

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1437

Introduced by

Representatives Froseth, Hanson, Onstad, Streyle, Zubke

Senators Bekkedahl, Bowman, O'Connell, Unruh

1 A BILL for an Act to amend and reenact subsection 9 of section 57-51.1-03 of the North Dakota
2 Century Code, relating to extending the date to qualify for the triggered oil extraction tax rate
3 reduction for new horizontal wells; ~~to repeal subsection 9 of section 57-51.1-03 of the North~~
4 ~~Dakota Century Code, relating to the triggered oil extraction tax rate reduction for new~~
5 ~~horizontal wells~~; and to provide an effective date.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. AMENDMENT.** Subsection 9 of section 57-51.1-03 of the North Dakota
8 Century Code is amended and reenacted as follows:

9 9. The first seventy-five thousand barrels or the first four million five hundred thousand
10 dollars of gross value at the well, whichever is less, of oil produced during the first
11 eighteen months after completion, from a horizontal well drilled and completed after
12 April 30, 2009, and before July 1, ~~2015~~20172019, is subject to a reduced tax rate of
13 two percent of the gross value at the well of the oil extracted under this chapter. ~~A well~~
14 ~~eligible for a reduced tax rate under this subsection is eligible for the exemption for~~
15 ~~horizontal wells under subsection 3, if the exemption under subsection 3 is effective~~
16 ~~during all or part of the first twenty-four months after completion.~~

17 a The rate reduction under this subsection becomes effective on the first day of the
18 month following a month for which the average price of a barrel of crude oil is
19 less than fifty-five dollars, but the rate reduction under this subsection does not
20 become effective if at any time during the preceding twelve months the
21 exemption under subsection 3 was effective for the completion of any new
22 horizontal well.

23 b. The rate reduction under this subsection becomes ineffective on the first day of
24 the month following a month in which the average price of a barrel of crude oil

1 exceeds seventy dollars. The rate reduction under this subsection is ineffective
2 for any month the exemption under subsection 3 is effective for the completion of
3 any new horizontal well.

4 _____ If the rate reduction under this subsection is effective on the date of completion of a
5 well, the rate reduction applies to production from that well for up to eighteen months
6 after completion, subject to the other limitations of this subsection. If the rate reduction
7 under this subsection is ineffective on the date of completion of a well, the rate
8 reduction under this subsection does not apply to production from that well at any
9 time.

10 ~~SECTION 2. REPEAL. Subsection 9 of section 57-51.1-03 of the North Dakota Century~~
11 ~~Code is repealed.~~

12 **SECTION 2. EFFECTIVE DATE.** ~~Section 1 of this~~ This Act is effective for taxable events
13 occurring after June 30, 2015. ~~Section 2 of this Act is effective on the first day of any month~~
14 ~~after June 2015, if on that day the exemption under subsection 3 of section 57-51.1-03 is~~
15 ~~effective for a horizontal well drilled and completed before or on that day.~~