

ENGROSSED HOUSE AMENDMENT  
TO  
ENGROSSED SENATE BILL NO. 871

By: Easley of the Senate

and

Rice of the House

( revenue and taxation - gross production taxes -  
clarifying references -

effective date )

AMENDMENT NO. 1. Strike the stricken title, enacting clause and  
entire bill and insert

"( revenue and taxation - gross production taxes -  
clarifying references -

effective date )

SECTION 1. AMENDATORY 68 O.S. 2001, Section 1001.1, is  
amended to read as follows:

Section 1001.1 The Oklahoma Tax Commission shall ~~adopt~~  
promulgate rules ~~and regulations~~ which establish guidelines for the  
determination of property exempt from ad valorem taxation pursuant  
to the provisions of subsections ~~(p)~~ R and ~~(q)~~ S of Section 1001 of  
this title. ~~Said~~ The guidelines shall include, but are not limited  
to, the following:

1. "Producing leases" means wells or leases or production units  
which have had production during any of the previous three (3)  
calendar years which is subject to the gross production tax levied  
by Section 1001 of this title and which have not been abandoned or

required to be plugged as required by law on or before January 1 of the year for which the assessment or valuation is made;

2. "Payment of gross production tax" means payment of the tax levied by Section 1001 of this title on production during any of the three (3) calendar years immediately prior to January 1 of the year for which the assessment or valuation is made; and

3. Property exempt from ad valorem tax pursuant to the provisions of subsections ~~(p)~~ R and ~~(q)~~ S of Section 1001 of this title shall include, but is not limited to, ~~lease production tanks, lease production meters, and:~~

- a. wellhead equipment,
- b. pumping units and any other devices designed to raise hydrocarbons to the surface,
- c. tubing, casing and other downhole equipment,
- d. flow lines going from wellhead to items of equipment described in subparagraphs e through j of this paragraph,
- e. production units, separators, heaters, treaters and any other devices designed to remove water and contamination from the hydrocarbons which are located upstream from lease production tanks, custody transfer points, or where production is comingled with that of other leases,
- f. compression equipment that is used for injection purposes on enhanced oil and gas recovery projects or compression equipment specifically installed with the intent to assist or enhance the process of bringing oil or gas to the surface,
- g. lease production tanks which include flow tanks and water tanks,
- h. meters which are used by the producer or operator of a lease,

- i. miscellaneous production equipment, including but not limited to, valves, piping and electrical accessories which are used directly in the production of oil and gas, and
- j. disposal systems which are not for commercial purposes.

Such ~~exempt~~ property shall ~~remain~~ be exempt as long as the property is ~~essential to~~ used in the production of oil and gas in commercial quantities. The county assessor shall be notified when such property becomes nonexempt pursuant to the provisions of Section 2838 of this title.

SECTION 2. This act shall become effective January 1, 2003."

Passed the House of Representatives the 24th day of April, 2002.

\_\_\_\_\_  
Presiding Officer of the House of  
Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2002.

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Presiding Officer of the Senate