

Sixty-second
Legislative Assembly
of North Dakota

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 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 for
21 wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day
22 for wells of a depth of more than six thousand feet [1828.80 meters] but not more than
23 ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more
24 than ten thousand feet [3048 meters] during ~~any preceding consecutive twelve month~~

1 ~~period~~the most recent calendar year certified by the industrial commission. Wells
2 ~~which~~that did not actually yield or produce oil during the qualifying twelve-month
3 period, including disposal wells, dry wells, spent wells, and shut-in wells, are not
4 production wells for the purpose of determining whether the stripper well property
5 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 4. EFFECTIVE DATE.** This Act is effective for taxable events occurring after
16 June 30, 2011.