

SENATE FILE NO. SF0134

Severance tax-exemption.

Sponsored by: Senator(s) Perkins, Bebout and Coe and
Representative(s) Burkhardt, 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. 39-14-205(d), (h) and by creating new
9 subsections (n) through (r) is amended to read:

10

11 **39-14-205. Exemptions.**

12

13 (d) In the case of tertiary production of crude oil
14 resulting from injection of carbon dioxide gas, all Wyoming
15 severance taxes paid on the carbon dioxide gas injected shall

1 be deducted from and allowed as a credit against the severance
2 taxes imposed on the oil produced by the injection. The credit
3 under this subsection shall not apply if the exemption under
4 subsection (p) of this section is taken for the production of
5 crude oil or natural gas resulting from injection of carbon
6 dioxide gas.

7
8 (h) Crude oil produced from previously shut-in wells is
9 exempt from the severance taxes imposed by W.S.
10 39-14-204(a)(ii), (iii) and (iv) for the first ~~sixty (60)~~
11 ~~twenty-four (24)~~ months of renewed production. ~~or until the~~
12 ~~average price received by the producer for the renewed~~
13 ~~production is equal to or exceeds twenty-five dollars~~
14 ~~(\$25.00) per barrel of oil for the preceding six (6) months,~~
15 ~~whichever sooner occurs.~~ The exemption under this subsection
16 shall not apply to wells that were shut-in for less than
17 twelve (12) months. Subject to subsection (q) of this section,
18 the exemption under this subsection shall not apply to
19 production of sweet crude oil when the West Texas Intermediate
20 (WTI) price of sweet crude oil is eighty dollars (\$80.00) or
21 more at the time of production or to the production of sour
22 crude oil when the Western Canadian Select (WCS) price of
23 sour crude oil is sixty dollars (\$60.00) or more at the time

1 of production. The exemption under this subsection shall only
2 apply to fifty percent (50%) of production of sweet crude oil
3 when the WTI price is more than sixty dollars (\$60.00) and
4 less than eighty dollars (\$80.00) at the time of production
5 or to fifty percent (50%) of production of sour crude oil
6 when the WCS price of sour crude oil is more than forty
7 dollars (\$40.00) and less than sixty dollars (\$60.00) at the
8 time of production.

9
10 (n) Crude oil and natural gas produced from wells where
11 production is first reported pursuant to W.S. 39-14-207(a)(i)
12 on or after July 1, 2019, after certification by the oil and
13 gas conservation commission, is exempt from the severance
14 taxes imposed by W.S. 39-14-204(a)(iii) and (iv) for
15 twenty-four (24) months after production is first commenced.
16 Subject to subsection (q) of this section, the exemption under
17 this subsection shall not apply to sweet crude oil production
18 when the West Texas Intermediate (WTI) price of sweet crude
19 oil is eighty dollars (\$80.00) or more at the time of
20 production or to the production of sour crude oil when the
21 Western Canadian Select (WCS) price of sour crude oil is sixty
22 dollars (\$60.00) or more at the time of production and shall
23 not apply to natural gas production when the Colorado

1 Interstate Gas (CIG) spot price for natural gas is six dollars
2 (\$6.00) or more per thousand cubic feet (MCF) at the time of
3 production. The exemption under this subsection shall only
4 apply to fifty percent (50%) of crude oil production when the
5 WTI price of sweet crude oil is more than sixty dollars
6 (\$60.00) and less than eighty dollars (\$80.00) at the time of
7 production or to fifty percent (50%) of production of sour
8 crude oil when the WCS price of sour crude oil is more than
9 forty dollars (\$40.00) and less than sixty dollars (\$60.00)
10 at the time of production and shall only apply to fifty
11 percent (50%) of natural gas production when the CIG spot
12 price for natural gas is more than five dollars (\$5.00) per
13 MCF and less than six dollars (\$6.00) per MCF at the time of
14 production.

15
16 (o) Crude oil or natural gas production from a well
17 where a capital workover or recompletion takes place, after
18 certification by the oil and gas conservation commission, is
19 exempt from the severance taxes imposed by W.S.
20 39-14-204(a)(iii) and (iv) for the first twenty-four (24)
21 months of production following the workover or recompletion.
22 Subject to subsection (q) of this section, the exemption under
23 this subsection shall not apply to sweet crude oil production

1 when the West Texas Intermediate (WTI) price of oil is eighty
2 dollars (\$80.00) or more at the time of production or to the
3 production of sour crude oil when the Western Canadian Select
4 (WCS) price of sour crude oil is sixty dollars (\$60.00) or
5 more at the time of production and shall not apply to natural
6 gas production when the Colorado Interstate Gas (CIG) spot
7 price for natural gas is six dollars (\$6.00) or more per
8 thousand cubic feet (MCF) at the time of production. The
9 exemption under this subsection shall only apply to fifty
10 percent (50%) of sweet crude oil production when the WTI price
11 of oil is more than sixty dollars (\$60.00) and less than
12 eighty dollars (\$80.00) at the time of production or to fifty
13 percent (50%) of production of sour crude oil when the WCS
14 price of sour crude oil is more than forty dollars (\$40.00)
15 and less than sixty dollars (\$60.00) at the time of production
16 and shall only apply to fifty percent (50%) of natural gas
17 production when the CIG spot price for natural gas is more
18 than five dollars (\$5.00) per MCF and less than six dollars
19 (\$6.00) per MCF at the time of production. The oil and gas
20 conservation commission, in consultation with the department,
21 shall adopt rules necessary to administer this subsection.

22

1 (p) Unless a credit is taken under subsection (d) of
2 this section, incremental crude oil or natural gas production
3 resulting from tertiary production of crude oil by injection
4 of carbon dioxide gas or other tertiary injection of an oil
5 field is exempt from the severance taxes imposed by W.S.
6 39-14-204(a)(iii) and (iv) for the first twenty-four (24)
7 months of production following the tertiary injection.
8 Subject to subsection (q) of this section, the exemption under
9 this subsection shall not apply to sweet crude oil production
10 when the West Texas Intermediate (WTI) price of sweet crude
11 oil is eighty dollars (\$80.00) or more at the time of
12 production or to the production of sour crude oil when the
13 Western Canadian Select (WCS) price of sour crude oil is sixty
14 dollars (\$60.00) or more at the time of production and shall
15 not apply to natural gas production when the Colorado
16 Interstate Gas (CIG) spot price for natural gas is six dollars
17 (\$6.00) or more per thousand cubic feet (MCF) at the time of
18 production. The exemption under this subsection shall only
19 apply to fifty percent (50%) of sweet crude oil production
20 when the WTI price of oil is more than sixty dollars (\$60.00)
21 and less than eighty dollars (\$80.00) at the time of
22 production or to fifty percent (50%) of production of sour
23 crude oil when the WCS price of sour crude oil is more than

1 forty dollars (\$40.00) and less than sixty dollars (\$60.00)
2 at the time of production and shall only apply to fifty
3 percent (50%) of natural gas production when the CIG spot
4 price for natural gas is more than five dollars (\$5.00) per
5 MCF and less than six dollars (\$6.00) per MCF at the time of
6 production.

7
8 (q) In determining exemptions under subsections (h)
9 through (p) of this section, the department shall apply
10 exemptions only in months when the previous six (6) month
11 rolling average of the West Texas Intermediate (WTI), Western
12 Canadian Select (WCS) or Colorado Interstate Gas (CIG) spot
13 price, as applicable, is within the range specified in
14 subsections (h) through (p) of this section. The department
15 shall calculate the six (6) month rolling average under this
16 subsection based on the monthly average of daily spot prices
17 for WTI, WCS and CIG for the immediately preceding six (6)
18 month period. The department shall post the most recent
19 monthly average and the six (6) month rolling average for the
20 WTI, WCS and CIG prices on its website.

21
22 (r) As used in this section:
23

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

3

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

6

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

8

9

(END)