

29 **53C-2-401 . Coal and mineral deposits reserved -- Geothermal resource --**

30 **Exceptions.**

31 (1)(a)(i) Except as otherwise expressly provided by law, coal and mineral deposits in
32 trust lands are reserved to the respective trust.

33 (ii) The reservation of mineral deposits described in Subsection (1)(a)(i) includes
34 reservation of a geothermal resource as defined in Section 73-22-3.

35 (b) [Each-] A certificate of sale and patent issued shall contain [sueh] a reservation
36 described in Subsection (1)(a).

37 (c) The purchaser of any lands belonging to the trust:

38 (i) acquires no right, title, or interest in coal or mineral deposits, including
39 geothermal resources; and

40 (ii) is subject to the conditions and limitations prescribed by law providing for the
41 state and any person authorized by [it] the state to:

42 (A) prospect or mine;

43 (B) remove [the-]deposits; [and]

44 (C) develop geothermal resources; and

45 [(C)] (D) occupy and use as much of the surface of the lands as may be required
46 for any purpose reasonably incident to [the-]mining[and], removal of [the-]
47 deposits, or development of a geothermal resource.

48 (d)(i) Coal[and], mineral deposits, or geothermal resources in trust lands may be
49 leased on a rental and royalty basis.

50 (ii) The administration may also, with board approval, enter into joint ventures,
51 farmout agreements, exploration agreements, operating agreements, and other
52 business arrangements for the disposition of coal[and], mineral deposits, or
53 geothermal resources in trust lands.

54 (iii) The mineral estate in trust lands may not be sold except as authorized in
55 Subsection (2).

56 (iv) [Agreements] An agreement made under Subsection (1)(d)(ii) [are] is not subject
57 to Subsections 53C-2-405(3) and (4).

58 (2) Except as otherwise prohibited by the Jones Act of January 25, 1927, 43 U.S.C.

59 Sections 870-871, mineral interests in trust lands may be exchanged for mineral interests
60 of comparable value or otherwise disposed of, if [their] the retention would create a
61 liability exceeding their value.

62 (3)(a) Common varieties of sand, gravel, and cinders are not considered to be minerals

63 under this section but may be reserved by specific action of the director.

64 (b) Common varieties do not include deposits [~~which~~] that are valuable because the
65 deposit contains characteristics which give [~~it~~] the deposit distinct and special value.

66 Section 2. Section **73-22-2** is amended to read:

67 **73-22-2 . Purpose of chapter.**

68 ~~[It is declared to be in the public interest]~~ The purpose of this chapter is to:

69 (1) foster, encourage, and promote the discovery, development, production, [~~utilization~~] use,
70 and disposal of geothermal resources [~~in the State of Utah~~] for the purpose of electricity
71 production in such manner as will prevent waste, protect correlative rights, and
72 safeguard the natural environment and the public welfare; [~~to~~] and

73 (2) authorize, encourage, and provide for the development and operation of geothermal
74 resource properties for the purpose of electricity production in such manner that the
75 maximum ultimate economic recovery of geothermal resources may be obtained
76 through, among other things, agreements for cooperative development, production,
77 injection, and pressure maintenance operations.

78 Section 3. Section **73-22-3** is amended to read:

79 **73-22-3 . Definitions.**

80 As used in this chapter:

81 (1) "Correlative rights" mean the rights of [~~each~~] a geothermal owner in a geothermal area to
82 produce without waste [~~his~~] the geothermal owner's just and equitable share of the
83 geothermal resource underlying the geothermal area.

84 (2) "Division" means the Division of Water Rights[~~,~~] within the Department of Natural
85 Resources.

86 (3) "Geothermal area" means the general land area [~~which~~] that is underlain or reasonably
87 appears to be underlain by a geothermal [resources] resource.

88 (4) "Geothermal fluid" means water and steam at temperatures greater than [~~120~~] 100
89 degrees centigrade naturally present in a geothermal system.

90 (5)(a) "Geothermal resource" means:

91 (i) the natural heat of the earth at temperatures greater than [~~120~~] 100 degrees
92 centigrade; and

93 (ii) the energy, in whatever form, including pressure, present in, resulting from,
94 created by, or [~~which~~] that may be extracted from that natural heat, directly or
95 through a material medium using any type of application including a conventional
96 hydrothermal, enhanced geothermal, or advanced geothermal system.

- 97 (b) "Geothermal resource" does not include a geothermal [fluids] fluid.
- 98 (6) "Geothermal system" means [any] a strata, pool, reservoir, or other geologic formation
- 99 containing a geothermal [resources] resource.
- 100 (7) "Material medium" means a geothermal [fluids] fluid, or water and other [substances]
- 101 substance artificially introduced into a geothermal system to serve as a heat transfer
- 102 medium.
- 103 (8) "Operator" means [any] a person drilling, maintaining, operating, producing, or in
- 104 control of [any] a well.
- 105 (9) "Owner" means a person who has the right to drill into, produce, and make use of [the] a
- 106 geothermal resource.
- 107 [(10) "Person" means any individual, business entity (corporate or otherwise), or political
- 108 subdivision of this or any other state.]
- 109 [(11) (a) "Waste" means [any] an inefficient, excessive, or improper production, use,
- 110 or dissipation of a geothermal [resources] resource.
- 111 (b) [Wasteful practices include] "Waste" includes:
- 112 (i) a transporting or storage [methods that cause or tend] method that causes or tends
- 113 to cause unnecessary surface loss of a geothermal [resources] resource; or
- 114 (ii) locating, spacing, constructing, equipping, operating, producing, or venting of [
- 115 any] a well in a manner that results or tends to result in unnecessary surface loss or
- 116 in reducing the ultimate economic recovery of a geothermal [resources] resource.
- 117 (11) "Water right" means:
- 118 (a) a right to use water, including a geothermal fluid, evidenced by a means identified in
- 119 Subsection 73-1-10(1)(a); or
- 120 (b) a right to use water, including a geothermal fluid, under an approved application:
- 121 (i) to appropriate; or
- 122 (ii) for a change of use.
- 123 (12) "Well" means [any] a well drilled, converted, or reactivated for the discovery, testing,
- 124 production, or subsurface injection of a geothermal [resources] resource.
- 125 Section 4. Section **73-22-4** is amended to read:
- 126 **73-22-4 . Ownership of geothermal resource -- Water right -- Lands subject to**
- 127 **chapter.**
- 128 (1) Ownership of a geothermal resource derives from an interest in the surface of land[and
- 129 not from an appropriative right to geothermal fluids].
- 130 (2) On and after May 6, 2026, a person that owns the surface of the land as of May 6, 2026,

131 also owns title to the geothermal resource, even if the mineral estate is severed, unless
132 before May 6, 2026, the right to the geothermal resource was:

133 (a) expressly reserved by a conveyance, contract, deed, lease, or other binding
134 obligation; or

135 (b) conveyed by the holder of the mineral estate to a third party by a conveyance,
136 contract, deed, or other binding obligation.

137 (3)(a) Subsections (1) and (2) do not apply to school and institutional trust lands as
138 defined in Section 53C-1-103.

139 (b) Section 53C-2-401 governs the reservation of a geothermal resource in school and
140 institutional trust lands.

141 (c) On and after May 6, 2026, for school and institutional trust lands owned as of May 6,
142 2026, the state owns title to a geothermal resource in school and institutional trust
143 lands unless title to the geothermal resource has been expressly conveyed by a
144 conveyance, contract, deed, or other to another party by the state in accordance with
145 Section 53C-2-401.

146 (4) Subject to Section 73-22-8, a person may not use a geothermal fluid without a water
147 right.

148 [¶] (5) This chapter shall apply to [all]lands in the [State of Utah] state, including federal
149 and Indian lands to the extent allowed by law. When [these] federal or Indian lands are
150 committed to a unit agreement involving lands subject to federal or Indian jurisdiction,
151 the division may, with respect to the unit agreement, [deem] consider this chapter
152 complied with if the unit operations are regulated by the United States and the division
153 finds that conservation of geothermal resources and prevention of waste are
154 accomplished under the unit agreement.

155 Section 5. Section **73-22-6** is amended to read:

156 **73-22-6 . Information required concerning resource development --**

157 **Confidentiality -- Regulation of wells -- Surety bonds -- Inspection.**

158 (1) The division [shall have authority to] may require a person to:

159 (a) [Identification of] identify the location and ownership of [all wells and producing
160 geothermal leases.] a well or producing geothermal lease;

161 (b) [Filing with the division of] file with the division a notice of intent to drill, redrill,
162 renovate, deepen, permanently alter the casing of, test, maintain, or abandon any well[-
163 Approval] and obtain the division's approval of the notice of intent [must be obtained
164 from the division prior to commencement of operations.] before the person

commences operations;

- (c) [Keeping of well logs and filing true and correct copies] subject to Subsection (4), keep a well log or record and file a copy of the well log or record with the division. These records are public records when filed with the division, unless the owner or operator requests, in writing, that the records be held confidential. The period of confidentiality shall be established by the division, not to exceed five years from the date of production or injection for other than testing purposes or five years from the date of abandonment, whichever occurs first, as determined by the division. Well records held confidential by the division are open to inspection by those persons authorized in writing by the owner or operator. Confidential status shall not restrict inspection by state officers charged with regulating well operations or by authorized officials of the Utah State Tax Commission for purposes of tax assessment.] ;

(d) [The spacing, drilling, casing, testing, operating, producing, and abandonment of wells] space, drill, case, test, operate, produce, or abandon a well so as to prevent:

 - (i) a geothermal [resources] resource, water, [gases] gas, or other [fluids] fluid from escaping into strata:
 - (A) other than the strata in which [they are] the resource, water, gas, or fluid is found[–] ; and
 - (B) unless in accordance with a subsurface injection program approved by the division[–] ;
 - (ii) pollution of surface and groundwater;
 - (iii) premature cooling of [any] a geothermal system by water encroachment or otherwise [which] that tends to reduce the ultimate economic recovery of the geothermal [resources] resource;
 - (iv) [blowouts, cave-ins, and] a blowout, cave-in, or seepage; and
 - (v) unreasonable disturbance or injury to neighboring properties, prior water rights, human life, health, and the environment[–] ;

(e) [The operator to file cash or] subject to Subsection (2), if an operator, file an individual surety [bonds] bond with the division for [each] a new well drilled [and each] or an abandoned well redrilled[–]. The amount of surety required shall be determined by the division. In lieu of bonds for separate wells, the operator may file a blanket cash or individual surety bond in an amount set by the division to cover all the operator's drilling, redrilling, deepening, maintenance, or abandonment activities for wells in the state. Bonds filed with the division shall be executed by the operator, as

199 principal, conditioned on compliance with division regulations in drilling, redrilling,
200 deepening, maintaining, or abandoning any well or wells covered by the bond and
201 shall secure the state against all losses, charges, and expenses incurred by it to obtain
202 such compliance by the principal named in the bond.] ;

203 (f) [The geothermal] if an owner or operator[to] , measure geothermal production
204 according to standards set by the division and maintain complete and accurate
205 production records[. The records, or certified copies of them, shall be preserved on
206 file by] or certified copies of the records that the owner or operator:

207 (i) keeps for a period of five years[and shall be] ; and

208 (ii) makes available for examination by the division at [all] reasonable times[.] ; and

209 (g) [Filing] file with the division any other reasonable [reports which it prescribes] report
210 that the division requires regarding geothermal operations within the state.

211 (2)(a) [Any] With the consent of the division, a person may terminate or cancel a surety
212 bond filed with the division in conformance with this chapter [may, with the consent
213 of the division, be terminated and canceled and the surety be relieved of all] and
214 relieve the surety of the obligations under [it] the surety bond when the well or wells
215 covered by the surety bond have been properly abandoned or another valid surety
216 bond has been substituted for [it] the surety bond.

217 (b) The amount of surety bond required by this section shall be determined by the
218 division to be a reasonable amount.

219 (c) In lieu of an individual surety bond for separate wells, the operator may file a blanket
220 surety bond in an amount set by the division to cover all the operator's drilling,
221 redrilling, deepening, maintenance, or abandonment activities for wells.

222 (d) An operator shall execute a surety bond filed with the division by the operator as
223 principal and condition the surety bond on compliance with division regulations in
224 drilling, redrilling, deepening, maintaining, or abandoning a well covered by the
225 surety bond.

226 (e) A surety bond filed with the division shall secure the state against losses, charges,
227 and expenses incurred by the state to obtain the compliance described in Subsection
228 (2)(d) by the principal named in the surety bond.

229 (3) The division may enter onto private or public land at any time to inspect [any] a well or
230 geothermal resource development project to determine if the well or project is being
231 constructed, operated, or maintained according to any applicable permits or to determine
232 if the construction, operation, or maintenance of the well or project may involve an

233 unreasonable risk to life, health, property, the environment or subsurface, surface, or
234 atmospheric resources.

235 (4)(a) A well log or record described in Subsection (1)(c) is a public record when filed
236 with the division, unless the owner or operator requests, in writing, that the division
237 holds the well log or record as protected in accordance with Subsection 63G-2-305(1)
238 or (2) for a period established by the division, not to exceed the earlier of the
239 following, as determined by the division:

- 240 (i) five years from the date of production or injection for other than testing purposes;
241 (ii) one year from the date of abandonment; or
242 (iii) one year from the date of completion of a geothermal monitoring, exploration,
243 investigation, or test well project that does not directly transition into production
244 development.

245 (b) A well log or record held protected by the division under Subsection (4)(a) is open to
246 inspection by a person authorized in writing to inspect the well log or record by the
247 owner or operator.

248 (c) The status of a well log or record as protected under Subsection (4)(a) does not
249 restrict inspection by:

- 250 (i) a state officer charged with regulating well operations; or
251 (ii) an authorized official of the State Tax Commission for purposes of tax
252 assessment.

253 **Section 6. Effective Date.**

254 This bill takes effect on May 6, 2026.