

Wyoming

(b) 2%

(g) 2%

4% reduction

§ 39-6-302

§ 39-6-302

SPECIFIC TAXES

§ 39-6-302

prohibited from claiming a tax reduction provided by subsection (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 subsection (j) or (p) of this section. (Laws 1975, ch. 125, § 1; W.S. 1957, § 39-227.1:1; Laws 1977, ch. 51, § 1; ch. 155, §§ 2, 4; ch. 189, §§ 1, 2; 1981, ch. 49, § 1; 1983, ch. 173, § 1; 1985, ch. 182, § 1; ch. 210, § 1; 1986, Sp. Sess., ch. 3, § 2; 1987, ch. 29, § 1; ch. 97, § 1; ch. 241, § 1; 1988, ch. 72, § 1; 1989, ch. 35, § 1; ch. 104, § 4; ch. 120, § 1; ch. 144, § 1; ch. 145, § 2; 1990, ch. 13, § 1; ch. 22, § 1; 1991, ch. 13, § 1; ch. 42, § 1; ch. 139, § 1; ch. 174, § 2; ch. 230, § 2; ch. 237, § 1; ch. 258, § 207; 1992, ch. 91, § 7(a), (b); 1993, ch. 167, § 1; ch. 227, § 303(e); 1994, ch. 6, § 1; ch. 15, § 306.)

Cross references. — As to authorization for excise tax on severing or extracting minerals, see art. 15, § 19, Wyo. Const. As to the permanent Wyoming mineral trust fund, see § 9-4-204.

The 1993 amendments. — The first 1993 amendment, by ch. 167, § 1, effective July 1, 1993, substituted "subsections (h), (s) and (t)" for "subsection (h)" in the first sentence in subsection (b) and in subsection (g) and added subsections (s) and (t).

The second 1993 amendment, by ch. 227, § 303, added "and (o)" at the end of the second sentence in subsection (d).

Laws 1993, ch. 227, § 307, makes the act effective immediately upon completion of all acts necessary for a bill to become law as provided by art. 4, § 8, Wyo. Const. Approved March 18, 1993.

While neither amendment gave effect to the other, both have been given effect in this section as set out above.

The 1994 amendments. — The first 1994 amendment, by ch. 6, § 1, substituted "1996" for "1994" in the last sentence in the introductory paragraph of subsection (a) and in the second sentence in subsection (e).

Laws 1994, ch. 6, § 2, makes the act effective immediately upon completion of all acts necessary for a bill to become law as provided by art. 4, § 8, Wyo. Const. Approved March 16, 1994.

The second 1994 amendment, by ch. 15, § 306, effective July 1, 1994, substituted "March 15, 1988" for "on the effective date of

this act" and "1996" for "1994," in the last sentence in the introductory paragraph of subsection (a) and in the second sentence in subsection (e).

While neither amendment gave effect to the other, both have been given effect in this section as set out above.

Editor's notes. — There are no subsections (d)(ii), (i) and (l) in this section as it appears in the printed acts.

Sheridan area water supply project. — Laws 1989, ch. 131, §§ 1 through 6, as amended by Laws 1990, ch. 77, § 1, Laws 1991, ch. 231, § 7, and Laws 1993, ch. 89, § 5, authorize the Sheridan area water supply project, describe the project, provide for financing it and provide for the operation and maintenance and for the sale or transfer of the project.

Laws 1991, ch. 231, § 10, makes the act effective immediately upon completion of all acts necessary for a bill to become law as provided by art. 4, § 8, Wyo. Const. Approved March 6, 1991.

Laws 1993, ch. 89, § 12, makes the act effective immediately upon completion of all acts necessary for a bill to become law as provided by art. 4, § 8, Wyo. Const. Approved February 25, 1993.

Appropriations. — Laws 1989, ch. 145, § 4, provides:

"(a) There is appropriated from the water development account funded by revenues under W.S. 39-6-305(k)(v) to the state engineer,

191. **OIL MINING** shall mean operations associated with the production of oil or gas from reservoir access holes drilled from underground shafts or tunnels.
194. **OIL WELL** shall mean a well the principal production of which at the mouth of the well, is oil, as defined by the Wyoming Conservation Law.
197. **OWNER** means the person who has the right to drill into and produce from a pool and to appropriate the oil or gas he produces therefrom either for himself or others.
200. **PERSON** means and includes any natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary or other representative of any kind, and includes any department, agency or instrumentality of the State or of any governmental subdivision thereof. The masculine gender, in referring to a person, includes the feminine and the neuter genders.
203. **PERMANENTLY ABANDONED WELL** shall mean a well which is no longer considered active and has been permanently plugged and abandoned, as provided by these rules, in such a manner as to prevent migration of oil, gas, and water or other substances from the formation or horizon in which it originally occurred.
206. **POOL** shall mean an underground reservoir containing a common accumulation of oil or gas or both. Each zone of a general structure, which zone is completely separated from any other zone, is covered by the word "pool" as used herein.
209. **PRODUCER** means the owner of a well or wells capable of producing oil or gas or both.
210. **RECOMPLETION**, for the purpose of W.S. §39-6-302(t) and Commission Rule 342, means any downhole operation in an existing oil or gas well that is conducted to establish production of oil or gas from any geological interval not currently completed or producing in said existing oil or gas well.

212. **SEISMIC CONTRACTOR** means a person who conducts exploration for oil, gas or associated hydrocarbons by the means of drilling seismic shot holes for the placing or detonating of explosives. It also includes vibroseis, a form of geophysical survey carried out by seismic waves generated from vehicle mounted vibrators.
215. **SEISMIC HOLE** is one which will be used for geophysical purposes only.
218. **SHUT-IN WELL** shall mean a well not currently considered active in which the completion interval has not been isolated from the wellbore above and where the wellbore condition is such that its utility may be restored by opening valves or by energizing equipment involved in operating the well.
221. **STRATIGRAPHIC TEST OR CORE HOLE** shall mean any hole drilled for the sole purpose of obtaining geological information.
224. **STRIPPER PRODUCTION** means a property or lease whose average daily production of crude petroleum and petroleum condensate including natural gas liquids did not exceed ten (10) barrels per day per well during the preceding calendar year.
227. **SUMP** is a buried, or partially buried, vessel constructed of man-made material including, but not limited to, steel, fiberglass, and/or concrete, which is used for the temporary collection of fluids. A sump can be closed top or open top.
230. **SUPERVISOR** shall mean State Oil and Gas Supervisor.
233. **TEMPORARILY ABANDONED WELL** shall mean a well in which the completion interval has been isolated from the wellbore above and the surface. The completion interval may be isolated by a retainer, bridge plug, cement plug, tubing and packer with tubing plug, or any combination thereof.
236. **TEMPORARY SPACING UNIT** shall mean a specified area of land designated by the Commission for purposes of determining well density and location. A temporary spacing unit is not a drilling unit as provided for in W.S. §30-5-109 and does not provide a basis for pooling the interest therein as does a drilling unit.

239. **TERTIARY PRODUCTION** means the crude oil recovered from a petroleum reservoir by means of a tertiary recovery project to which one (1) or more tertiary enhanced recovery techniques meeting the certification requirements of the Wyoming Oil and Gas Conservation Commission or the United States government are being applied.
242. **UNDERGROUND SOURCE OF DRINKING WATER. USDW** means an aquifer or its portion:
- (a) (1) which supplies any public water system; or
 - (2) which contains a sufficient quantity of ground water to supply a public water system; and
 - (i) currently supplies drinking water for human consumption; or
 - (ii) contains fewer than 10,000 mg/l total dissolved solids; and
 - (b) which is not an exempted aquifer.
245. **WELL**, when used alone in these rules and regulations, shall refer to an oil or gas well, injection or disposal well, or to a hole drilled for the purpose of producing oil or gas or both. It shall not include seismic, stratigraphic test, core, or other exploratory holes drilled for the purpose of obtaining geologic information only.
248. **WILDCAT WELL** for the purposes of W.S. §39-6-301(a)(vii) and §39-6-302(p) means any oil or gas well designated as a wildcat well by the Wyoming Oil and Gas Conservation Commission. Wildcat wells are wells outside known fields or new wells which are determined by the Commission to have discovered oil or gas in a pool not previously proven productive. This determination shall be made by considering the criteria specified in Rule 338 and under the procedure specified in Rule 338.
249. **WORKOVER**, for the purposes of W.S. §39-6-302(t) and Commission Rule 342, means any downhole operation in an existing oil or gas well that is designed to sustain, restore or increase the production rate or ultimate recovery in a geologic interval currently completed or producing in said existing oil or gas well. Workover includes but is not limited to: acidizing, reperforating, fracture treating, sand/paraffin removal, casing repair, squeeze cementing, or setting bridge plugs to isolate water productive zones from oil or gas productive zones, or any combination thereof. Workover does not mean the routine maintenance, repair, or replacement of downhole equipment such as rods, pumps, tubing, packers, or other mechanical devices.

waste. An application to vent or flare shall contain the following items as a minimum:

1. A statement of reason for venting or flaring.
2. The estimated duration of venting or flaring.
3. The estimated daily volume of gas in thousands of standard cubic feet per day (MCFD).
4. The estimated daily volume and type of associated produced fluids, gas or plant products in barrels, MCF's, gallons or tons per day, as applicable.
5. A compositional analysis of the gas if hydrogen sulfide is present or if the gas stream has a low BTU content.
6. A legal description of the well(s), plant, or facility and distance to the nearest potential sales point or pipeline(s).
7. A discussion of applicable safety factors and plans such as use of a constant flare igniter, facility pressure release, or emergency protection practices.

(d) The Supervisor may grant temporary authorization of verbal requests, including plant start-up/shut-down. Follow-up documentation of the request may be requested of the applicant containing, at a minimum, the items set forth in (c) above within fifteen (15) days of the initial request.

All operations shall be conducted in a safe and workmanlike manner. If the gas is sour and venting would present a safety hazard, a constant flare igniter system may be required.

341. TERTIARY CERTIFICATION

Certification of tertiary projects and determination of base level production for projects qualifying for the Tertiary Oil Tax Exemption.

(a) In order for tertiary production to qualify for the severance tax exemption provided under W.S. §39-6-302(j), the applicant shall present evidence demonstrating that the recovery technique or techniques utilized in the project area qualify for a tertiary determination and the Commission must certify the project as a tertiary project.

(b) For tertiary projects certified by the Commission after December 31, 1991:

(i) As part of the process of certifying tertiary projects which qualify for the severance tax exemption under W.S. §39-6-302(j), the applicant shall furnish the Commission an extrapolation of expected non-tertiary oil production from the project. The extrapolation shall be for not less than seventy-two (72) months commencing with the first month after the month in which the application for tertiary certification is made. The extrapolation shall be based on production history, reservoir and production characteristics and the application of generally accepted petroleum engineering practices. The extrapolated production volumes approved by the Commission shall serve as the base level production for purposes of determining the tertiary oil production which qualifies for the tax exemption, and

(ii) The applicant shall provide a statement as to all assumptions made in preparing the extrapolation and any other information concerning the project that the Commission may reasonably require in order to evaluate the applicant's extrapolation.

(iii) An application for Tertiary Certification may be approved administratively by the Supervisor. The Supervisor shall review the material within (15) days after receipt of the application and advise the applicant of the decision. If the operator disagrees with the Supervisor's decision, they may request a hearing before the full Commission. The Supervisor, on his own motion, may also refer the matter to the Commission if the proper decision is in doubt.

342. RECOMPLETION AND WORKOVER CERTIFICATION

Certification of recompletions and workovers and determination of base level production for qualifying wells is the duty of the Wyoming Oil and Gas Conservation Commission and shall be accomplished in the following manner:

(a) In order to qualify for the excise tax exemption provided by W.S. §39-6-302(t), the applicant shall submit an application with evidence demonstrating that the technique(s) utilized in the well qualify as a recompletion or workover. The Commission or Supervisor has the authority to certify the operation as a recompletion or workover.

(b) Only recompletions and workover commenced between July 1, 1993 and December 31, 1996, qualify for the excise tax exemption provided by W.S. §39-6-302(t), provided further that:

(i) Prior to or no later than thirty (30) days after the recompletion or workover, the applicant must furnish the Commission an extrapolation and tabulation of the well's monthly production which would have occurred without the benefit of the recompletion or workover. The extrapolation and tabulation shall not be for less than thirty-six (36) months commencing with the first month after the month in which the recompletion or workover is expected to be completed. The projection and tabulation shall be based on: production history for the twelve (12) months period immediately preceding the last month of reported production; reservoir and production characteristics; and the application of generally accepted petroleum engineering practices. The extrapolated and tabulated monthly production volumes, as approved by the Commission or Supervisor, shall serve as the base level production for purposes of determining the incremental production which qualifies for the tax exemption and;

(ii) The applicant shall provide information about: all assumptions made in preparing the extrapolation and tabulation; the date on which the workover or recompletion is expected to start; a schematic borehole diagram of the recompletion or workover; and any other information concerning the operation that the Commission may reasonably require in order to evaluate the application. After the recompletion or workover is completed, the applicant shall submit a Sundry Notice, Form 4, listing the actual dates of commencing and completing the operations, the actual costs of the recompletion or workover, and the initial daily production rate following the operations.

(iii) Qualifying recompletions and workovers may be administratively approved by the Supervisor. The Supervisor shall review the material within fifteen (15) days after receipt of the application and advise the applicant of the decision. If the applicant disagrees with the Supervisor's decision, he may request a hearing before the Commission. The Supervisor, on his own motion, may also refer the matter to the Commission. Upon approval of the application, the Supervisor shall forward a copy of the certification to the Department of Revenue, Mineral Tax Division.

(iv) Applicants or taxpayers claiming the excise tax exemption under W.S. §39-6-302(t), are prohibited from simultaneously claiming the tax exemption provided by W.S. §39-6-302(j) for tertiary project or W.S. §39-6-302(p) for wildcat wells.

343. NEW WELL CERTIFICATION

(a) 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 W.S. §39-6-302(b) and (g) for the first

twenty-four (24) months of production. Production qualifying for the tax exemption shall be limited to: (1) the first forty barrels of oil per day (40 BOPD); or (2) the first two hundred-forty thousand cubic feet of gas per day.

(b) The excise tax exemption shall not apply in the event 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) months period of time.

(c) Applicants or taxpayers claiming a tax exemption under W.S. §39-6-302(s) are prohibited from simultaneously claiming the tax exemption provided by W.S. §39-6-302(j) for tertiary projects or W.S. §39-6-302(p) for wildcat wells.

(d) In order to qualify for the excise tax exemption provided the W.S. §39-6-302(s), the applicant must provide evidence that the new well was drilled between July 1, 1993 and December 31, 1996. The Supervisor shall forward documentation that the new well qualifies for the tax exemption to the Department of Revenue, Mineral Tax Division.