STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

SENATE BILL 1260 By: Laughlin

AS INTRODUCED

An Act relating to gross production tax; defining term; stating tax levied on certain oil and natural gas production; requiring first purchaser of oil or natural gas to submit certain tax records; authorizing the Tax Commission to audit certain records to verify qualified production; providing for codification; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1001.3a of Title 68, unless there is created a duplication in numbering, reads as follows:

A. "Economically at-risk marginal oil or gas well" means any well operated at a net loss or net profit which is less than the total gross production tax remitted for such well during the previous tax reporting year, a well which produces two barrels of oil or less or less than 15 MCF of natural gas per well per day, or a well utilizing high water-cut or waterflood technology.

B. Gross production taxes levied pursuant to Section 1001 of Title 68 of the Oklahoma Statutes for revenue derived from economically at-risk marginal oil or gas wells shall be assessed as follows: one percent (1%) of the gross production tax allowed under Section 1001 of Title 68 shall be collected on the first two barrels of oil per day and/or the first fifteen MCF of natural gas per day from a qualified economically at-risk marginal oil or gas well.

C. The first purchaser of oil or gas from an economically at-risk marginal oil or gas well shall be responsible for informing the Oklahoma Tax Commission of production from qualified economically

at-risk marginal oil or gas wells. The Tax Commission is hereby authorized to audit the records of any first purchaser or other responsible party to verify the accuracy of tax records pursuant to the provisions of this section.

SECTION 2. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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