FISCAL NOTE

Requested by Legislative Council
01/27/2009

Bill/Resolution No.: SB 2384

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2384 deals with annual certification of stripper wells and stripper properties.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of SB 2384 requires annual certification of stripper wells. Under this provision, some currently classified stripper wells would not be recertified, lose their exemption and become subject to the oil extraction tax.

In the most recent year, 11.8 million barrels of oil was produced from stripper wells and stripper properties. This is equal to approximately 21% of total oil production.

We estimate that if these wells had to be recertified annually, production totaling 7.8 million barrels would potentially no longer qualify under the definition of stripper. Approx. 6.5 million of these barrels are from enhanced recovery units. Only 1.3 million barrels was produced in the past year from "stand alone" stripper wells that would no longer qualify if they needed to be recertified.

The provisions of Section 3 of SB 2384 would allow the 6.5 million barrels produced from enhanced recovery units to retain their stripper status until the value of the oil extraction tax exemption equaled the cost of the enhanced recovery project. We do not have enough information upon which to determine when this is likely to occur. The potential positive fiscal impact of SB 2384 cannot be determined.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency* *and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

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