

Sixty-ninth
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with Senate Amendments**

ENGROSSED HOUSE BILL NO. 1483

Introduced by

Representatives Headland, D. Anderson, Koppelman, Vollmer, J. Olson, Hagert

Senators Kessel, Meyer, Rummel, Thomas

1 A BILL for an Act to amend and reenact subsection 4 of section 57-51.1-03 of the North Dakota
2 Century Code, relating to the oil extraction tax rate reduction for oil produced from a new well
3 drilled and completed outside the Bakken and Three Forks formations; to provide for a
4 legislative management study; and to provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Subsection 4 of section 57-51.1-03 of the North Dakota
7 Century Code is amended and reenacted as follows:

8 4. The first ~~seventy-five thousand~~three hundred thousand barrels of oil produced during
9 the first ~~eighteen~~thirty-six months after completion, from a well drilled and completed
10 outside the Bakken and Three Forks formations, ~~and ten miles [16.10 kilometers] or~~
11 ~~more outside an established field in which the industrial commission has defined the~~
12 ~~pool to include the Bakken or Three Forks formation,~~ is subject to a reduced tax rate of
13 two percent of the gross value at the well of the oil extracted under this chapter. The
14 tax rate reduction under this subsection does not apply to a well located within the
15 exterior boundaries of a reservation, a well located on trust properties outside
16 reservation boundaries as defined in section 57-51.2-02, or a straddle well as defined
17 in section 57-51.1-07.10 located on reservation trust land, unless a tribe makes an
18 irrevocable election to opt-in to the tax rate reduction by providing written notice to the
19 tax commissioner. If a tribe provides notice of its election to opt-in to the tax rate
20 reduction, the tax commissioner shall apply the tax rate reduction beginning in the
21 month of production after the notice is received by the tax commissioner.

1 **SECTION 2. LEGISLATIVE MANAGEMENT STUDY - OIL EXTRACTION TAX**

2 **EXEMPTION FOR PRODUCTION FROM STRIPPER WELLS.** During the 2025-26 interim, the
3 legislative management shall consider studying the oil extraction tax exemption for production
4 from a stripper well property or an individual stripper well. The study must include consideration
5 of the number of oil wells and amount of oil production qualifying for the exemption, the
6 estimated fiscal impact of the exemption, and alternative tax policies for stripper well properties
7 or stripper wells. The study may include input from the tax commissioner, the director of the
8 department of mineral resources, and representatives of the oil and gas industry. The legislative
9 management shall report its findings and recommendations, together with any legislation
10 required to implement the recommendations, to the seventieth legislative assembly.

11 **SECTION 3. EFFECTIVE DATE.** Section 1 of this Act is effective for taxable production
12 beginning after June 30, 2025.