

SENATE FILE NO. SF0051

Natural gas regulations.

Sponsored by: Senator(s) Jennings

A BILL

for

1 AN ACT relating to natural gas; providing for a moratorium
2 on the plugging of coalbed methane wells as specified;
3 providing a severance tax exemption as specified; providing
4 definitions; providing for reports; providing for a sunset
5 date on the moratorium; and providing for an effective
6 date.

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

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10 **Section 1.** W.S. 30-5-129 is created to read:

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12 **30-5-129. Moratorium on coalbed methane well**
13 **plugging; report; sunset.**

14

15 (a) Notwithstanding any other provision of law, the
16 commission, the department of environmental quality and the
17 office of state lands and investments shall not plug or

1 allow or cause another to plug coalbed methane wells under
2 their authority, unless doing so is necessary to:

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4 (i) Protect public health, safety or welfare;

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6 (ii) Protect drinking water sources; or

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8 (iii) Prevent damage to the mineral estate.

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10 (b) The commission, the department of environmental
11 quality and the office of state lands and investments shall
12 report to the joint minerals, business and economic
13 development interim committee by December 1, 2012 and
14 annually thereafter on the number of coalbed methane wells
15 plugged in the last year and the stated reason for the
16 plugging of each well.

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18 (c) This section is repealed effective June 30, 2015.

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20 **Section 2.** W.S. 39-14-201(a)(iii), (xv) and by
21 creating a new paragraph (xxxvii) and 39-14-205(k) and by
22 creating a new subsection (m) are amended to read:

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24 **39-14-201. Definitions.**

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2 (a) As used in this article:

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4 (iii) "Average daily production" means the
5 qualified maximum total production of domestic crude oil or
6 natural gas produced from wells reported as oil or natural
7 gas wells to the Wyoming oil and gas commission during the
8 preceding calendar year divided by the number of calendar
9 days in that year times the number of wells which produced
10 and wells which injected substances for the recovery of
11 crude petroleum or natural gas from that property or lease
12 in that year. To qualify as maximum total production each
13 well must have been maintained at the maximum feasible rate
14 of production in accordance with recognized conservation
15 practices and not significantly curtailed by reason of
16 mechanical failure or other disruption in production;

17

18 (xv) "Natural gas" means all gases, both
19 hydrocarbon and nonhydrocarbon, that occur naturally or are
20 enhanced beneath the earth's crust and are produced from an
21 oil or gas well. For the purposes of taxation, the term
22 natural gas includes products separated for sale or
23 distribution during processing of the natural gas stream

1 including, but not limited to plant condensate, natural gas
2 liquids, ~~and~~-sulfur and enhanced microbe coalbed methane;

3

4 (xxxvii) "Stripper gas production" means the
5 production from a property or lease on which:

6

7 (A) The average daily production of natural
8 gas from wells reported as natural gas wells to the Wyoming
9 oil and gas commission did not exceed seventy-five (75) MCF
10 per day per well during the preceding calendar year; and

11

12 (B) The producer did not discharge
13 production water on or above the surface of the earth.

14

15 **39-14-205. Exemptions.**

16

17 (k) A taxpayer who is liable for payment of taxes
18 under W.S. 39-14-204(a)(i), (ii) and (iii) on the
19 production of natural gas is entitled to a credit against
20 those taxes in an amount equal to fifty percent (50%) of
21 the amount certified by the gas research review committee
22 under W.S. 39-14-202(a)(iv) through (x) as a qualifying
23 investment by that taxpayer in a research project. Credits
24 under this section shall first be applied to tax liability

1 under W.S. 39-14-204(a)(iii) and then to the tax liability
2 under W.S. 39-14-204(a)(ii). A taxpayer shall not be
3 entitled to a credit under this section for any stripper
4 gas production which is exempt from taxes imposed by W.S.
5 39-14-204(a)(iii) as provided in subsection (m) of this
6 section.

7
8 (m) Stripper gas production is exempt from a
9 percentage of the severance taxes imposed by W.S.
10 39-14-204(a)(iii) as follows:

11
12 (i) For natural gas stripper wells which begin
13 production on or before January 1, 2013:

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15 (A) One hundred percent (100%) from January
16 1, 2013 through December 31, 2022; and

17
18 (B) Fifty percent (50%) thereafter.

19
20 (ii) For natural gas stripper wells which begin
21 production January 1, 2013 through December 31, 2013:

22
23 (A) Seventy-five percent (75%) from January
24 1, 2014 through December 31, 2023; and

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2

(B) Fifty percent (50%) thereafter.

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(iii) For natural gas stripper wells which begin
production on or after January 1, 2014, fifty percent
(50%).

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Section 3. This act is effective immediately upon
completion of all acts necessary for a bill to become law
as provided by Article 4, Section 8 of the Wyoming
Constitution.

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10

(END)

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