

**Fifty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 7, 2003**

HOUSE BILL NO. 1210
(Representatives Weiler, F. Klein, Meier, Onstad)
(Senators Nichols, Urlacher)

AN ACT to create and enact a new subsection to section 57-51.1-03.1 of the North Dakota Century Code, relating to eligibility of a two-year inactive well for exemption from the oil extraction tax; and to amend and reenact subsection 12 of section 57-51.1-01 and subsection 4 of section 57-51.1-03 of the North Dakota Century Code, relating to the definition of a two-year inactive well and eligibility of a work-over project for exemption from the oil extraction tax.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new subsection to section 57-51.1-03.1 of the North Dakota Century Code is created and enacted as follows:

To receive, from the first day of eligibility, a tax exemption under subsection 6 of section 57-51.1-03 on production from a two-year inactive well, the industrial commission's certification must be submitted to the tax commissioner within eighteen months after the end of the two-year inactive well's qualification period.

SECTION 2. AMENDMENT. Subsection 12 of section 57-51.1-01 of the North Dakota Century Code is amended and reenacted as follows:

12. "Two-year inactive well" means any well certified by the industrial commission that has did not ~~produce~~ produce oil in more than one month in ~~the two years~~ any consecutive twenty-four month period before the date of application to the industrial commission for certification as a two-year inactive well being recompleted or otherwise returned to production after July 31, 1995. A well that has never produced oil, a dry hole, and a plugged and abandoned well are eligible for status as a two-year inactive well.

SECTION 3. AMENDMENT. Subsection 4 of section 57-51.1-03 of the North Dakota Century Code is amended and reenacted as follows:

4. The production of oil from a qualifying well that was worked over is exempt from any taxes imposed under this chapter for a period of twelve months, beginning with the first day of the third calendar month after the completion of the work-over project. The exemption provided by this subsection is only effective if the well operator ~~files a notice of intention to begin a work-over project with the industrial commission prior to commencement of the project and~~ establishes to the satisfaction of the industrial commission upon completion of the project that the cost of the project exceeded sixty-five thousand dollars or production is increased at least fifty percent during the first two months after completion of the project. A qualifying well under this subsection is a well with an average daily production of no more than fifty barrels of oil during the latest six calendar months of continuous production ~~prior to the filing of the notice required by this subsection.~~ A work-over project under this subsection means the continuous employment of a work-over rig, including recompletions and reentries. The exemption provided by this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1210.

House Vote: Yeas 89 Nays 0 Absent 5

Senate Vote: Yeas 46 Nays 0 Absent 1

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2003.

Approved at _____ M. on _____, 2003.

Governor

Filed in this office this _____ day of _____, 2003,
at _____ o'clock _____ M.

Secretary of State