SENATE BILL NO. 148

INTRODUCED BY HIMSL, BLAYLOCK

BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE

IN THE SENATE

January 14, 1983	Introduced and referred to Committee on State Administration.
February 2, 1983	Committee recommend bill do pass. Report adopted.
	Statement of Intent attached.
February 3, 1983	Bill printed and placed on members' desks.
February 5, 1983	Second reading, do pass.
February 7, 1983	Correctly engrossed.
February 8, 1983	Third reading, passed. Ayes, 47; Noes, 1. Transmitted to House.
IN THE HOUSE	
February 9, 1983	Introduced and referred to Committee on Natural Resources.
March 5, 1983	Committee recommend bill be concurred in. Report adopted.
March 7, 1983	Second reading, concurred in.
March 8, 1983	Third reading, concurred in.

IN THE SENATE

March 9, 1983

Returned to Senate.

Sent to enrolling.

Reported correctly enrolled.

INTRODUCED BY THE LEGISLATIVE AUDIT COMMITTEE

3 4 5

7

9

10

11

12

13

1

2

A BILL FOR AN ACT ENTITLED: "AN ACT REESTABLISHING THE BOARD OF OIL AND GAS CONSERVATION UNDER EXISTING STATUTORY AUTHORITY AND RULES; TRANSFERRING COLLECTION OF THE OIL AND GAS PRODUCERS PRIVILEGE AND LICENSE TAX FROM THE BOARD TO THE DEPARTMENT OF REVENUE; PROVIDING UNIFORM PENALTIES; PROVIDING THAT THE PRIVILEGE AND LICENSE TAX RATESETTING IS SUBJECT TO THE MONTANA ADMINISTRATIVE PROCEDURE ACT; CLARIFYING THE BOARD'S REGULATORY AUTHORITY; AMENDING SECTIONS 2-8-103, 15-36-107, 82-11-111, 82-11-131 THROUGH 82-11-133, MCA; AND PROVIDING AN EFFECTIVE DATE."

14 15 16

17

18

19

20 21

22

WHEREAS, the sunset law, sections 2-8-103 and 2-8-112, MCA, terminates the Board of Oil and Gas Conservation and requires a performance evaluation of the Board by the Legislative Audit Committee; and

WHEREAS, as a result of the performance evaluation the Legislative Audit Committee recommends that the Board of Oil and Gas Conservation be reestablished under existing statutory authority.

23 24

25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

- 1 NEW SECTION. Section 1. Reestablishment. The board
- 2 of oil and gas conservation, created by 2-15-3303, is
- 3 reestablished with its existing statutory authority and
- 4 rules for 6 years pursuant to 2-8-122.
- 5 Section 2. Section 2-8-103, NCA, is amended to read:
- 6 "2-8-103. Agencies to terminate. (1) The following
- 7 agencies shall terminate on July 1: 1979:
- 8 (a) board of abstracters, department of professional
- and occupational licensing, created by 2-15-1643;
- 10 (b) board of real estate, department of professional
- 11 and occupational licensing, created by 2-15-1642;
- 12 (c) state board of warm air heating, ventilation, and
- 13 air conditioning department of professional and
- 14 occupational licensing, created by 2-15-1656;
- 15 (d) board of institutions, department of institutions,
 - created by 2-15-2303.
- 17 (2) The following agencies shall terminate on July 1.
- 18 1981:

- 19 (a) board of athletics, department of professional and
- 20 occupational licensing, created by 2-15-1661;
- 21 (b) board of massage therapists, department of
- 22 professional and occupational licensing, created by
- 23 2-15-1627;
- 24 (c) board of osteopathic physicians, department of
- 25 professional and occupational licensing created by

1	2-	1	5-	1	6	0	7:	ľ
---	----	---	----	---	---	---	----	---

- 2 (d) board of podiatry examiners, department of
- 3 professional and occupational licensing, created by
- 4 2-15-1608+
- 5 (3) The following units of state government shall
- 6 terminate on July 1, 1983:
- 7 (a) board of aeronautics, department of commerce,
- 8 created by 2-15-1812;
- 9 (b) state board of hail insurance, department of
- 10 agriculture, created by 2-15-3003;
- (c) board of horseracing, department of commerce,
- 12 created by 2-15-1881;
- (d) board of livestock, department of livestock,
- 14 created by 2-15-3102;
- (e) board of milk control, department of commerce,
- 16 created by 2-15-1802;
- 17 (f) board of oil and quasconservations—department—of
- 18 natural resources and conservationy created by 2-15-3363;
 - faiff Montana outfitters council, department of
- 20 fish, wildlife, and parks, created by 2-15-3403;
- 21 third public service commission, department of public
- 22 service regulation, created by 69-1-102;
- 23 (i)(h) board of water and wastewater operators,
- 24 department of health and environmental sciences, created by
- 25 2-15-2105;

- 1 (j)(i) board of water well contractors, department of commerce, created by 2-15-1862.
- 3 (4) The following agencies terminate on July 1, 1985:
- 4 (a) the board of public accountants, department of
- 5 commerce, created by 2-15-1866;
- 6 (b) the board of architects, department of commerce,
- 7 created by 2-15-1871;
- 8 (c) state banking board, department of commerce,
- 9 created by 2-15-1803;
- 10 (d) the State electrical board, department of
- 11 commerce, created by 2-15-1874;
 - 12 (e) the board of professional engineers and land
- 13 surveyors, department of commerce, created by 2-15-1873;
 - 14 (f) office of commissioner of insurance and the
 - insurance department, state auditor's office, created by
 - 16 2-15-1902 and 2-15-1903;
- 17 (g) office of the securities commissioner, state
- 18 auditor's office, created by 2-15-1901;
- 19 (h) the board of landscape architects, department of
- 20 commerce, created by 2-15-1872;
- 21 (i) the board of county printing, department of
- 22 commerce, created by 2-15-1811;
- 23 (j) the board of plumbers, department of commerce,
- 24 created by 2-15-1875;
- (k) board of physical therapy examiners, department of

_			
1	CARRATCA	created by	2_15_1858_

- 2 (5) The following agencies terminate on July 1, 1987:
- 3 (a) commission for human rights, department of labor
 4 and industry, created by 2-15-1706;
- 5 (b) Montana state board of medical examiners: 6 department of commerce, created by 2-15-1841;
- 7 (c) board of dentistry, department of commerce, 8 created by 2-15-1842;
- 9 (d) board of pharmacists, department of commerce, 10 created by 2-15-1843;
- 11 (e) board of nursing, department of commerce, created
 12 by 2-15-1844;
- (f) board of nursing home administrators, department
 of commerce, created by 2-15-1845;
- 15 (g) board of optometrists, department of commerce,
 16 created by 2-15-1846;
- 17 (h) board of chiropractors, department of commerce,
 18 created by 2-15-1847;
- 19 (i) board of radiologic technologists, department of 20 commerce, created by 2-15-1848;
- 21 (j) board of speech pathologists and audiologists.
 22 department of commerce, created by 2-15-1849;
- 23 (k) board of hearing aid dispensers, department of 24 commerce, created by 2-15-1850;

()) board of psychologists, department of commerce,

l created	by	2-15-1851	i
-----------	----	-----------	---

- 2 (m) board of veterinarians, department of commerce,
 3 created by 2-15-1852;
- 4 (n) board of morticians, department of commerce, 5 created by 2-15-1853;
- 6 (0) board of barbersy department of commerce, created 7 by 2-15-1856;
- 10 (q) board of sanitarians, department of commerce.

 11 created by 2-15-1861;
- 12 (r) board of veterans affairs, department of social
 13 and rehabilitation services, created by 2-15-2202.
- 16 The following agency terminates on July 1, 1989:

 15 board of oil and gas conservations department of natural

 16 resources and conservations created by 2-15-3303.**
- 17 Section 3. Section 15-36-107, MCA, is amended to read:
- 18 #15-36-107. Procedure to compute tax in absence of
- 19 statement penalty and interest. If any such person shall
- 20 fail, neglect, or refuse to file any statement required by
- 21 15-36-IO5 within the time therein required, the department
- of revenue shall, immediately after such time has expired,
- 23 proceed to inform itself as best it may regarding the number
- 24 of barrels of petroleum and other mineral or crude oil or
- 25 cubic feet of gas extracted and produced by such person in

2

3

8

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

this state during such quarter and during each month thereof and the average value thereof during each such month and shall determine and fix the amount of the severance taxes due to the state from such person for such quarter and shall add to the amount of such severance taxes a penalty of 10% 25% thereof plus interest at the rate of 1% per month or fraction thereof computed on the total amount of severance taxes and penalty. Interest shall be computed from the date the severance taxes were due to the date of payment. The department shall mail to the person required to file a quarterly statement and pay any severance tax, a letter setting forth the amount of severance tax, penalty, and interest due, and the letter shall further contain a statement that if payment is not made, a warrant for distraint may be filed. The 10% 25% penalty herein provided may be waived by the department if reasonable cause for the failure and neglect to file the statement required by 15-36-105 is provided to the department."

. 1

2

3

4

5

6 7

9

10

- 11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Section 4. Section 82-11-111. HCA, is amended to read:

#82-11-111. Powers and duties of board. (1) The board
shall make such investigations as it considers proper to
determine whether waste exists or is immiment or whether
other facts exist which justify any action by the board
under the authority granted by this chapter with respect
thereto.

- (2) Subject to the administrative control of the department under 2-15-121, the board shall:
- (a) require measures to be taken to prevent contamination of or damage to surrounding land or underground strata caused by drilling operations and production, including but not limited to regulating the disposal of salt water and oil field wastes;
- (b) classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter;
 - (c) adopt and enforce rules and orders to effectuate the purposes and the intent of this chapter.
- (3) The board shall determine and prescribe what producing wells shall be defined as "stripper wells" and what wells shall be defined as "wildcat wells" and make such orders as in its judgment are required to protect those wells and provide that stripper wells may be produced to capacity if it is considered necessary in the interest of conservation to do so.
- (4) With respect to any pool from which gas was being produced by a gas well on or prior to April 1, 1953, this chapter does not authorize the board to limit or restrain the rate (daily or otherwise) of production of gas from that pool by any well then or thereafter drilled and producing from that pool to less than the rate at which the well can

be produced without adversely affecting the quantity of gas ultimately recoverable by the well."

1

2

3

5

6

7

B

9

10

11

12

13

14

15

16

17

18

19

20

21

23

24

25

Section 5. Section 82-11-131, MCA, is amended to reads #82-11-131. Privilege and license tax. (1) for the purpose of providing funds for defraying the expenses of the operation and enforcement of this chapter and expenses of the board, an operator or producer of oil and gas shall pay an assessment not to exceed 2/10 of 12 of the market value of each barrel of crude petroleum originally produced, saved and marketed, or stored within the state or exported from the state and the same rate on the market value of each 10,000 cubic feet of natural gas produced, saved and marketed, or stored within the state or exported therefrom.

hearings rule adopted pursuant to the provisions of the Montana Administrative Procedure Acts fix the amount of the assessment and may from time to times without prior notice or hearings reduce or increase the amount thereof assessment in the expenses chargeable against the oil and gas conservation fund may require. However, the assessment fixed by the board may not exceed the limits prescribed in this section. The amount of the assessment shall be a percentage factor (not to exceed 100%) of the rate set forth in subsection (1) above, and the same percentage factor shall be applied by the board in fixing the amount of the

assessment on each barrel of crude production and each 10,000 cubic feet of natural gas mentioned in that subsection. A producer of the crude petroleum and natural gas shall pay the assessment on each barrel of crude petroleum and each 10,000 cubic feet of natural gas produced for himself, as well as for another, including a royalty holder, and the producer shall be reimbursed for the payments made on crude oil and natural gas produced for another in the same manner as he is reimbursed for net proceeds tax paid on crude petroleum or natural gas produced for for another under 15-23-607.

12 (3) The department of revenue shall collect the
13 privilege and license tax assessment in the same manner as
14 the oil and gas severance tax is collected under Title 15.
15 chapter 36.**

Section 6. Section 82-11-132, MCA, is amended to read: 16 17 #82-11-132. Statements to treasurer and payment of 18 tax. (1) Each producer of crude petroTeum in the state 19 shall, not later than the last day of each of the calendar months of February, May, August, and November of each 20 21 calendar year, render a true statement to the state 22 treasurer and a duplicate thereof to the board, the department of revenue, and the board, duly signed and sworn 24 to, of all crude petroleum produced and marketed by him in. 25 this state during the preceding quarter and containing such

other information as the board may require and shall
caccompany the statement with the payment to the state
treasurer of the assessment provided for in 82-11-131(1) for
the period covered by the statement.

5

7

8

9

10

11

15

16

17

18

19 20

21

22

24

25

- (2) Each producer of natural gas in the state shall render like statements to the state treasurer. the department of revenue, and the board of all natural gas produced and marketed by him in this state and shall make payment of the assessment provided for in 82-11-131(1) at such times and for such periods as may be prescribed by rule of the board.
- 12 (3) Any producer corrying on business at more than one
 13 place or location in this state may include all those places
 14 of business in one statement.
 - (4) The assessment imposed herein shall be due at the time the oil or natural gas is marketed. Oil or natural gas shall be deemed marketed when it is removed from the property from which it was produced."
 - Section 7. Section 82-11-133, NCA, is amended to read:

 "82-11-133. Penalty for late payment. An assessment not paid within the time specified is delinquent, and a penalty of 25% thereof shall be added thereto, and the whole thereof shall bear interest at the rate of 1% per month from the date of delinquency until paid. Upon request of the department of revenue or the board, the attorney general

- 1 shall commence and prosecute to final determination in any
- 2 court of competent jurisdiction an action at law to collect
- 3 the same. **
- 4 NEW SECTION. Section 8. Effective date. This act is
- 5 effective July 1, 1983.

-End-

48th Legislature SB 148

1	STATEMENT OF INTENT
2	SENATE BILL 148
3	Senate State Administration Committee
4	
5	A statement of intent is required for Senate Bill 148
6	because it grants the Board of Oil and Gas Conservation
7	authority to fix an assessment against each barrel of crude
8	petroleum orininally produced.
9	The Legislature intends that the amount assessed be
Ō	sufficient to provide funds to defray the expenses of
1	enforcing the oil and gas laws and the operations of the
2	board. The assessment shall not be so high as to generate
3	revenue in excess of expenses.

1

12

13

14

15

16

17

18 19

20

21

22

23

24

25

1981:

2-15-1627;

Approved by Committee on State Adminastration

1	SENATE BILL NO. 148
2	INTRODUCED BY HIMSL, BLAYLOCK
3	BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT REESTABLISHING THE
6	BOARD OF OIL AND GAS CONSERVATION UNDER EXISTING STATUTORY
7	AUTHORITY AND RULES; TRANSFERRING COLLECTION OF THE OIL AND
8	GAS PRODUCERS PRIVILEGE AND LICENSE TAX FROM THE BOARD TO
9	THE DEPARTMENT OF REVENUE; PROVIDING UNIFORM PENALTIES;
10	PROVIDING THAT THE PRIVILEGE AND LICENSE TAX RATESETTING IS
11	SUBJECT TO THE MONTANA ADMINISTRATIVE PROCEDURE ACT;
12	CLARIFYING THE BOARD'S REGULATORY AUTHORITY; AMENDING
13	SECTIONS 2-8-103, 15-36-107, 82-11-111, 82-11-131 THROUGH
14	82-11-133+ MCA; AND PROVIDING AN EFFECTIVE DATE.
15	
16	WHEREAS, the sunset law, sections 2-8-103 and 2-8-112,
17	MCA, terminates the Board of Oil and Gas Conservation and
18	requires a performance evaluation of the Board by the
19	Legislative Audit Committee; and
20	AMEREAS, as a result of the performance evaluation the
21	Legislative Audit Committee recommends that the Board of Oil
22	and Gas Conservation be reestablished under existing
23	statutory authority.
24	
25	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

2	oil and gas conservation, created by 2-15-3303, is
3	reestablished with its existing statutory authority and
4	rules for 6 years pursuant to 2-8-122.
5	Section 2. Section 2-8-103, MCA, is amended to read:
6	*2-8-103. Agencies to terminate. (1) The following
7	agencies shall terminate on July 1, 1979:
8	(a) board of abstracters, department of professional
9	and occupational licensing, created by 2-15-1643;
10	(b) board of real estate, department of professional
11	and occupational licensing, created by 2-15-1642;

conditioning.

created by 2-15-2303.

occupational licensing, created by 2-15-1656;

occupational licensing, created by 2-15-1661;

NEW SECTION. Section 1. Reestablishment. The board of

(c) state board of warm air heating, ventilation, and

(d) board of institutions, department of institutions,

(2) The following agencies shall terminate on July 1,

(a) board of athletics, department of professional and

(b) board of massage therapists, department of

(c) board of osteopathic physicians, department of

professional and occupational licensing, created by

-2-

department of professional

SB 148

1	2-	1	5-	1	6	0	7	į

25

2-15-2105;

- (d) board of podiatry examiners, department of 2 professional and occupational licensing, created by 3 2-15-1608+
- (3) The following units of state government shall terminate on July 1, 1983:
- 7 (a) board of aeronautics, department of commerce, created by 2-15-1812:
- (b) state board of hail insurance, department of 9 10 agriculture, created by 2-15-3003;
- (c) board of horseracing, department of commerce, 11 12 created by 2-15-1881;
- 13 (d) board of livestock, department of livestock, 14 created by 2-15-3102;
- (e) board of milk control, department of commerce, 15 created by 2-15-1802; 16
- 17 +f}--board--of--oil-and-gas-conservationy-department-of natural-resources-and-conservationy-created-by-2-15-3303; 18
- tgtifl Montana outfitters' council, department of 19 20 fish, wildlife, and parks, created by 2-15-3403:
- 21 tht[a] public service commission, department of public service regulation, created by 69-1-102; 22
- 23 +++1h1 board of water and wastewater operators,
- department of health and environmental sciences, created by 24
 - -3-

- titli board of water well contractors, department of 1 2. commerce, created by 2-15-1862.
 - (4) The following agencies terminate on July 1, 1985:
- (a) the board of public accountants, department of commerce, created by 2-15-1866;
- (b) the board of architects, department of commerce, created by 2-15-1871; 7
- (c) state banking board, department of commerce, 8 9 created by 2-15-1803;
- (d) the state electrical board, department of 10 11 commerce, created by 2-15-1874;
- 12 (e) the board of professional engineers and land 13 surveyors, department of commerce, created by 2-15-1873;
- If) office of commissioner of insurance and the 14 insurance department, state auditor's office, created by 15 16 2-15-1902 and 2-15-1903;
- (q) office of the securities commissioner, state 17 auditor's office, created by 2-15-1901; 18
- 19 (h) the board of landscape architects, department of 20 commerce, created by 2-15-1872;
- (i) the board of county printing, department of 21 commerce+ created by 2-15-1811; 22
- (j) the board of plumbers, department of commerce, 23 created by 2-15-1875; 24
- (k) board of physical therapy examiners, department of 25

1	COMMON CO.	crosted	h	2-15-1858.
1	Commerce.	created	OY	7-13-1030 ●

- (5) The following agencies terminate on July 1, 1987:
- 3 (a) commission for human rights, department of labor 4 and industry, created by 2-15-1706;
- 5 (b) Montana state board of medical examiners,
- 6 department of commerce, created by 2-15-1841;
- 7 (c) board of dentistry, department of commerce,
- created by 2-15-1842;
- 9 (d) board of pharmacists, department of commerce.
- 10 created by 2-15-1843;
- 11 (e) board of nursing, department of commerce, created
- 12 by 2-15-1844;

Z

- (f) board of nursing home administrators, department
- 14 of commerce, created by 2-15-1845;
- (g) board of optometrists, department of commerce,
- 16 created by 2-15-1846;
- 17 (h) board of chiropractors, department of commerce,
- 18 created by 2-15-1847;
- 19 (i) board of radiologic technologists, department of
- 20 commerce, created by 2-15-1848;
- 21 (i) board of speech pathologists and audiologists.
- 22 department of commerce, created by 2-15-1849;
- (k) board of hearing aid dispensers, department of
- 24 commerce. created by 2-15-1850;
- 25 (1) board of psychologists, department of commerce,

- 1 created by 2-15-1851;
- 2 (m) board of veterinarians, department of commerce,
- 3 created by 2-15-1852;
- 4 (n) board of morticians, department of commerce,
- 5 created by 2-15-1853;
- 6 (o) board of barbers, department of commerce, created
- 7 by 2-15-1856;
- 8 (p) board of cosmetologists, department of commerce,
- 9 created by 2-15-1857;
- 10 (q) board of sanitarians, department of commerce,
- ll created by 2-15-1861;
- 12 (r) board of veterans affairs, department of social
- 13 and rehabilitation services, created by 2-15-2202.
- 14 (6) The following agency terminates on July 1: 1989:
- 15 board of oil and gas conservation, department of natural
- 16 resources and conservations created by 2-15-3303."
- 17 Section 3. Section 15-36-107, MCA, is amended to read:
- 18 *15-36-107. Procedure to compute tax in absence of
- 19 statement -- penalty and interest. If any such person shall
- 29 fail, neglect, or refuse to file any statement required by
- 21 15-36-105 within the time therein required, the department
- 22 of revenue shall, immediately after such time has expired,
- 23 proceed to inform itself as best it may regarding the number
- 24 of barrels of petroleum and other mineral or crude oil or
- 25 cubic feet of gas extracted and produced by such person in

-6-

5

7

13

14

15

16

17

18

19

20

21

22

23

24

25

this state during such quarter and during each month thereof 1 2 and the average value thereof during each such month and 3 shall determine and fix the amount of the severance taxes due to the state from such person for such quarter and shall add to the amount of such severance taxes a penalty of 16% 25% thereof plus interest at the rate of 1% per month or 7 fraction thereof computed on the total amount of severance taxes and penalty. Interest shall be computed from the date 9 the severance taxes were due to the date of payment. The department shall mail to the person required to file a 10 11 quarterly statement and pay any severance tax, a letter 12 setting forth the amount of severance tax, penalty, and 13 interest due, and the letter shall further contain a 14 statement that if payment is not made, a warrant for 15 distraint may be filed. The 10% 25% penalty herein provided may be waived by the department if reasonable cause for the 16 17 failure and neglect to file the statement required by 18 15-36-105 is provided to the department.*

Section 4. Section 82-11-111, MCA, is amended to read:

#82-11-111. Powers and duties of board. (1) The board shall make such investigations as it considers proper to determine whether waste exists or is imminent or whether other facts exist which justify any action by the board under the authority granted by this chapter with respect thereto.

19

20

21

22

23

24

25

- 1 (2) Subject to the administrative control of the 2 department under 2-15-121, the board shall:
 - (a) require measures to be taken to prevent contamination of or damage to surrounding land or underground strata caused by drilling operations and productions including but not limited to regulating the disposal of salt water and oil field wastes;
- 8 (b) classify wells as oil or gas wells for purposes
 9 material to the interpretation or enforcement of this
 10 chapter:
- 12 (c) adopt and enforce rules and orders to effectuate 12 the purposes and the intent of this chapter.
 - (3) The board shall determine and prescribe what producing wells shall be defined as "stripper wells" and what wells shall be defined as "wildcat wells" and make such orders as in its judgment are required to protect those wells and provide that stripper wells may be produced to capacity if it is considered necessary in the interest of conservation to do so.
 - (4) With respect to any pool from which gas was being produced by a gas well on or prior to April 1, 1953, this chapter does not authorize the board to limit or restrain the rate (daily or otherwise) of production of gas from that pool by any well then or thereafter drilled and producing from that pool to less than the rate at which the well can

-7-

SB 148

-8- SB 148

be produced without adversely affecting the quantity of gas ultimately recoverable by the well.*

section 5. Section 82-11-131, MCA, is amended to read:

#82-11-131. Privilege and license tax. (1) For the
purpose of providing funds for defraying the expenses of the
operation and enforcement of this chapter and expenses of
the board, an operator or producer of oil and gas shall pay
an assessment not to exceed 2/10 of 1% of the market value
of each barrel of crude petroleum originally produced, saved
and marketed, or stored within the state or exported from
the state and the same rate on the market value of each
10,000 cubic feet of natural gas produced, saved and
marketed, or stored within the state or exported therefrom.

hearings rule adopted pursuant to the provisions of the Montana Administrative Procedure Acts fix the amount of the assessment and may from time to times—without-prior—notice or—hearings reduce or increase the amount thereof ass—in—its judgments the expenses chargeable against the oil and gas conservation fund may require. However, the assessment fixed by the board may not exceed the limits prescribed in this section. The amount of the assessment shall be a percentage factor (not to exceed 100%) of the rate set forth in subsection (1) above, and the same percentage factor shall be applied by the board in fixing the amount of the

-9-

assessment on each barrel of crude production and each 10,000 cubic feet of natural gas mentioned in that subsection. A producer of the crude petroleum and natural gas shall pay the assessment on each barrel of crude petroleum and each 10,000 cubic feet of natural gas produced for himself, as well as for another, including a royalty holder, and the producer shall be reimbursed for the payments made on crude oil and natural gas produced for another in the same manner as he is reimbursed for net proceeds tax paid on crude petroleum or natural das produced for another under 15-23-607.

(3) The department of revenue shall collect the privilege and license tax assessment in the same manner as the oil and gas severance tax is collected under litle 15. chapter 36.*

Section 6. Section 82-11-132, MCA, is amended to read:

M32-11-132. Statements to treasurer and payment of
tax. (1) Each producer of crude petroleum in the state
shall, not later than the last day of each of the calendar
months of February, May, August, and November of each
calendar year, render a true statement to the state
treasurer and—a—duplicate—thereof—the—board, the
department of revenue, and the hoard, duly signed and sworn
to, of all crude petroleum produced and marketed by him in
this state during the preceding quarter and containing such

SB 148

other information as the board may require and shall accompany the statement with the payment to the state treasurer of the assessment provided for in 82-11-131(1) for the period covered by the statement.

5

7

8

9

10 11

12

13

14 15

16 17

18

19

20

21

22

23

24

25

- (2) Each producer of natural gas in the state shall render like statements to the state treasurer. the department of revenue. and the board of all natural gas produced and marketed by him in this state and shall make payment of the assessment provided for in 32-11-131(1) at such times and for such periods as may be prescribed by rule of the board.
- (3) Any producer carrying on business at more than one place or location in this state may include all those places of business in one statement.
- (4) The assessment imposed herein shall be due at the time the oil or natural gas is marketed. Oil or natural gas shall be deemed marketed when it is removed from the property from which it was produced.
- Section 7. Section 82-11-133, MCA, is amended to read:
 #82-11-133. Penalty for late payment. An assessment
 not naid within the time specified is delinquent, and a
 penalty of 25% thereof shall be added thereto, and the whole
 thereof shall bear interest at the rate of 1% per month from
 the date of delinquency until paid. Upon request of the
 department of revenue or the board, the attorney general

- 1 shall commence and prosecute to final determination in any
- 2 court of competent jurisdiction an action at law to collect
- 3 the same.™
- 4 <u>NEW SECTION</u>. Section 8. Effective date. This act is
- 5 effective July 1, 1983.

-End-

Į.	STATEMENT	OF	INTENT
,	SENATE I	a T I I	148

Senate State Administration Committee

4

7

9

10

11

12

13

A statement of intent is required for Senate Bill 148 because it grants the Board of Oil and Gas Conservation authority to fix an assessment against each barrel of crude petroleum originally produced.

The Legislature intends that the amount assessed be sufficient to provide funds to defray the expenses of enforcing the oil and gas laws and the operations of the board. The assessment shall not be so high as to generate revenue in excess of expenses.

Approved by Committee on State Administration

1	SENATE BILL NO. 148
2	INTRODUCED BY HIMSL, BLAYLOCK
3	BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT REESTABLISHING THE
6	BOARD OF OIL AND GAS CONSERVATION UNDER EXISTING STATUTORY
7	AUTHORITY AND RULES; TRANSFERRING COLLECTION OF THE OIL AND
8	GAS PRODUCERS PRIVILEGE AND LICENSE TAX FROM THE BOARD TO
9	THE DEPARTMENT OF REVENUE; PROVIDING UNIFORM PENALTIES;
10	PROVIDING THAT THE PRIVILEGE AND LICENSE TAX RATESETTING IS
11	SUBJECT TO THE MONTANA ADMINISTRATIVE PROCEDURE ACT;
12	CLARIFYING THE BOARD'S REGULATORY AUTHORITY; AMENDING
13	SECTIONS 2-8-103, 15-36-107, 82-11-111, 82-11-131 THROUGH
14	82-11-133. MCA; AND PROVIDING AN EFFECTIVE DATE.
15	
16	#HEREAS, the sunset law, sections 2-8-103 and 2-8-112,
17	MCA, terminates the Board of Oil and Gas Conservation and
18	requires a performance evaluation of the Board by the
19	Legislative Audit Committee; and
20	AMEREAS, as a result of the performance evaluation the
21	Legislative Audit Committee recommends that the Board of Dil
2?	and Gas Conservation be reestablished under existing
23	statutory authority.
24	
25	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

1	NEW SECTION. Section 1. Reestablishment. The board of
2	oil and gas conservation, created by 2-15-3303, i
3	reestablished with its existing statutory authority an
4	rules for 6 years pursuant to 2-8-122.
5	Section 2. Section 2-8-103, MCA, is amended to read
6	"2-8-103. Agencies to terminate. (1) The followin
7	agencies shall terminate on July 1, 1979;
8	(a) board of abstracters, department of professiona
9	and occupational licensing, created by 2-15-1643\$
10	(b) board of real estate, department of professiona
11	and occupational licensing, created by 2-15-1642;
12	(c) state board of warm air heating, ventilation, an
13	air conditioning, department of professional an
14	occupational licensing, created by 2-15-1656;
15	(d) board of institutions, department of institutions
16	created by 2-15-2303.
17	(2) The following agencies shall terminate on July 1
18	1981:
19	(a) board of athletics, department of professional an
20	occupational licensing, created by 2-15-1661;
21	(b) board of massage therapists, department o
22	professional and occupational licensing, created b
23	2-15-1627\$
24	(c) board of osteopathic physicians, department o
25	professional and occupational licensing, created b

1	2-15-1607;
2	(d) board of podiatry examiners, department of
3	professional and occupational licensing, created by
4	2-15-1608 9 a
5	(3) The following units of state government shall
6	terminate on July 1, 1983:
7	(a) board of aeronautics, department of commerce,
8	created by 2-15-1812;
9.	(b) state board of hall insurance, department of
lo	agriculture, created by 2-15-3003;
11	(c) board of horseracing, department of commerce,
12	created by 2-15-1881;
13	(d) board of livestock, department of livestock,
۱4	created by 2-15-3102;
15	(e) board of milk control, department of commerce,
16	created by 2-15-1802;
.7	<pre>ffyboardofoff-and-gas-conservationy-department-of</pre>
.8	noturn?-resources-and-conservationy-created-by-2-15-3303;
9	fgf(f) Montana outfitters council, department of
20	fish, wildlife, and parks, created by 2-15-3403;
1	<pre>fhf(g) public service commission, department of public</pre>
22	service regulation, created by 69-1-102;
23	ff1[h] board of water and wastewater operators.

department of health and environmental sciences, created by

24

2-15-2105;

1	tjtil board of water well contractors, department of
2	commerce, created by 2-15-1862.
3	(4) The following agencies terminate on July 1, 1985:
4	(a) the board of public accountants, department of
. 5	commerce, created by 2-15-1866;
6	(b) the board of architects, department of commerce,
7	created by 2-15-1871;
8	(c) state banking board, department of commerce,
9	created by 2-15-1803;
10	(d) the state electrical board, department of
11	commerce, created by 2-15-1874;
12	(e) the board of professional engineers and land
13	surveyors, department of commerce, created by 2-15-1873;
14	(f) office of commissioner of insurance and the
15	insurance department, state auditor's office, created by
16	2-15-1902 and 2-15-1903;
17	(g) office of the securities commissioner. State
18	auditor's office, created by 2-15-1901;
19	(n) the board of landscape architects, department of
20	commerce, created by 2-15-1872;
21	(i) the board of county printing, department of
22	commerce, created by 2-15-1811;
23	(j) the board of plumbers, department of commerce.
24	created by 2-15-1875;
25	(k) board of physical therapy examiners, department of

1	commerce, created by 2-15-1858.
2	(5) The following agencies terminate on July 1_{7} 1987:
3	(a) commission for human rights, department of labor
4	and industry, created by 2-15-1706;
5	(b) Montana state board of medical examiners:
6	department of commerce, created by 2-15-1841;
7	(c) board of dentistry, department of commerce,
8	created by 2-15-1842;
9	(d) board of pharmacists, department of commerce,
10	created by 2-15-1843;
11	(e) board of nursing, department of commerce, created
12	by 2-15-1844;
13	(f) board of nursing home administrators, department
14	of commerce, created by 2-15-1845;
15	(g) board of optometrists, department of commerce,
16	created by 2-15-1846;
17	(h) board of chiropractors, department of commerce,
10	created by 2-15-1847;
19	(i) board of radiologic technologists, department of
20	commerce, created by 2-15-1848;
21	(j) board of speech pathologists and audiologists.
22	department of commerce, created by 2-15-1849;
23	(k) board of hearing aid dispensers, department of

(1) board of psychologists, department of commerce,

commerce. created by 2-15-18501

3 .	created by 2-15-1852;
4	(n) board of morticians, department of commerce,
5	created by 2-15-1853;
6	(o) board of barbers, department of commerce, created
7	by 2-15-1856;
8	(p) board of cosmetologists, department of commerce,
9	created by 2-15-1857;
10	(q) board of sanitarians, department of commerce,
11	created by 2-15-1861;
12	(r) board of veterans* affairs, department of social
13	and rehabilitation services, created by 2-15-2202.
14	(6) The following agency terminates on July 1. 1989:
15	board of oil and das conservation, department of natural
16	resources and conservation. created by 2-15-3303.*
17	Section 3. Section 15-36-107, MCA, is amended to read:
18	*15-36-107. Procedure to compute tax in absence of
19	statement penalty and interest. If any such person shall
29	fail, neglect, or refuse to file any statement required by
21	15-36-105 within the time therein required: the department
22	of revenue shall, immediately after such time has expired.
23	proceed to inform itself as best it may regarding the number
24	of barrels of petroleum and other mineral or crude oil or
25	cubic feet of gas extracted and produced by such person in

(m) board of veterinarians, department of commerce,

created by 2-15-1851;

3

5

7

8

10

11

12

14

15

16

17

18

19

20

21

22

23

24

25

this state during such quarter and during each month thereof and the average value thereof during each such month and shall determine and fix the amount of the severance taxes due to the state from such person for such quarter and shall add to the amount of such severance taxes a penalty of 10% 25% thereof plus interest at the rate of 1% per month or fraction thereof computed on the total amount of severance taxes and penalty. Interest shall be computed from the date the severance taxes were due to the date of payment. The department shall mail to the person required to file a quarterly statement and pay any severance tax, a letter setting forth the amount of severance tax, penalty, and interest due, and the letter shall further contain a statement that if payment is not made, a warrant for distraint may be filed. The 10% Z5% penalty herein provided may be waived by the department if reasonable cause for the failure and neglect to file the statement required by 15-36-105 is provided to the department.*

1

7

9

. 10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Section 4. Section 82-11-111. MCA, is amended to read:

#82-11-111. Powers and duties of board. (1) The board
shall make such investigations as it considers proper to
determine whether waste exists or is imminent or whether
other facts exist which justify any action by the board
under the authority granted by this chapter with respect
thereto.

- (2) Subject to the administrative control of the department under 2-15-121, the board shall:
- (a) require measures to be taken to prevent contamination of or damage to surrounding land or underground strata caused by drilling operations and productions including but not limited to regulating the disposal of salt water and oil field wastes;
- (b) classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter;
- (c) adopt and enforce rules and orders to effectuate the purposes and the intent of this chapter.
- (3) The board shall determine and prescribe what producing wells shall be defined as "stripper wells" and what wells shall be defined as "wildcat wells" and make such orders as in its judgment are required to protect those wells and provide that stripper wells may be produced to capacity if it is considered necessary in the interest of conservation to do so.
- (4) With respect to any pool from which gas was being produced by a gas well on or prior to April 1, 1953, this chapter does not authorize the board to limit or restrain the rate (daily or otherwise) of production of gas from that pool by any well then or thereafter drilled and producing from that pool to less than the rate at which the well can

be produced without adversely affecting the quantity of gas ultimately recoverable by the well.*

Section 5. Section 82-11-131, MCA, is amended to read:

#82-11-131. Privilege and license tax. (1) For the
purpose of providing funds for defraying the expenses of the
operation and enforcement of this chapter and expenses of
the board, an operator or producer of oil and gas shall pay
an assessment not to exceed 2/10 of 1% of the market value
of each barrel of crude petroleum originally produced, saved
and marketed, or stored within the state or exported from
the state and the same rate on the market value of each
10,000 cubic feet of natural gas produced, saved and
marketed, or stored within the state or exported therefrom.

hearings rule adopted pursuant to the provisions of the Montana Administrative Procedure Acts fix the amount of the assessment and may from time to times—without-prior—notice or—hearings reduce or increase the amount thereof ass—in—its judgments the expenses chargeable against the oil and gas—conservation fund may require. However, the assessment fixed by the board may not exceed the limits prescribed in this section. The amount of the assessment shall be a percentage factor (not to exceed 100%) of the rate set forth in subsection (1) above, and the same percentage factor shall be applied by the board in fixing the amount of the

assessment on each barrel of crude production and each cubic feet of natural gas mentioned in that subsection. A producer of the crude petroleum and natural gas shall pay the assessment on each barrel of crude petroleum and each 10,000 cubic feet of natural das produced for himself, as well as for another, including a royalty holder, and the producer shall be reimbursed for the payments made on crude oil, and natural gas produced for another in the same manner as he is reimbursed for net proceeds tax paid on crude patroleum or natural gas produced for another under 15-23-607.

(3) The department of revenue shall collect the privilege and license tax assessment in the same manner as the oil and gas severance tax is collected under little 15. chapter 36.0

Section 6. Section 82-11-132, MCA, is amended to read:

#82-11-132. Statements to treasurer and payment of
tax. (1) Each producer of crude petroleum in the state
shall, not later than the last day of each of the calendar
months of February, May, August, and November of each
calendar year, render a true statement to the state
treasurer and—a—duplicate—thereof—to—the-board; the
department of revenues and the board; duly signed and sworn
to, of all crude petroleum produced and marketed by him in
this state during the preceding quarter and containing such

. 22

other information as the board may require and shall accompany the statement with the payment to the state treasurer of the assessment provided for in 32-11-131(1) for the period covered by the statement.

2

7

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

- (2) Each producer of natural gas in the state shall render like Statements to the state treasurer. the department of revenues and the board of all natural gas produced and marketed by him in this state and shall make payment of the assessment provided for in 32~11-131(1) at such times and for such periods as may be prescribed by rule of the board.
- (3) Any producer carrying on business at more than one place or location in this state may include all those places of business in one statement.
- (4) The assessment imposed herein shall be due at the time the oil or natural gas is marketed. Dil or natural gas shall be deemed marketed when it is removed from the property from which it was produced.
- Section 7. Section 82-11-133, MCA, is amended to read:

 #82-11-133. Penalty for late payment. An assessment not naid within the time specified is delinquent, and a penalty of 25% thereof shall be added thereto, and the whole thereof shall bear interest at the rate of 1% per month from the date of delinquenty until paid. Upon request of the department of revenue or the board, the attorney general

-11-

shall commence and prosecute to final determination 'in any court of competent jurisdiction an action at law to collect

3 the same.■

4 <u>NEW SECTION.</u> Section 8. Effective date. This act is 5 effective July 1, 1983.

-End-

SB 148

48th Legislature SB 148

ì	STATEMENT OF INTENT
2	SENATE BILL 148
3	Senate State Administration Committee
4	
5	A statement of intent is required for Senate Bill 14
6	because it grants the Board of Oil and Gas Conservation
7	authority to fix an assessment against each barrel of crude
8	petroleum originally produced.
9	The Legislature intends that the amount assessed be
0	sufficient to provide funds to defray the expenses of
1	enforcing the oil and gas laws and the operations of the
2	board. The assessment shall not be so high as to generate
3	revenue in excess of expenses.

•	
5.	INTRODUCED BY HIMSL, BLAYLOCK
3	BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT REESTABLISHING THE
6	BOARD OF OIL AND GAS CONSERVATION UNDER EXISTING STATUTORY
7	AUTHORITY AND RULES; TRANSFERRING COLLECTION OF THE OIL AND
8	GAS PRODUCERS PRIVILEGE AND LICENSE TAX FROM THE BOARD TO
9	THE DEPARTMENT OF REVENUE; PROVIDING UNIFORM PENALTIES;
10	PROVIDING THAT THE PRIVILEGE AND LICENSE TAX RATESETTING IS
11	SUBJECT TO THE HONTANA ADMINISTRATIVE PROCEDURE ACT;
12	CLARIFYING THE BOARD'S REGULATORY AUTHORITY; AMENDING
13	SECTIONS 2-8-103, 15-36-107, 82-11-111, 82-11-131 THROUGH
14	82-11-133. MCA; AND PROVIDING AN EFFECTIVE DATE."
15	
16	WHEREAS, the sunset law, sections 2-8-103 and 2-8-112,
17	MCA, terminates the Board of Oil and Gas Conservation and
18	requires a performance evaluation of the Board by the
19	Legislative Audit Committee; and
50	WHEREAS, as a result of the performance evaluation the
21	Legislative Audit Committee recommends that the Board of Gil
22	and Gas Conservation be reestablished under existing
23	statutory authority.
24	
25	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SENATE BILL NO. 148

1 YEW_SECTION. Section 1. Reestablishment. The board of 2 oil and gas conservation, created by 2-15-3303, is 3 reestablished with its existing statutory authority and rules for 6 years pursuant to 2-8-122. Section 2. Section 2-8-103, MCA, is amended to read: "2-8-103. Agencies to terminate. (1) The following 7 agencies shall terminate on July 1, 1979: 8 (a) board of abstracters, department of professional 9 and occupational licensing, created by 2-15-1643; (b) board of real estate, department of professional 10 11 and occupational licensing, created by 2-15-1642; 12 (c) state board of warm air heating, ventilation, and 13 air conditioning, department of professional 14 occupational licensing, created by 2-15-1656; 15 (d) board of institutions, department of institutions, 16 created by 2-15-2303. 17 (2) The following agencies shall terminate on July 1.

20 occupational licensing, created by 2-15-1661; 21 (b) board of massage therapists, department of professional and occupational licensing, created by 22

(a) board of athletics, department of professional and

2-15-1627; 23

1981:

18 19

24 (c) board of osteopathic physicians, department of 25 professional and occupational licensing, created by

and

58 6148/02

- 1 2-15-1607;
- ? (d) board of podiatry examiners, department of
- professional and occupational licensing, created by
- 4 2-15-1608+
- 5 (3) The following units of state government shall
- 6 terminate on July 1, 1983:
- 7 (a) board of aeronautics, department of commerce,
- 8 created by 2-15-1812;
- 9 (b) state board of hail insurance, department of
- 10 agriculture, created by 2-15-3003;
- (c) board of horseracing, department of commerce.
- 12 created by 2-15-1881;
- (d) board of livestock, department of livestock,
- 14 created by 2-15-3102;
- 15 (e) board of milk control. department of commerce.
- 16 created by 2-15-1802;
- 17 (f)--board--of--oil-and-qas-conservationy-department-of
 - natural-resources-and-conservationy-created-by-2-15-3303t
- 19 failfl Montana outfitters council, department of
- 20 fish, wildlife, and parks, created by 2-15-3403;
- 21 (h)(a) public service commission, department of public
- 22 service requiation, created by 69-1-102;
- 23 titlh board of water and wastewater operators.
- 24 department of health and environmental sciences, created by
- 25 2-15-2105;

- 3 (4) The following agencies terminate on July 1, 1985:
- 4 (a) the board of public accountants, department of
- 5 commerce, created by 2-15-1866;
- 6 (b) the board of architects, department of commerce,
- 7 created by 2-15-1871;
- 3 (c) state banking board, department of commerce,
- 9 created by 2-15-1803;
- 10 (d) the state electrical board, department of
- 11 commerce, created by 2-15-1874;
- (e) the board of professional engineers and land
- 13 surveyors, department of commerce, created by 2-15-1873;
- 14 (f) office of commissioner of insurance and the
- insurance department, state auditor's office, created by
- 16 2-15-1902 and 2-15-1903;
- 17 (g) office of the securities commissioner, state
- 18 auditor's office, created by 2-15-1901;
- 19 (h) the board of landscape architects, department of
- 20 commerce, created by 2-15-1872;
- 21 (i) the board of county printing, department of
- 22 commerce, created by 2-15-1811;
- 23 (j) the board of plumbers, department of commerce,
- 24 created by 2-15-1875;
- 25 (k) board of physical therapy examiners, department of

l commerce, created by 2	-15-1858
--------------------------	----------

- (5) The following agencies terminate on July 1, 1987:
- 3 (a) commission for human rights, department of labor
 4 and industry, created by 2-15-1706;
- (b) Montana state board of medical examiners,
 department of commerce, created by 2-15-1841;
- 7 (c) board of dentistry, department of commerce, 8 created by 2-15-1842;
- 9 (d) board of pharmacists, department of commerce, 10 created by 2-15-1843;
- 11 (e) board of nursing, department of commerce, created
 12 by 2-15-1844;
- (f) board of nursing home administrators, department
 of commerce, created by 2-15-1845;
- 15 (1) board of optometrists, department of commerce,
 16 created by 2-15-1846;
- (n) board of chiropractors, department of commerce.
 18 created by 2-15-1847;
- (i) board of radiologic technologists, department of commerce, created by 2-15-1848;
- 21 (j) board of speech pathologists and audiologists, 22 department of commerce, created by 2-15-1849;
- 23 (k) board of hearing aid dispensers, department of 24 commerce, created by 2-15-1850;
- 25 (1) board of psychologists, department of commerce.

-5-

- 1 created by 2-15-1851;
- 2 (m) board of veterinarians, department of commerce,
 3 created by 2-15-1852;
- 4 (n) board of morticians, department of commerce, 5 created by 2-15-1853;
- 6 (a) board of barbers, department of commerce, created 7 by 2-15-1856;
- 8 (p) board of cosmetologists, department of commerce,9 created by 2-15-1857;
- (q) board of sanitarians, department of commerce,
 created by 2-15-1861;
- 12 (r) board of veterans' affairs, department of social

 13 and rehabilitation services, created by 2-15-2202.
 - 14 (61_The_following_agency_terminates_on_July_1:_1989:
 15 board_of_oil_and_gas_conservation:_department_of_natural
 16 resources_and_conservation:_created_by_2=15=3303.**
 - 17 Section 3. Section 15-36-107, MCA, is amended to read:
 - 18 #15-36-107. Procedure to compute tax in absence of
 - 19 statement -- penalty and interest. If any such person shall
 - 20 fail, neglect, or refuse to file any statement required by
 - 21 15-36-105 within the time therein required, the department
 - 2? of revenue shall, immediately after such time has expired,
 - 23 proceed to inform itself as best it may regarding the number
 - 24 of barrels of petroleum and other mineral or crude oil or
 - 25 cubic feet of gas extracted and produced by such person in

	and the state of t
2	and the average value thereof during each such month and
3	shall determine and fix the amount of the severance taxes
4	due to the state from such person for such quarter and shall
5	add to the amount of such severance taxes a penalty of 10%
6 ,	25% thereof plus interest at the rate of 1% per month or
7	fraction thereof computed on the total amount of severance
R	taxes and penalty. Interest shall be computed from the date
9	the severance taxes were due to the date of payment. The
10	department shall mail to the person required to file a
11	quarterly statement and pay any severance tax, a letter
12	setting forth the amount of severance tax, penalty, and
13	interest due, and the letter shall further contain a
14	statement that if payment is not made, a warrant for
15	distraint may be filed. The ±0% 25% penalty herein provided
16	may be waived by the department if reasonable cause for the
17	failure and neglect to file the statement required by
18	15-36-105 is provided to the department."

20

21

22

23

24 25

thereto.

this state during such quarter and during each month thereof

1	(2)	Subject	to	the	administ	rative	control	of	th
2	departmen	t under 2	-15-	121•	the board	shall:			

i	(a) require measures to be taken to preven
	contamination of or damage to surrounding land o
i	underground_strata_caused_by_drilling_operationsand
,	production, including but not limited to regulation
,	the disposal of salt water and oil field wastes:

- 8 (b) classify wells as oil or gas wells for purposes
 9 material to the interpretation or enforcement of this
 10 chapter;
- (c) adopt and enforce rules and orders to effectuate the purposes and the intent of this chapter.
- 13 (3) The board shall determine and prescribe what
 14 producing wells shall be defined as "stripper wells" and
 15 what wells shall be defined as "wildcat wells" and make such
 16 orders as in its judgment are required to protect those
 17 wells and provide that stripper wells may be produced to
 18 capacity if it is considered necessary in the interest of
 19 conservation to do so.
 - (4) With respect to any pool from which gas was being produced by a gas well on or prior to April 1, 1953, this chapter does not authorize the board to limit or restrain the rate (daily or otherwise) of production of gas from that pool by any well then or thereafter drilled and producing from that pool to less than the rate at which the well can

-8-

20

21

22

23

24

25

Section 4. Section 82-11-111, MCA, is amended to read:

#82-11-111. Powers and duties of board. (1) The board

shall make such investigations as it considers proper to

determine whether waste exists or is imminent or whether

other facts exist which justify any action by the board

under the authority granted by this chapter with respect

SB 0148/02

be produced without adversely affecting the quantity of gas ultimately recoverable by the well.

M92-11-131. Privilege and license tax. (1) For the purpose of providing funds for defraying the expenses of the operation and enforcement of this chapter and expenses of the board, an operator or producer of oil and gas shall pay an assessment not to exceed 2/10 of 1% of the market value of each barrel of crude petroleum originally produced, saved and marketed, or stored within the state or exported from the state and the same rate on the market value of each 10,000 cubic feet of natural gas produced, saved and marketed, or stored within the state or exported therefrom.

hearings reduce or increase the amount thereof assessment fixed by the board may not exceed the limits prescribed in this section. The amount of the assessment shall be a percentage factor (not to exceed 100%) of the rate set forth in subsection (1) aboves and the same percentage factor shall be applied by the board in fixing the amount of the

assessment on each barrel of crude production and each 10,000 cubic feet of natural gas mentioned in that subsection. A producer of the crude petroleum and natural gas shall pay the assessment on each barrel of crude petroleum and each 10,000 cubic feet of natural gas produced. for himself, as well as for another, including a royalty holder, and the producer shall be reimbursed for the payments made on crude oil and natural gas produced for another in the same manner as he is reimbursed for net proceeds tax paid on crude petroleum or natural gas produced for another under 15-23-607.

(3) The department of revenue shall collect the privilege and license tax assessment in the same manner as the oil and gas severance tax is collected under litle 15. chapter 36."

Section 6. Section 82-11-132, MCA, is amended to read:

**82-11-132. Statements to treasurer and payment of
tax. (1) Each producer of crude petroleum in the state
shall, not later than the last day of each of the calendar
months of February, May, August, and November of each
calendar year, render a true statement to the state
treasurer and—a—duplicate—thereof—to—the—board, the
department of revenue, and the boards duly signed and sworn
to, of all crude betroleum produced and marketed by him in
this state during the preceding quarter and containing such

other information as the board may require and shall
accompany the statement with the payment to the state
treasurer of the assessment provided for in 92-11-131(1) for
the period covered by the statement.

5

7

9

10

11

12 13

14

15

15 17

18

19

20

21

22

23 24

25

- (2) Each producer of natural gas in the state shall render like statements to the state treasurer. the department of rexeques and the board of all natural gas produced and marketed by him in this state and shall make payment of the assessment provided for in 32-11-131(1) at such times and for such periods as may be prescribed by rule of the board.
- (3) Any producer carrying on business at more than one place or location in this state may include all those places of business in one statement.
 - (4) The assessment imposed herein shall be due at the time the oil or natural gas is marketed. Oil or natural gas shall be deemed marketed when it is removed from the property from which it was produced."
 - Section 7. Section 82-11-133, MCA, is amended to read:

 #82-11-133. Penalty for late payment. An assessment

 not paid within the time specified is delinquent, and a

 penalty of 25% thereof shall be added thereto, and the whole

 thereof shall bear interest at the rate of 1% per month from

 the date of delinquency until paid. Upon request of the

 department of revenue or the board, the attorney general

- 1 shall commence and prosecute to final determination in any
- 2 court of competent jurisdiction an action at law to collect
- 3 the same.**
- 4 <u>NEW SECTION</u>. Section 8. Effective date. This act is
- 5 effective July 1, 1983.

-End-