

Chapter 3 Tar Sands Pilot Plant Act

Part 1 General Provisions

63M-3-101 Title.

This chapter is known as the "Tar Sands Pilot Plant Act."

Enacted by Chapter 382, 2008 General Session

63M-3-102 Legislative findings -- Purpose of act.

- (1) The Legislature finds that:
 - (a) Substantial deposits of tar sands exist within lands located in various places within the state of Utah, but this is primarily a Utah phenomenon, there being no similar significant deposits within lands located elsewhere in the United States.
 - (b) While large known deposits of tar sands exist outside the United States, primarily in South America and Canada, only those in Canada produce commercial quantities of hydrocarbons, this having come about only after years of research and experimentation and substantial private and public investment.
 - (c) Significant laboratory research has been conducted, including research by the University of Utah, which demonstrates a potential for commercial production of the tar sands deposits located in the state of Utah, which potential remains to be established by the scale-up of laboratory research to a pilot plant development stage.
 - (d) Successful demonstration of a hydrocarbon recovery process from Utah tar sands as commercially viable at the pilot plant level of production could form the basis for the development by private industry of commercial production of a substantial volume of hydrocarbon energy fuel, thereby commensurately reducing the amount of petroleum products which are required to be imported at exorbitant cost from foreign sources to meet the needs of the citizens of this state and the United States.
- (2) The purpose of this act is to stimulate and encourage the development and commercial production by private industry of hydrocarbons from the tar sands deposits lying within the state of Utah for the public good and economic well-being of the citizens of this state and the United States, and to so do by providing for the design, construction, and operation of a pilot plant to be employed for the purpose of demonstrating the commercial viability of processes for the recovery of hydrocarbons from the tar sands deposits of the state through certain funding by the state in conjunction with funding furnished from other sources, both public and private.

Renumbered and Amended by Chapter 382, 2008 General Session

63M-3-103 Definitions.

As used in this act:

- (1) "Contractor" means the parties from private industry who design, construct, or operate the pilot plant.
- (2) "Council" means the state advisory council on science and technology.

- (3) "Intellectual property" means the sum of knowledge contained in patents, know-how, copyrights, trade secrets, and technical information relating to the pilot plant and the research which has preceded it.
- (4) "Objective period" means that period of time required for the pilot plant to achieve its design objectives.
- (5) "Pilot plant" means the tar sands pilot plant which is the subject of this act.
- (6) "Station" means the Utah engineering experiment station, University of Utah.

Renumbered and Amended by Chapter 382, 2008 General Session

Part 2

Contracts and Intellectual Property

63M-3-201 Contract for pilot plant -- Contents -- Financing -- Termination of contract.

- (1) The council is authorized to enter into contracts with contractors to provide for the design, construction, and operation of a pilot plant to fulfill the purposes of this act.
- (2) The contracts provided for in Subsection (1) shall provide, among other things, for the following:
 - (a) The plans and specifications for and the processes to be used in the pilot plant must be approved by the council.
 - (b) The station is to be the project engineer in respect to the pilot plant and is to represent the council in respect to it. As the project engineer the station has the responsibility of monitoring performance by the contractors, gathering data pertinent to the purpose for which the pilot plant is to be constructed and operated, and performing such administrative, accounting, and other duties assigned to it in respect to the pilot plant by the council. As compensation for its services the station is to receive its costs, direct and indirect, calculated in accordance with standard accounting procedures followed by the University of Utah in contracts with the United States government and its agencies; and the amount to be so paid to the station is to be considered part of the costs of design, construction, and operation of the pilot plant.
 - (c) The contractor shall provide all funds necessary to the design, construction, and operation of the pilot plant for the objective period which are not provided by the appropriation made to the council for purposes of this act under Section 5. To provide its portion of these funds the contractor may use both private and public sources, but that from public sources can only be used with prior approval by the council.
 - (d) The site for the pilot plant is subject to prior approval by the council.
 - (e) The pilot plant and any production from it shall be owned by the state of Utah in the proportion that its appropriation for purposes of this act under Section 5 bears to the total cost of designing, constructing, and operating the pilot plant for the objective period. This total cost does not include the cost or value of the site for the pilot plant or tar sand feedstock for the objective period.
 - (f) The council shall have the exclusive right to determine when the end of the objective period has been reached, at which time any contracts between the council and the contractor regarding the pilot plant shall terminate. The pilot plant is then to be sold for cash pursuant to law at competitive bidding when the sale of the pilot plant equipment is determined to be practicable by the council. The gross proceeds from the sale shall be paid to the state but not in excess of the amount of the appropriation made under Section 5 plus an interest factor of 10% per year from the date of the contracts to the sale date.

Renumbered and Amended by Chapter 382, 2008 General Session

63M-3-202 Intellectual properties discovered or developed -- Ownership -- Patenting -- Licensing.

- (1) To the extent not inconsistent with the patent laws of the United States, the intellectual properties which are newly discovered or newly developed in the course of the design, construction, and operation of the pilot plant during the objective period:
 - (a) shall be owned by the state of Utah to the same extent as the pilot plant and production from it as provided for in Subsection 63M-3-201(2)(e); and
 - (b) shall, if patentable, be patented in a manner appropriate to this ownership by the state and the other owners.
- (2) Any intellectual properties described in Subsection (1) insofar as they are so owned by the state may be licensed for the objective period upon such terms as are approved by the council.

Renumbered and Amended by Chapter 382, 2008 General Session