

CHAPTER 167

OIL AND GAS ECONOMIC RECOVERY PLAN

Original House Bill No. 288

AN ACT to amend W.S. 39-6-301(a)(viii) and by creating new paragraphs (x) and (xi) and 39-6-302(a)(intro), (b), (g) and by creating new subsections (s) and (t) relating to taxation and revenue; providing a decreased excise tax rate on certain oil and gas production as specified; providing definitions; requiring reporting on decreased tax results as specified; and providing for an effective date.

*Be It Enacted by the Legislature of the State of Wyoming:*

**Section 1.** W.S. 39-6-301(a)(viii) and by creating new paragraphs (x) and (xi) and 39-6-302(a)(intro), (b), (g) and by creating new subsections (s) and (t) are amended to read:

**39-6-301. Definitions.**

(a) As used in this article:

(viii) "This article" means W.S. 39-6-301 through ~~39-6-306~~ 39-6-310;

(x) "RECOMPLETION" MEANS ANY DOWNHOLE OPERATION THAT IS CONDUCTED TO ESTABLISH PRODUCTION OF AN OIL OR GAS WELL IN ANY GEOLOGICAL INTERVAL NOT CURRENTLY COMPLETED OR PRODUCING WHICH HAS BEEN APPROVED AS A RECOMPLETION BY THE WYOMING OIL AND GAS CONSERVATION COMMISSION;

(xi) "WORKOVER" MEANS ANY DOWNHOLE OPERATION THAT IS DESIGNED TO SUSTAIN, RESTORE OR INCREASE THE PRODUCTION RATE OR THE ULTIMATE RECOVERY IN THE GEOLOGIC INTERVAL IN WHICH AN OIL OR GAS WELL OR GROUP OF WELLS IS CURRENTLY COMPLETED AND PRODUCING AND APPROVED AS A WORKOVER BY THE WYOMING OIL AND GAS CONSERVATION COMMISSION.

**39-6-302. Excise taxes on extraction of minerals.**

(a) Except as otherwise provided in subsection (h) of this section, there is levied an excise tax of two percent (2%) of the value of the gross product extracted upon the privilege of severing or extracting uranium, trona, coal except underground coal, petroleum, natural gas, oil shale or any other fossil fuel in the state. An excise tax of one and one-half percent (1 1/2%) shall be levied on underground coal. The proceeds from this tax shall be deposited into the permanent Wyoming mineral trust fund except as otherwise provided by W.S. 39-6-305(b) and except for the period beginning on the effective date of this act and ending June 30, 1994 during which the proceeds shall be deposited as follows:

(b) Except as otherwise provided in ~~subsection~~ SUBSECTIONS (h), (s) AND (t) of this section, in addition to the excise tax imposed by subsection (a) of this section there is levied an excise tax of two percent (2%) of the value of the gross product extracted upon the privilege of severing or extracting any valuable deposit in the state except stripper production and underground coal. An excise tax of one and one-fourth percent (1 1/4%) shall be levied on underground coal. The proceeds from this tax shall be deposited into the general fund.

(g) Except as otherwise provided in ~~subsection~~ SUBSECTIONS (h), (s) AND (t) of this section, in addition to other excise taxes provided by this section there is levied a tax of two percent (2%) of the value of the gross product extracted upon the privilege of severing or extracting oil and gas.

(s) OIL AND GAS PRODUCED FROM WELLS DRILLED BETWEEN JULY 1, 1993 AND DECEMBER 31, 1996, EXCEPT THE PRODUCTION FROM HORIZONTAL WELLS AND COLLECTION WELLS, IS EXEMPT FROM THE EXCISE TAXES IMPOSED BY SUBSECTIONS (b) AND (g) OF THIS SECTION FOR THE FIRST TWENTY-FOUR (24) MONTHS OF PRODUCTION ON OIL PRODUCTION UP TO FORTY (40) BARRELS PER DAY OR ITS EQUIVALENCY IN GAS PRODUCTION, WHICH FOR PURPOSES OF THIS SUBSECTION SHALL BE SIX (6) MCF GAS PRODUCTION FOR ONE (1) BARREL OIL PRODUCTION, OR UNTIL THE PRICE RECEIVED BY THE PRODUCER FOR THE NEW PRODUCTION IS EQUAL TO OR EXCEEDS TWENTY-FIVE DOLLARS (\$25.00) PER BARREL OF OIL OR TWO DOLLARS AND SEVENTY-FIVE CENTS (\$2.75) PER MCF OF NATURAL GAS FOR THE PRECEDING SIX (6) MONTH PERIOD OF TIME. PROVIDED HOWEVER, THAT A TAXPAYER CLAIMING A TAX REDUCTION UNDER THIS SUBSECTION IS PROHIBITED FROM CLAIMING A TAX REDUCTION PROVIDED BY SUBSECTIONS (j) OR (p) OF THIS SECTION.

(t) INCREMENTAL OIL OR GAS PRODUCTION RESULTING FROM A WORKOVER OR RECOMPLETION OF AN OIL OR GAS WELL BETWEEN JULY 1, 1993 AND DECEMBER 31, 1996 SHALL BE EXEMPT FROM THE TAXES IMPOSED BY W.S. 39-6-302(b) AND (g) FOR A PERIOD OF TWENTY-FOUR (24) MONTHS IMMEDIATELY FOLLOWING THE WORKOVER OR RECOMPLETION. RULES, DEFINITIONS AND REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SUBSECTION SHALL BE PROMULGATED BY THE WYOMING OIL AND GAS CONSERVATION COMMISSION IN CONSULTATION WITH THE MINERAL TAX DIVISION OF THE DEPARTMENT OF REVENUE. PROVIDED, HOWEVER THAT A TAXPAYER CLAIMING A TAX REDUCTION UNDER THIS SUBSECTION IS PROHIBITED FROM CLAIMING A TAX REDUCTION PROVIDED BY SUBSECTIONS (j) OR (p) OF THIS SECTION.

**Section 2.** On or before December 1 of 1994, 1995 and 1996, the oil and gas conservation commission and the mineral tax division within the department of revenue shall report to the joint revenue interim

committee on the results of the incentives provided under W.S. 39-6-302(s) and (t) as created under this act.

**Section 3.** This act is effective July 1, 1993.

Governor's Veto overridden March 4, 1993.