, 2011, and
16 ending June 30, 2013.

17 **SECTION 4. EFFECTIVE DATE - EXPIRATION DATE.** Section 2 of this Act is effective for
18 taxable events occurring after June 30, 2011. Section 1 of this Act is effective through June 30,
19 2013, and is thereafter ineffective.