

Amendments to Senate Bill No. 522  
1st Reading Copy

Requested by Senator Jim Elliott

For the Senate Taxation Committee

Prepared by Lee Heiman  
March 31, 2005 (2:39pm)

1. Title, line 4.

**Strike:** "ALL"

**Insert:** "MANY"

2. Title, line 5 through line 6.

**Strike:** "ALL" on line 5 through "FROM" on line 6

**Following:** "OIL;"

**Insert:** "ESTABLISHING A REDUCED RATE FOR INITIAL OIL PRODUCTION;"

3. Page 2, line 30 through page 3, line 1.

**Strike:** "into" on page 1, line 30 through "lift" on page 3, line  
1

4. Page 4, line 15.

**Following:** line 14

**Insert:** "(9) "Stripper oil" means the oil produced from any well that produces less than 15 barrels a day for the calendar year immediately preceding the current year if the average price for a barrel of oil as reported in the Wall Street Journal for west Texas intermediate crude oil during a calendar quarter is less than \$30 a barrel. If the price of oil is equal to or greater than \$30 a barrel in a calendar quarter, there is no stripper tax rate in that quarter. There is no stripper well exemption tax rate if the average price for a barrel of oil as reported in the Wall Street Journal for west Texas intermediate crude oil during a calendar quarter is more than \$38 a barrel. The average price for a barrel is computed by dividing the sum of the daily price for west Texas intermediate crude oil as reported in the Wall Street Journal for the calendar quarter by the number of days on which the price was reported in the quarter. Production must be determined by dividing the amount of production from a lease or unitized area for the year immediately preceding the current calendar year by the number of producing wells in the lease or unitized area and by dividing the resulting quotient by 365."

**Renumber:** subsequent subsections

5. Page 5, line 16.

**Strike:** "at a rate of 14.8%"

**Insert:** "based on the time of production according to the following schedule"

**Strike:** "both"

6. Page 5, line 17.

**Strike:** "."

**Insert:** ":

7. Page 6, line 6.

**Following:** line 5

**Insert:** "

	Working Interest	Nonworking Interest
(a) first 12 months of production	2%	14.8%
(b) after 12 months	14.8%	14.8%"

8. Page 6, line 10.

**Following:** line 9

**Insert:** "(a) first 100,000 barrels of production:

(i) average price a barrel is less than \$37	0.5%	14.8%
(ii) average price a barrel is \$37 or more	6.25%	14.8%"

**Renumber:** subsequent subsections

9. Page 6, line 10.

**Following:** "production"

**Insert:** "in excess of 100,000 barrels"

10. Page 6, line 18.

**Following:** line 17

**Insert:** "(c) stripper oil production 5.5% 14.8%"

**Renumber:** subsequent subsection

11. Page 7, line 28.

**Insert:** "(5) (a) The tax rate reduction provided in subsection (3) (a) applies to the first barrels of oil after completion of the well.

(b) The price reference in subsection (3) (a) is the average price for each barrel of oil as reported in the Wall Street

Journal for west Texas intermediate crude oil during a calendar quarter and is applicable to the rate for that quarter."

12. Page 10, line 21.

**Following:** "Applicability."

**Insert:** "(1)"

13. Page 10, line 23.

**Insert:** "(2) For the purposes of the rate reduction in 15-36-304(3)(a), [this act] applies to production from a well completed after December 31, 2005."

- END -

