

**SENATE BILL NO. 2367**

Introduced by

Senator Potter

1 A BILL for an Act to amend and reenact subsection 4 of section 38-08-04, subsection 10 of  
2 section 57-51.1-01, and subsection 1 of section 57-51.1-03.1 of the North Dakota Century  
3 Code, relating to annual recertification of stripper well status under the oil extraction tax; and to  
4 provide an effective date.

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

6 **SECTION 1. AMENDMENT.** Subsection 4 of section 38-08-04 of the North Dakota  
7 Century Code is amended and reenacted as follows:

8 4. To classify wells as oil or gas wells for purposes material to the interpretation or  
9 enforcement of this chapter, to annually classify and determine the status and  
10 depth of wells that are stripper well property as defined in subsection ~~8~~ 10 of  
11 section 57-51.1-01, to annually certify to the tax commissioner which wells are  
12 stripper wells and the depth of those wells, and to certify to the tax commissioner  
13 which wells involve secondary or tertiary recovery operations under section  
14 57-51.1-01, and the date of qualification for the reduced rate of oil extraction tax for  
15 secondary and tertiary recovery operations.

16 **SECTION 2. AMENDMENT.** Subsection 10 of section 57-51.1-01 of the North Dakota  
17 Century Code is amended and reenacted as follows:

18 10. "Stripper well ~~property~~" means a "~~property~~" whose well for which the average daily  
19 production of oil, during days of normal recovery operations, excluding condensate  
20 recovered in nonassociated production, ~~per well~~ did not exceed ten barrels per day  
21 for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per  
22 day for wells of a depth of more than six thousand feet [1828.80 meters] but not  
23 more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a  
24 depth of more than ten thousand feet [3048 meters] during ~~any preceding~~

1           ~~consecutive~~ the twelve-month period ending June thirtieth. Wells which did not  
2           actually yield or produce oil during the qualifying twelve-month period, including  
3           disposal wells, dry wells, spent wells, and shut-in wells, are not production wells for  
4           the purpose of determining whether the stripper well property exemption applies.

5           **SECTION 3. AMENDMENT.** Subsection 1 of section 57-51.1-03.1 of the North Dakota  
6 Century Code is amended and reenacted as follows:

7           1. To receive, ~~from the first day of eligibility,~~ a tax exemption on production from a  
8           stripper well ~~property~~ under subsection 2 of section 57-51.1-03, the industrial  
9           commission's certification of wells that qualify for stripper well status must be  
10          submitted to the tax commissioner ~~within eighteen months after the end of the~~  
11          ~~stripper well property's qualification period~~ by August fifteenth immediately  
12          preceding the exemption period for stripper wells. The exemption period for  
13          stripper wells is the twelve months beginning September first of each year. The  
14          qualification period to determine stripper well status is the twelve months ending  
15          June thirtieth immediately preceding the exemption period for stripper wells.  
16          Applications are not required to obtain stripper well status. The industrial  
17          commission shall annually determine the wells that qualify for stripper well status  
18          based on production during the qualification period.

19          **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable events occurring after  
20 June 30, 2007.