

SENATE FILE NO. SF0134

Severance tax-exemption.

Sponsored by: Senator(s) Perkins, Bebout and Coe and
Representative(s) Burkhart, Obermueller and
Walters

A BILL

for

1 AN ACT relating to mine product taxes; providing exemptions
2 for production of crude oil and natural gas; providing
3 limitations on the exemptions; and providing for an effective
4 date.

5

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

7

8 **Section 1.** W.S. 39-14-201(a)(xvii) and 39-14-205(d),
9 (h) and by creating new subsections (n) through (q) are
10 amended to read:

11

12 **39-14-201. Definitions.**

13

14 (a) As used in this article:

15

1 (xvii) "Previously shut-in well" means a well from
2 which crude oil or natural gas previously has been produced
3 and from which no production has occurred for at least ~~the~~
4 ~~two (2) consecutive years prior to January 1, 1995~~ six (6)
5 months;

6
7 **39-14-205. Exemptions.**

8
9 (d) In the case of tertiary production of crude oil
10 resulting from injection of carbon dioxide gas, all Wyoming
11 severance taxes paid on the carbon dioxide gas injected shall
12 be deducted from and allowed as a credit against the severance
13 taxes imposed on the oil produced by the injection. The credit
14 under this subsection shall not apply if the exemption under
15 subsection (o) of this section is taken for the production of
16 crude oil or natural gas resulting from injection of carbon
17 dioxide gas.

18
19 (h) Crude oil and natural gas produced from previously
20 shut-in wells is exempt from the severance taxes imposed by
21 W.S. 39-14-204(a)(ii), (iii) and (iv) for the first ~~sixty~~
22 ~~(60) twenty-four (24)~~ months of renewed production. ~~or until~~
23 ~~the average price received by the producer for the renewed~~

1 ~~production is equal to or exceeds twenty-five dollars~~
2 ~~(\$25.00) per barrel of oil for the preceding six (6) months,~~
3 ~~whichever sooner occurs.~~ The exemption under this subsection
4 shall not apply to wells that were shut-in for less than six
5 (6) months. Subject to subsection (p) of this section, the
6 exemption under this subsection shall not apply to production
7 of sweet crude oil when the West Texas Intermediate (WTI)
8 price of sweet crude oil is eighty dollars (\$80.00) or more
9 at the time of production or to the production of sour crude
10 oil when the Western Canadian Select (WCS) price of sour crude
11 oil is sixty dollars (\$60.00) or more at the time of
12 production and shall not apply to natural gas production when
13 the Colorado Interstate Gas (CIG) spot price for natural gas
14 is five dollars (\$5.00) or more per thousand cubic feet at
15 the time of production. The exemption under this subsection
16 shall only apply to fifty percent (50%) of production of sweet
17 crude oil when the WTI price is more than sixty dollars
18 (\$60.00) and less than eighty dollars (\$80.00) at the time of
19 production or to fifty percent (50%) of production of sour
20 crude oil when the WCS price of sour crude oil is more than
21 forty dollars (\$40.00) and less than sixty dollars (\$60.00)
22 at the time of production and shall only apply to fifty
23 percent (50%) of natural gas production when the CIG spot

1 price for natural gas is more than four dollars (\$4.00) per
2 MCF and less than five dollars (\$5.00) per MCF at the time of
3 production.

4
5 (n) Incremental crude oil or natural gas production
6 resulting from a capital workover or recompletion of a well,
7 after certification by the oil and gas conservation
8 commission, is exempt from the severance taxes imposed by
9 W.S. 39-14-204(a)(iii) and (iv) for the first twenty-four
10 (24) months of production following the workover or
11 recompletion. Subject to subsection (p) of this section, the
12 exemption under this subsection shall not apply to sweet crude
13 oil production when the West Texas Intermediate (WTI) price
14 of oil is eighty dollars (\$80.00) or more at the time of
15 production or to the production of sour crude oil when the
16 Western Canadian Select (WCS) price of sour crude oil is sixty
17 dollars (\$60.00) or more at the time of production and shall
18 not apply to natural gas production when the Colorado
19 Interstate Gas (CIG) spot price for natural gas is five
20 dollars (\$5.00) or more per thousand cubic feet (MCF) at the
21 time of production. The exemption under this subsection shall
22 only apply to fifty percent (50%) of sweet crude oil
23 production when the WTI price of oil is more than sixty

1 dollars (\$60.00) and less than eighty dollars (\$80.00) at the
2 time of production or to fifty percent (50%) of production of
3 sour crude oil when the WCS price of sour crude oil is more
4 than forty dollars (\$40.00) and less than sixty dollars
5 (\$60.00) at the time of production and shall only apply to
6 fifty percent (50%) of natural gas production when the CIG
7 spot price for natural gas is more than four dollars (\$4.00)
8 per MCF and less than five dollars (\$5.00) per MCF at the
9 time of production. The oil and gas conservation commission,
10 in consultation with the department, shall adopt rules
11 necessary to administer this subsection.

12
13 (o) Unless a credit is taken under subsection (d) of
14 this section, incremental crude oil or natural gas production
15 resulting from tertiary production of crude oil by injection
16 of carbon dioxide gas or other tertiary injection of an oil
17 field is exempt from the severance taxes imposed by W.S.
18 39-14-204(a)(iii) and (iv) for the first twenty-four (24)
19 months of production following the tertiary injection.
20 Subject to subsection (p) of this section, the exemption under
21 this subsection shall not apply to sweet crude oil production
22 when the West Texas Intermediate (WTI) price of sweet crude
23 oil is eighty dollars (\$80.00) or more at the time of

1 production or to the production of sour crude oil when the
2 Western Canadian Select (WCS) price of sour crude oil is sixty
3 dollars (\$60.00) or more at the time of production and shall
4 not apply to natural gas production when the Colorado
5 Interstate Gas (CIG) spot price for natural gas is five
6 dollars (\$5.00) or more per thousand cubic feet (MCF) at the
7 time of production. The exemption under this subsection shall
8 only apply to fifty percent (50%) of sweet crude oil
9 production when the WTI price of oil is more than sixty
10 dollars (\$60.00) and less than eighty dollars (\$80.00) at the
11 time of production or to fifty percent (50%) of production of
12 sour crude oil when the WCS price of sour crude oil is more
13 than forty dollars (\$40.00) and less than sixty dollars
14 (\$60.00) at the time of production and shall only apply to
15 fifty percent (50%) of natural gas production when the CIG
16 spot price for natural gas is more than four dollars (\$4.00)
17 per MCF and less than five dollars (\$5.00) per MCF at the
18 time of production.

19

20 (p) In determining exemptions under subsections (h)
21 through (o) of this section, the department shall apply
22 exemptions only in months when the previous six (6) month
23 rolling average of the West Texas Intermediate (WTI), Western

1 Canadian Select (WCS) or Colorado Interstate Gas (CIG) spot
2 price, as applicable, is within the range specified in
3 subsections (h) through (o) of this section. The department
4 shall calculate the six (6) month rolling average under this
5 subsection based on the monthly average of daily spot prices
6 for WTI, WCS and CIG for the immediately preceding six (6)
7 month period. The department shall post the most recent
8 monthly average and the six (6) month rolling average for the
9 WTI, WCS and CIG prices on its website.

10
11 (q) As used in this section:

12
13 (i) "Sour crude oil" means crude oil production
14 containing one-half of one percent (0.5%) or more of sulfur;

15
16 (ii) "Sweet crude oil" means crude oil production
17 containing less than one-half of one percent (0.5%) of sulfur.

18
19 **Section 2.** This act is effective July 1, 2019.

20
21 (END)