

SENATE BILL NO. 2363

Introduced by

Senators Taylor, Andrist, Lyson

Representatives Mock, Onstad, Sukut

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~~ determination of stripper well status on an individual well basis under
4 the oil extraction tax; 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 38-08-04 of the North Dakota Century~~
7 ~~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 classify and determine the status and depth of wells~~
10 ~~that are stripper well property as defined in subsection 8 of section 57-51.1-01,~~
11 ~~to annually and certify to the tax commissioner which wells are stripper wells and the~~
12 ~~depth of those wells, and to certify to the tax commissioner which wells involve~~
13 ~~secondary or tertiary recovery operations under section 57-51.1-01, and to certify to~~
14 ~~the tax commissioner the date of qualification for the reduced rate of oil extraction tax~~
15 ~~for secondary and tertiary recovery operations.~~

16 **SECTION 1. 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~~ at the well's maximum
20 efficient rate, excluding condensate recovered in nonassociated production, ~~per well~~
21 did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80
22 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand
23 feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty
24 barrels per day for wells of a depth of more than ten thousand feet [3048 meters]

1 during any preceding consecutive twelve-month period ~~the most recent calendar year~~
2 ~~certified by the industrial commission~~. Wells which ~~that~~ did not actually yield or produce
3 oil during the qualifying twelve-month period, including disposal wells, dry wells, spent
4 wells, and shut-in wells, are not production wells for the purpose of determining
5 whether the stripper well ~~property~~ exemption applies.

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

8 1. ~~To receive, from the first day of eligibility, a tax exemption on production from a~~
9 ~~stripper well property under subsection 2 of section 57-51.1-03, the industrial~~
10 ~~commission's certification of wells that qualify for stripper well status must be~~
11 ~~submitted to the tax commissioner within eighteen months after the end of the stripper~~
12 ~~well property's qualification period. The industrial commission shall make an annual~~
13 ~~determination of the wells that qualify for stripper well status based on production~~
14 ~~through the end of the preceding calendar year.~~

15 **SECTION 2. EFFECTIVE DATE.** This Act is effective for ~~taxable events occurring~~ wells
16 certified as stripper wells after June 30, 2011.