

Michael K. McKell proposes the following substitute bill:

Geothermal Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Michael K. McKell

House Sponsor: Carl R. Albrecht

LONG TITLE

General Description:

This bill addresses geothermal resources or fluids.

Highlighted Provisions:

This bill:

- addresses the reservation of a geothermal resource on state and institutional trust land;
- clarifies the purposes of the geothermal chapter;
- addresses definitions;
- modifies provisions related to ownership of geothermal resources or fluids;
- amends powers of the Division of Water Rights related to confidentiality of information;
- addresses bonding requirements; and
- makes technical and conforming amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53C-2-401, as last amended by Laws of Utah 2003, Chapter 192

73-22-2, as enacted by Laws of Utah 1981, Chapter 188

73-22-3, as last amended by Laws of Utah 2016, Chapter 348

73-22-4, as enacted by Laws of Utah 1981, Chapter 188

73-22-6, as enacted by Laws of Utah 1981, Chapter 188

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **53C-2-401** is amended to read:

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

- (1)(a)(i) Except as otherwise expressly provided by law, coal and mineral deposits in trust lands are reserved to the respective trust.
- (ii) The reservation of mineral deposits described in Subsection (1)(a)(i) includes reservation of a geothermal resource as defined in Section 73-22-3.
- (b) ~~[Each]~~ A certificate of sale and patent issued shall contain ~~[such]~~ a reservation described in Subsection (1)(a).
- (c) The purchaser of any lands belonging to the trust:
- (i) acquires no right, title, or interest in coal or mineral deposits, including geothermal resources; and
- (ii) is subject to the conditions and limitations prescribed by law providing for the state and any person authorized by ~~[it]~~ the state to:
- (A) prospect or mine;
- (B) remove ~~[the]~~ deposits; ~~[and]~~
- (C) develop geothermal resources; and
- ~~[(C)]~~ (D) occupy and use as much of the surface of the lands as may be required for any purpose reasonably incident to ~~[the]~~ mining~~[-and]~~ , removal of ~~[the]~~ deposits, or development of a geothermal resource.
- (d)(i) Coal~~[-and]~~ , mineral deposits, or geothermal resources in trust lands may be leased on a rental and royalty basis.
- (ii) The administration may also, with board approval, enter into joint ventures, farmout agreements, exploration agreements, operating agreements, and other business arrangements for the disposition of coal~~[-and]~~ , mineral deposits, or geothermal resources in trust lands.
- (iii) The mineral estate in trust lands may not be sold except as authorized in Subsection (2).
- (iv) ~~[Agreements]~~ An agreement made under Subsection (1)(d)(ii) ~~[are]~~ is not subject to Subsections 53C-2-405(3) and (4).
- (2) Except as otherwise prohibited by the Jones Act of January 25, 1927, 43 U.S.C. Sections 870-871, mineral interests in trust lands may be exchanged for mineral interests of comparable value or otherwise disposed of, if ~~[their]~~ the retention would create a liability exceeding their value.
- (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 ~~[(H)]~~ (10)(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) A person that owns the surface of the land also owns title to the geothermal resources,

131 notwithstanding the severance or conveyance of the mineral estate, unless the person
 132 that owns the surface of the land expressly conveys or reserves a geothermal resource by
 133 a recorded deed or other instrument conveying title.

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

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

138 (c) For school and institutional trust mineral estate owned as of May 6, 2026, the state
 139 owns title to the geothermal resource unless title to the geothermal resource has been
 140 expressly conveyed by deed to another party by the state in accordance with Section
 141 53C-2-401.

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

144 ~~[(2)]~~ (5) This chapter shall apply to ~~[all]~~ lands in the ~~[State of Utah]~~ state, including federal
 145 and Indian lands to the extent allowed by law. When ~~[these]~~ federal or Indian lands are
 146 committed to a unit agreement involving lands subject to federal or Indian jurisdiction,
 147 the division may, with respect to the unit agreement, ~~[deem]~~ consider this chapter
 148 complied with if the unit operations are regulated by the United States and the division
 149 finds that conservation of geothermal resources and prevention of waste are
 150 accomplished under the unit agreement.

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

152 **73-22-6 . Information required concerning resource development --**

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

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

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

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

162 (c) ~~[Keeping of well logs and filing true and correct copies-]~~ subject to Subsection (4),
 163 keep a well log or record and file a copy of the well log or record with the division[-
 164 These records are public records when filed with the division, unless the owner or

165 operator requests, in writing, that the records be held confidential. The period of
166 confidentiality shall be established by the division, not to exceed five years from the
167 date of production or injection for other than testing purposes or five years from the
168 date of abandonment, whichever occurs first, as determined by the division. Well
169 records held confidential by the division are open to inspection by those persons
170 authorized in writing by the owner or operator. Confidential status shall not restrict
171 inspection by state officers charged with regulating well operations or by authorized
172 officials of the Utah State Tax Commission for purposes of tax assessment.] ;

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

175 (i) a geothermal [resources] resource, water, [gases] gas, or other [fluids] fluid from
176 escaping into strata:

177 (A) other than the strata in which [they are] the resource, water, gas, or fluid is
178 found[-] ; and

179 (B) unless in accordance with a subsurface injection program approved by the
180 division[-];

181 (ii) pollution of surface and groundwater;

182 (iii) premature cooling of [~~any~~] a geothermal system by water encroachment or
183 otherwise [~~which~~] that tends to reduce the ultimate economic recovery of the
184 geothermal [~~resources~~] resource;

185 (iv) [~~blowouts, cave-ins, and~~] a blowout, cave-in, or seepage; and

186 (v) unreasonable disturbance or injury to neighboring properties, prior water rights,
187 human life, health, and the environment[-] ;

188 (e) [~~The operator to file cash or~~] subject to Subsection (2), if an operator, file an
189 individual surety [bonds] bond with the division for [~~each~~] a new well drilled [and each]
190 or an abandoned well redrilled[-. The amount of surety required shall be determined
191 by the division. In lieu of bonds for separate wells, the operator may file a blanket
192 cash or individual surety bond in an amount set by the division to cover all the
193 operator's drilling, redrilling, deepening, maintenance, or abandonment activities for
194 wells in the state. Bonds filed with the division shall be executed by the operator, as
195 principal, conditioned on compliance with division regulations in drilling, redrilling,
196 deepening, maintaining, or abandoning any well or wells covered by the bond and
197 shall secure the state against all losses, charges, and expenses incurred by it to obtain
198 such compliance by the principal named in the bond.] ;

- 199 (f) ~~[The geothermal]~~ if an owner or operator~~[-to]~~ , measure geothermal production
200 according to standards set by the division and maintain complete and accurate
201 production records~~[-. The records, or certified copies of them, shall be preserved on~~
202 ~~file by-]~~ or certified copies of the records that the owner or operator:
203 (i) keeps for a period of five years~~[-and shall be]~~ ; and
204 (ii) makes available for examination by the division at ~~[all-]~~reasonable times~~[-:]~~ ; and
205 (g) ~~[Filing-]~~ file with the division any other reasonable ~~[reports which it prescribes]~~ report
206 that the division requires regarding geothermal operations within the state.
- 207 (2)(a) ~~[Any-]~~ With the consent of the division, a person may terminate or cancel a surety
208 bond filed with the division in conformance with this chapter ~~[may, with the consent~~
209 ~~of the division, be terminated and canceled and the surety be relieved of all]~~ and
210 relieve the surety of the obligations under ~~[it]~~ the surety bond when the well or wells
211 covered by the surety bond have been properly abandoned or another valid surety
212 bond has been substituted for ~~[it]~~ the surety bond.
- 213 (b) The amount of surety bond required by this section shall be determined by the
214 division to be a reasonable amount.
- 215 (c) In lieu of an individual surety bond for separate wells, the operator may file a blanket
216 surety bond in an amount set by the division to cover all the operator's drilling,
217 redrilling, deepening, maintenance, or abandonment activities for wells.
- 218 (d) An operator shall execute a surety bond filed with the division by the operator as
219 principal and condition the surety bond on compliance with division regulations in
220 drilling, redrilling, deepening, maintaining, or abandoning a well covered by the
221 surety bond.
- 222 (e) A surety bond filed with the division shall secure the state against losses, charges,
223 and expenses incurred by the state to obtain the compliance described in Subsection
224 (2)(d) by the principal named in the surety bond.
- 225 (3) The division may enter onto private or public land at any time to inspect ~~[any]~~ a well or
226 geothermal resource development project to determine if the well or project is being
227 constructed, operated, or maintained according to any applicable permits or to determine
228 if the construction, operation, or maintenance of the well or project may involve an
229 unreasonable risk to life, health, property, the environment or subsurface, surface, or
230 atmospheric resources.
- 231 (4)(a) A well log or record described in Subsection (1)(c) is a public record when filed
232 with the division, unless the owner or operator requests, in writing, that the division

233 holds the well log or record as protected in accordance with Subsection 63G-2-305(1)
234 or (2) for a period established by the division, not to exceed the earlier of the
235 following, as determined by the division:

236 (i) five years from the date of production or injection for other than testing purposes;

237 (ii) two years from the date of abandonment; or

238 (iii) two years from the date of completion of a geothermal monitoring, exploration,
239 investigation, or test well project that does not directly transition into production
240 development.

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

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

246 (i) a state officer charged with regulating well operations; or

247 (ii) an authorized official of the State Tax Commission for purposes of tax
248 assessment.

249 **Section 6. Effective Date.**

250 This bill takes effect on May 6, 2026.