

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1234

Page 1, line 1, after "reenact" insert "section 15-05-10, subsection 4 of section 38-08-04, and"

Page 1, after line 4, insert:

"SECTION 1. AMENDMENT. Section 15-05-10 of the North Dakota Century Code is amended and reenacted as follows:

15-05-10. Royalties from oil leases - Rents from other leases - Rules.

Oil leases must be made by the board of university and school lands at such annual minimum payments as are determined by the board, but the royalty shall be not less than twelve and one-half percent of the gross output of oil from the lands leased. Oil leases made by the board may authorize a royalty of less than twelve and one-half percent for production from stripper well properties or individual stripper wells and qualifying secondary recovery and qualifying tertiary recovery projects as defined in section 57-51.1-01. Leases for gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, or colloidal or other clays must be made by the board in such annual payments as are determined by the board. The board may adopt rules regarding annual payments and royalties under this section.

SECTION 2. AMENDMENT. Subsection 4 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

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

Page 3, line 27, after "8." insert ""Stripper well" means a well inside the Bakken or Three Forks formations whose average daily production of oil, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and fifty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] during any preceding consecutive twelve-month period. "Stripper well" also includes a well inside the Bakken or Three Forks formations which was drilled and completed before July 1, 2013, and was considered part of a stripper well property for purposes of this chapter on June 30, 2013.

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Page 3, line 27, after ""property"" insert "outside the Bakken and Three Forks formations"

Page 4, line 26, remove the overstrike over "is"

Page 5, line 16, replace "beginning" with "for production from wells drilled and completed"

Page 5, line 16, after "on" insert "or after"

Page 5, line 18, remove ", which must remain the rate unless a"

Page 5, line 19, remove "lower rate is determined under subsections 2 through 5"

Page 5, line 20, replace "beginning" with "for production from wells drilled and completed"

Page 5, line 20, after "on" insert "or after"

Page 5, line 22, remove ", which must remain"

Page 5, line 23, remove "the rate unless a lower rate is determined under subsections 3 through 5"

Page 5, line 24, replace "beginning" with "for production from wells drilled and completed"

Page 5, line 24, after "on" insert "or after"

Page 5, line 26, remove "one hundred thousand"

Page 5, line 26, remove "which must remain the"

Page 5, line 27, replace "rate unless a lower rate is determined under subsection 4 or 5" with "or for production from wells drilled and completed on or after the first day of July 2015, whichever event occurs first"

Page 5, remove lines 28 through 31

Page 6, remove lines 1 through 3

Page 6, line 10, after "property" insert "or individual stripper well"

Page 6, line 10, remove "On or"

Page 6, replace lines 11 through 16 with "A well in the Bakken or Three Forks formation which was certified as a stripper well or as part of a stripper well property at the time it is reentered or reworked retains its stripper well or stripper well property exempt status for the first twelve months of production from that well after completion of the reentry or reworking project. After that period, the stripper well or stripper well property exempt status is lost after the average daily production of the well exceeds one hundred barrels per day for a calendar month and the well is then subject to a reduced tax rate of two percent under this chapter until production from that well individually meets the requirements of the definition of stripper well under section 57-51.1-01."

Page 17, line 6, remove the overstrike over "~~or rate reduction~~"

Page 17, line 10, after "exemption" insert "or rate reduction"

Page 17, line 11, after "property" insert "or individual stripper well"

Page 17, line 13, after "property's" insert "or individual stripper well's"

Re-number accordingly