

Fifty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1145

Introduced by

Natural Resources Committee

(At the request of the Governor)

1 A BILL for an Act to create and enact two new subsections to section 57-51-01 and a new
2 section to chapter 57-51 of the North Dakota Century Code, relating to a temporary exemption
3 from the gross production tax for gas produced from shallow gas wells; and to provide an
4 expiration date.

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

6 **SECTION 1.** Two new subsections to section 57-51-01 of the North Dakota Century
7 Code are created and enacted as follows:

8 "Shallow gas" means gas produced from a gas well completed in or producing
9 from a shallow gas zone, as certified to the tax commissioner by the industrial
10 commission.

11 "Shallow gas zone" means a strata or formation, including lignite or coal strata or
12 seam, located above the depth of five thousand feet [1524 meters] below the
13 surface, or located more than five thousand feet [1524 meters] below the surface
14 but above the top of the Rierdon formation, from which gas is or may be produced.

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

17 **Shallow gas - Gross production tax exemption.** Shallow gas produced during the
18 first twenty-four months of production from and after the date of first sales of gas from a well
19 completed or recompleted in a shallow gas zone after June 30, 2003, is exempted from the
20 gross production tax levied under section 57-51-02.2. Gas produced from such a well during
21 testing prior to well completion or connection to a pipeline is also exempt from the gross
22 production tax.

- 1 **SECTION 3. EXPIRATION DATE.** This Act is effective for gas wells completed or
2 recompleted through June 30, 2007, and is thereafter ineffective.