

SENATE BILL NO. 294

INTRODUCED BY KEATING, CRIPPEN, BOHLINGER,  
KASTEN, R. JOHNSON

IN THE SENATE

FEBRUARY 1, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
	FIRST READING.
FEBRUARY 17, 1993	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 18, 1993	PRINTING REPORT.
	SECOND READING, DO PASS.
FEBRUARY 19, 1993	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 50; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 23, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
	FIRST READING.
MARCH 29, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 30, 1993	SECOND READING, CONCURRED IN.
APRIL 1, 1993	THIRD READING, CONCURRED IN. AYES, 92; NOES, 7.
	RETURNED TO SENATE.

IN THE SENATE

APRIL 2, 1993	RECEIVED FROM HOUSE.
	SENT TO ENROLLING.
	REPORTED CORRECTLY ENROLLED.

1 Senate BILL NO. 294  
2 INTRODUCED BY Leating  
3 Chapman Willing Easton Bolton  
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE  
5 DEFINITION OF THE TERMS "COAL", "GAS", AND "OIL"; CLARIFYING  
6 THE NATURE OF HYDROCARBON GASES FOUND IN COAL FORMATIONS;  
7 AND AMENDING SECTION 82-11-101, MCA."

8  
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 NEW SECTION. Section 1. Definitions. As used in this  
11 title, unless the context requires otherwise, the following  
12 definitions apply:

13 (1) "Coal" means all solid hydrocarbons and does not  
14 include methane gas or any other natural gas that may be  
15 found in any coal formation.

16 (2) "Gas" means all natural gases and all other fluid  
17 hydrocarbons, including methane gas or any other natural gas  
18 found in any coal formation, as produced at the wellhead and  
19 not defined as oil in subsection (3).

20 (3) "Oil" means crude petroleum oil and other  
21 hydrocarbons, regardless of gravity, that are produced at  
22 the wellhead in liquid form by ordinary production methods  
23 and that are not the result of condensation of gas before or  
24 after it leaves the reservoir.

25 NEW SECTION. Section 2. Hydrocarbons distinguished.

1 When used in any instrument, unless the clear and express  
2 terms of the instrument provide otherwise, the terms "coal",  
3 "gas", and "oil" must be construed as defined in [section  
4 1].

5 Section 3. Section 82-11-101, MCA, is amended to read:

6 "82-11-101. Definitions. As used in this chapter,  
7 unless the context requires otherwise, the following  
8 definitions apply:

9 (1) "Administrator" means the administrator of the  
10 division of oil and gas conservation.

11 (2) "Board" means the board of oil and gas conservation  
12 provided for in 2-15-3303.

13 (3) "Class II injection well" means a well, as defined  
14 by the federal environmental protection agency or any  
15 successor agency, that injects fluids:

16 (a) that have been brought to the surface in connection  
17 with oil or natural gas production;

18 (b) for purposes of enhancing the ultimate recovery of  
19 oil or natural gas; or

20 (c) for purposes of storing liquid hydrocarbons.

21 (4) "Department" means the department of natural  
22 resources and conservation provided for in Title 2, chapter  
23 15, part 33.

24 (5) "Determinations" means those decisions delegated to  
25 the state by or under authority of the Natural Gas Policy

1 Act of 1978 or any successor or similar legislation relating  
2 to oil and gas.

3 (6) "Enhanced recovery" means the increased recovery  
4 from a pool achieved by artificial means or by the  
5 application of energy extrinsic to the pool; such artificial  
6 means or application includes pressuring, cycling, pressure  
7 maintenance, or injection into the pool of any substance or  
8 form of energy as is contemplated in secondary recovery and  
9 tertiary programs but does not include the injection in a  
10 well of a substance or form of energy for the sole purpose  
11 of aiding in the lifting of fluids in the well or  
12 stimulating of the reservoir at or near the well by  
13 mechanical, chemical, thermal, or explosive means.

14 (7) "Field" means the general area underlaid by one or  
15 more pools.

16 (8) "Fluid" means any material or substance that flows  
17 or moves, whether in a semisolid, liquid, sludge, gas, or  
18 any other form or state.

19 ~~{9}--"Gas"--means--all--natural--gases--and--all--other--fluid~~  
20 ~~hydrocarbons--as--produced--at--the--wellhead--and--not--defined--as~~  
21 ~~oil--in--subsection--{10}--of--this--section--~~

22 ~~{10}--"Oil"--means--crude---petroleum---oil---and---other~~  
23 ~~hydrocarbons--regardless--of--gravity--which--are--produced--at--the~~  
24 ~~wellhead--in--liquid--form--by--ordinary--production--methods--and~~  
25 ~~which--are--not--the--result--of--condensation--of--gas--before--or~~

1 ~~after--it--leaves--the--reservoir--~~

2 ~~{11}{9}~~ "Owner" means the person who has the right to  
3 drill into and produce from a pool and to appropriate the  
4 oil or gas he the person produces from a pool either for  
5 himself the person or others or for himself the person and  
6 others, and the term includes all persons holding that  
7 authority by or through him the person with the right to  
8 drill.

9 ~~{12}{10}~~ "Person" means any natural person, corporation,  
10 association, partnership, receiver, trustee, executor,  
11 administrator, guardian, fiduciary, or other representative  
12 of any kind and includes any agency or instrumentality of  
13 the state or any governmental subdivision of the state.

14 ~~{13}{11}~~ "Pollution" means contamination or other  
15 alteration of the physical, chemical, or biological  
16 properties of any state waters that exceeds that permitted  
17 by state water quality standards or standards adopted by the  
18 board, including but not limited to the disposal, discharge,  
19 seepage, drainage, infiltration, flow, or injection of any  
20 liquid, gaseous, solid, or other substance into any state  
21 waters that will or is likely to create a nuisance or render  
22 the waters harmful, detrimental, or injurious to public  
23 health, recreation, safety, welfare, livestock, wild  
24 animals, birds, fish, or other wildlife. A disposal,  
25 discharge, seepage, drainage, infiltration, flow, or

1 injection of fluid that is authorized under a rule, permit,  
2 or order of the board is not pollution under this chapter.

3 ~~(14)~~(12) "Pool" means an underground reservoir  
4 containing a common accumulation of oil or gas or both; each  
5 zone of a structure which is completely separated from any  
6 other zone in the same structure is a pool, as that term is  
7 used in this chapter.

8 ~~(15)~~(13) "Producer" means the owner of a well or wells  
9 capable of producing oil or gas or both.

10 ~~(16)~~(14) "Responsible person" means a person who is  
11 determined by the board under 82-10-402 to have abandoned an  
12 oil or gas well, injection well, disposal well, water source  
13 well, drill site, sump, seismographic shot hole, or other  
14 area where oil and gas drilling and production operations  
15 were conducted.

16 ~~(17)~~(15) "State waters" means any body of water, either  
17 surface or underground.

18 ~~(18)~~(16) "Waste" means:

19 (a) physical waste, as that term is generally  
20 understood in the oil and gas industry;

21 (b) the inefficient, excessive, or improper use of or  
22 the unnecessary dissipation of reservoir energy;

23 (c) the location, spacing, drilling, equipping,  
24 operating, or producing of any oil or gas well or wells in a  
25 manner which causes or tends to cause reduction in the

1 quantity of oil or gas ultimately recoverable from a pool  
2 under prudent and proper operations or which causes or tends  
3 to cause unnecessary or excessive surface loss or  
4 destruction of oil or gas; and

5 (d) the inefficient storing of oil or gas. (The  
6 production of oil or gas from any pool or by any well to the  
7 full extent that the well or pool can be produced in  
8 accordance with methods designed to result in maximum  
9 ultimate recovery, as determined by the board, is not waste  
10 within the meaning of this definition.)"

11 NEW SECTION. Section 4. Codification instruction. (1)  
12 [Section 1] is intended to be codified as an integral part  
13 of Title 82, chapter 1, part 1, and the provisions of Title  
14 82 apply to [section 1].

15 (2) [Section 2] is intended to be codified as an  
16 integral part of Title 1, chapter 4, and the provisions of  
17 Title 1, chapter 4, apply to [section 2].

18 NEW SECTION. Section 5. Saving clause. [This act] does  
19 not affect rights and duties that matured, penalties that  
20 were incurred, or proceedings that were begun before [the  
21 effective date of this act].

-End-

APPROVED BY COMM. ON  
NATURAL RESOURCES

SENATE BILL NO. 294

INTRODUCED BY KEATING, CRIPPEN, BOHLINGER,

KASTEN, R. JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE  
DEFINITION OF THE TERMS "COAL", "GAS", AND "OIL"; CLARIFYING  
THAT THE DEFINITION OF "GAS" IN THIS ACT ALSO APPLIES TO  
TITLE 15; CLARIFYING THE NATURE OF HYDROCARBON GASES FOUND  
IN COAL FORMATIONS; AND AMENDING SECTION SECTIONS 15-1-101  
AND 82-11-101, MCA."

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

NEW SECTION. Section 1. Definitions. As used in this  
title, unless the context requires otherwise, the following  
definitions apply:

(1) ~~"Coal" means all-solid-hydrocarbons--and--does--not~~  
~~include--methane--gas--or--any-other-natural-gas-that-may-be~~  
~~found-in-any-coal-formation~~ A COMBUSTIBLE CARBONACEOUS ROCK  
FORMED FROM THE COMPACTION AND INDURATION OF VARIOUSLY  
ALTERED PLANT REMAINS. COAL DOES NOT INCLUDE:

(A) METHANE GAS OR ANY OTHER NATURAL GAS THAT MAY BE  
FOUND IN ANY COAL FORMATION;

(B) OIL SHALE; OR

(C) GILSONITE.

(2) "Gas" means all natural gases and all other fluid

hydrocarbons, including methane gas or any other natural gas  
found in any coal formation, as produced at the wellhead and  
not defined as oil in subsection (3).

(3) "Oil" means crude petroleum oil and other  
hydrocarbons, regardless of gravity, that are produced at  
the wellhead in liquid form by ordinary production methods  
and that are not the result of condensation of gas before or  
after it leaves the reservoir.

NEW SECTION. Section 2. Hydrocarbons distinguished.  
When used in any instrument, unless the clear and express  
terms of the instrument provide otherwise, the terms "coal",  
"gas", and "oil" must be construed as defined in [section  
1].

Section 3. Section 82-11-101, MCA, is amended to read:

"82-11-101. Definitions. As used in this chapter,  
unless the context requires otherwise, the following  
definitions apply:

(1) "Administrator" means the administrator of the  
division of oil and gas conservation.

(2) "Board" means the board of oil and gas conservation  
provided for in 2-15-3303.

(3) "Class II injection well" means a well, as defined  
by the federal environmental protection agency or any  
successor agency, that injects fluids:

(a) that have been brought to the surface in connection

1 with oil or natural gas production;

2 (b) for purposes of enhancing the ultimate recovery of

3 oil or natural gas; or

4 (c) for purposes of storing liquid hydrocarbons.

5 (4) "Department" means the department of natural

6 resources and conservation provided for in Title 2, chapter

7 15, part 33.

8 (5) "Determinations" means those decisions delegated to

9 the state by or under authority of the Natural Gas Policy

10 Act of 1978 or any successor or similar legislation relating

11 to oil and gas.

12 (6) "Enhanced recovery" means the increased recovery

13 from a pool achieved by artificial means or by the

14 application of energy extrinsic to the pool; such artificial

15 means or application includes pressuring, cycling, pressure

16 maintenance, or injection into the pool of any substance or

17 form of energy as is contemplated in secondary recovery and

18 tertiary programs but does not include the injection in a

19 well of a substance or form of energy for the sole purpose

20 of aiding in the lifting of fluids in the well or

21 stimulating of the reservoir at or near the well by

22 mechanical, chemical, thermal, or explosive means.

23 (7) "Field" means the general area underlaid by one or

24 more pools.

25 (8) "Fluid" means any material or substance that flows

1 or moves, whether in a semisolid, liquid, sludge, gas, or

2 any other form or state.

3 ~~{9}--"Gas"--means--all--natural--gases--and--all--other--fluid~~

4 ~~hydrocarbons--as-produced-at-the-wellhead-and-not-defined-as~~

5 ~~oil-in-subsection-{10}-of-this-section:~~

6 ~~{10}--"Oil"--means--crude---petroleum---oil---and---other~~

7 ~~hydrocarbons-regardless-of-gravity-which-are-produced-at-the~~

8 ~~wellhead--in--liquid-form-by-ordinary-production-methods-and~~

9 ~~which-are-not-the-result-of-condensation-of--gas--before--or~~

10 ~~after-it-leaves-the-reservoir:~~

11 ~~{11}{9}~~ "Owner" means the person who has the right to

12 drill into and produce from a pool and to appropriate the

13 oil or gas he the person produces from a pool either for

14 himself the person or others or for himself the person and

15 others, and the term includes all persons holding that

16 authority by or through him the person with the right to

17 drill.

18 ~~{12}{10}~~ "Person" means any natural person, corporation,

19 association, partnership, receiver, trustee, executor,

20 administrator, guardian, fiduciary, or other representative

21 of any kind and includes any agency or instrumentality of

22 the state or any governmental subdivision of the state.

23 ~~{13}{11}~~ "Pollution" means contamination or other

24 alteration of the physical, chemical, or biological

25 properties of any state waters that exceeds that permitted

1 by state water quality standards or standards adopted by the  
2 board, including but not limited to the disposal, discharge,  
3 seepage, drainage, infiltration, flow, or injection of any  
4 liquid, gaseous, solid, or other substance into any state  
5 waters that will or is likely to create a nuisance or render  
6 the waters harmful, detrimental, or injurious to public  
7 health, recreation, safety, welfare, livestock, wild  
8 animals, birds, fish, or other wildlife. A disposal,  
9 discharge, seepage, drainage, infiltration, flow, or  
10 injection of fluid that is authorized under a rule, permit,  
11 or order of the board is not pollution under this chapter.

12 ~~(11)~~(12) "Pool" means an underground reservoir  
13 containing a common accumulation of oil or gas or both; each  
14 zone of a structure which is completely separated from any  
15 other zone in the same structure is a pool, as that term is  
16 used in this chapter.

17 ~~(12)~~(13) "Producer" means the owner of a well or wells  
18 capable of producing oil or gas or both.

19 ~~(13)~~(14) "Responsible person" means a person who is  
20 determined by the board under 82-10-402 to have abandoned an  
21 oil or gas well, injection well, disposal well, water source  
22 well, drill site, sump, seismographic shot hole, or other  
23 area where oil and gas drilling and production operations  
24 were conducted.

25 ~~(14)~~(15) "State waters" means any body of water, either

1 surface or underground.

2 ~~(15)~~(16) (A) "Waste" means:

3 ~~(a)~~(I) physical waste, as that term is generally  
4 understood in the oil and gas industry;

5 ~~(b)~~(II) the inefficient, excessive, or improper use of  
6 or the unnecessary dissipation of reservoir energy;

7 ~~(c)~~(III) the location, spacing, drilling, equipping,  
8 operating, or producing of any oil or gas well or wells in a  
9 manner which causes or tends to cause reduction in the  
10 quantity of oil or gas ultimately recoverable from a pool  
11 under prudent and proper operations or which causes or tends  
12 to cause unnecessary or excessive surface loss or  
13 destruction of oil or gas; and

14 ~~(d)~~(IV) the inefficient storing of oil or gas. (The  
15 production of oil or gas from any pool or by any well to the  
16 full extent that the well or pool can be produced in  
17 accordance with methods designed to result in maximum  
18 ultimate recovery, as determined by the board, is not waste  
19 within the meaning of this definition.)

20 (B) THE LOSS OF GAS TO THE ATMOSPHERE DURING COAL  
21 MINING OPERATIONS IS NOT WASTE WITHIN THE MEANING OF THIS  
22 DEFINITION."

23 SECTION 4. SECTION 15-1-101, MCA, IS AMENDED TO READ:

24 "15-1-101. (Temporary) Definitions. (1) Except as  
25 otherwise specifically provided, when terms mentioned in

1 this section are used in connection with taxation, they are  
2 defined in the following manner:

3 (a) The term "agricultural" refers to:

4 (i) the production of food, feed, and fiber  
5 commodities, livestock and poultry, bees, fruits and  
6 vegetables, and sod, ornamental, nursery, and horticultural  
7 crops that are raised, grown, or produced for commercial  
8 purposes; and

9 (ii) the raising of domestic animals and wildlife in  
10 domestication or a captive environment.

11 (b) The term "assessed value" means the value of  
12 property as defined in 15-8-111.

13 (c) The term "average wholesale value" means the value  
14 to a dealer prior to reconditioning and profit margin shown  
15 in national appraisal guides and manuals or the valuation  
16 schedules of the department of revenue.

17 (d) (i) The term "commercial", when used to describe  
18 property, means any property used or owned by a business, a  
19 trade, or a corporation as defined in 35-2-114 or used for  
20 the production of income, except that property described in  
21 subsection (ii).

22 (ii) The following types of property are not commercial:

23 (A) agricultural lands;

24 (B) timberlands and, beginning January 1, 1994, forest  
25 lands;

1 (C) single-family residences and ancillary improvements  
2 and improvements necessary to the function of a bona fide  
3 farm, ranch, or stock operation;

4 (D) mobile homes used exclusively as a residence except  
5 when held by a distributor or dealer of trailers or mobile  
6 homes as his stock in trade;

7 (E) all property described in 15-6-135; and

8 (F) all property described in 15-6-136.

9 (e) The term "comparable property" means property that  
10 has similar use, function, and utility; that is influenced  
11 by the same set of economic trends and physical,  
12 governmental, and social factors; and that has the potential  
13 of a similar highest and best use.

14 (f) The term "credit" means solvent debts, secured or  
15 unsecured, owing to a person.

16 (g) The term "improvements" includes all buildings,  
17 structures, fences, and improvements situated upon, erected  
18 upon, or affixed to land. When the department of revenue or  
19 its agent determines that the permanency of location of a  
20 mobile home or housetrailer has been established, the mobile  
21 home or housetrailer is presumed to be an improvement to  
22 real property. A mobile home or housetrailer may be  
23 determined to be permanently located only when it is  
24 attached to a foundation which cannot feasibly be relocated  
25 and only when the wheels are removed.

(h) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on such leasehold improvements are a lien only on such leasehold improvements.

(i) The term "livestock" means cattle, sheep, swine, goats, horses, mules, and asses.

(j) The term "mobile home" means forms of housing known as "trailers", "housetrainers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

(k) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

(l) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

(m) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things,

real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

(n) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title 15, chapter 23, part 8; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

(o) "Research and development firm" means an entity incorporated under the laws of this state or a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific and technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes.

(p) The term "taxable value" means the percentage of market or assessed value as provided for in Title 15,

1 chapter 6, part 1.

2 (q) The term "weighted mean assessment ratio" means the  
3 total of the assessed values divided by the total of the  
4 selling prices of all area sales in the stratum.

5 (2) The phrase "municipal corporation" or  
6 "municipality" or "taxing unit" shall be deemed to include a  
7 county, city, incorporated town, township, school district,  
8 irrigation district, drainage district, or any person,  
9 persons, or organized body authorized by law to establish  
10 tax levies for the purpose of raising public revenue.

11 (3) The term "state board" or "board" when used without  
12 other qualification shall mean the state tax appeal board.

13 15-1-101. (Effective July 1, 1993) Definitions. (1)  
14 Except as otherwise specifically provided, when terms  
15 mentioned in this section are used in connection with  
16 taxation, they are defined in the following manner:

17 (a) The term "agricultural" refers to:

18 (i) the production of food, feed, and fiber  
19 commodities, livestock and poultry, bees, fruits and  
20 vegetables, and sod, ornamental, nursery, and horticultural  
21 crops that are raised, grown, or produced for commercial  
22 purposes; and

23 (ii) the raising of domestic animals and wildlife in  
24 domestication or a captive environment.

25 (b) The term "assessed value" means the value of

1 property as defined in 15-8-111.

2 (c) The term "average wholesale value" means the value  
3 to a dealer prior to reconditioning and profit margin shown  
4 in national appraisal guides and manuals or the valuation  
5 schedules of the department of revenue.

6 (d) (i) The term "commercial", when used to describe  
7 property, means any property used or owned by a business, a  
8 trade, or a corporation as defined in 35-2-114 or used for  
9 the production of income, except that property described in  
10 subsection (ii).

11 (ii) The following types of property are not commercial:

12 (A) agricultural lands;

13 (B) timberlands and, beginning January 1, 1994, forest  
14 lands;

15 (C) single-family residences and ancillary improvements  
16 and improvements necessary to the function of a bona fide  
17 farm, ranch, or stock operation;

18 (D) mobile homes used exclusively as a residence except  
19 when held by a distributor or dealer of trailers or mobile  
20 homes as his stock in trade;

21 (E) all property described in 15-6-135; and

22 (F) all property described in 15-6-136.

23 (e) The term "comparable property" means property that  
24 has similar use, function, and utility; that is influenced  
25 by the same set of economic trends and physical,

governmental, and social factors; and that has the potential of a similar highest and best use.

(f) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(g) The terms "gas" and "natural gas" are synonymous and mean gas as defined in [section 1(2)]. The terms include all natural gases and all other fluid hydrocarbons, including methane gas or any other natural gas found in any coal formation.

(h) The term "improvements" includes all buildings, structures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. A mobile home or housetrailer may be determined to be permanently located only when it is attached to a foundation which cannot feasibly be relocated and only when the wheels are removed.

(i) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on such leasehold improvements are a lien

only on such leasehold improvements.

(j) The term "livestock" means cattle, sheep, swine, goats, horses, mules, and asses.

(k) The term "mobile home" means forms of housing known as "trailers", "housetrainers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

(l) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

(m) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

(n) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

(o) The term "real estate" includes:

1 (i) the possession of, claim to, ownership of, or right  
2 to the possession of land;

3 (ii) all mines, minerals, and quarries in and under the  
4 land subject to the provisions of 15-23-501 and Title 15,  
5 chapter 23, part 8; all timber belonging to individuals or  
6 corporations growing or being on the lands of the United  
7 States; and all rights and privileges appertaining thereto.

8 ~~(c)~~(p) "Research and development firm" means an entity  
9 incorporated under the laws of this state or a foreign  
10 corporation authorized to do business in this state whose  
11 principal purpose is to engage in theoretical analysis,  
12 exploration, and experimentation and the extension of  
13 investigative findings and theories of a scientific and  
14 technical nature into practical application for experimental  
15 and demonstration purposes, including the experimental  
16 production and testing of models, devices, equipment,  
17 materials, and processes.

18 ~~(p)~~(q) The term "taxable value" means the percentage of  
19 market or assessed value as provided for in Title 15,  
20 chapter 6, part 1.

21 (2) The phrase "municipal corporation" or  
22 "municipality" or "taxing unit" shall be deemed to include a  
23 county, city, incorporated town, township, school district,  
24 irrigation district, drainage district, or any person,  
25 persons, or organized body authorized by law to establish

1 tax levies for the purpose of raising public revenue.

2 (3) The term "state board" or "board" when used without  
3 other qualification shall mean the state tax appeal board."

4 NEW SECTION. Section 5. Codification instruction. (1)  
5 [Section 1] is intended to be codified as an integral part  
6 of Title 82, chapter 1, part 1, and the provisions of Title  
7 82 apply to [section 1].

8 (2) [Section 2] is intended to be codified as an  
9 integral part of Title 1, chapter 4, and the provisions of  
10 Title 1, chapter 4, apply to [section 2].

11 NEW SECTION. Section 6. Saving clause. [This act] does  
12 not affect rights and duties that matured, penalties that  
13 were incurred, or proceedings that were begun before [the  
14 effective date of this act].

-End-

## SENATE BILL NO. 294

INTRODUCED BY KEATING, CRIPPEN, BOHLINGER,

KASTEN, R. JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE DEFINITION OF THE TERMS "COAL", "GAS", AND "OIL"; CLARIFYING THAT THE DEFINITION OF "GAS" IN THIS ACT ALSO APPLIES TO TITLE 15; CLARIFYING THE NATURE OF HYDROCARBON GASES FOUND IN COAL FORMATIONS; AND AMENDING SECTION SECTIONS 15-1-101 AND 82-11-101, MCA."

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

NEW SECTION. Section 1. Definitions. As used in this title, unless the context requires otherwise, the following definitions apply:

(1) "Coal" means ~~all-solid-hydrocarbons--and--does--not include--methane--gas--or--any-other-natural-gas-that-may-be found-in-any-coal-formation~~ A COMBUSTIBLE CARBONACEOUS ROCK FORMED FROM THE COMPACTION AND INDURATION OF VARIOUSLY ALTERED PLANT REMAINS. COAL DOES NOT INCLUDE:

(A) METHANE GAS OR ANY OTHER NATURAL GAS THAT MAY BE FOUND IN ANY COAL FORMATION;

(B) OIL SHALE; OR

(C) GILSONITE.

(2) "Gas" means all natural gases and all other fluid

hydrocarbons, including methane gas or any other natural gas found in any coal formation, as produced at the wellhead and not defined as oil in subsection (3).

(3) "Oil" means crude petroleum oil and other hydrocarbons, regardless of gravity, that are produced at the wellhead in liquid form by ordinary production methods and that are not the result of condensation of gas before or after it leaves the reservoir.

NEW SECTION. Section 2. Hydrocarbons distinguished. When used in any instrument, unless the clear and express terms of the instrument provide otherwise, the terms "coal", "gas", and "oil" must be construed as defined in [section 1].

Section 3. Section 82-11-101, MCA, is amended to read:

"82-11-101. Definitions. As used in this chapter, unless the context requires otherwise, the following definitions apply:

(1) "Administrator" means the administrator of the division of oil and gas conservation.

(2) "Board" means the board of oil and gas conservation provided for in 2-15-3303.

(3) "Class II injection well" means a well, as defined by the federal environmental protection agency or any successor agency, that injects fluids:

(a) that have been brought to the surface in connection

1 with oil or natural gas production;

2 (b) for purposes of enhancing the ultimate recovery of  
3 oil or natural gas; or

4 (c) for purposes of storing liquid hydrocarbons.

5 (4) "Department" means the department of natural  
6 resources and conservation provided for in Title 2, chapter  
7 15, part 33.

8 (5) "Determinations" means those decisions delegated to  
9 the state by or under authority of the Natural Gas Policy  
10 Act of 1978 or any successor or similar legislation relating  
11 to oil and gas.

12 (6) "Enhanced recovery" means the increased recovery  
13 from a pool achieved by artificial means or by the  
14 application of energy extrinsic to the pool; such artificial  
15 means or application includes pressuring, cycling, pressure  
16 maintenance, or injection into the pool of any substance or  
17 form of energy as is contemplated in secondary recovery and  
18 tertiary programs but does not include the injection in a  
19 well of a substance or form of energy for the sole purpose  
20 of aiding in the lifting of fluids in the well or  
21 stimulating of the reservoir at or near the well by  
22 mechanical, chemical, thermal, or explosive means.

23 (7) "Field" means the general area underlaid by one or  
24 more pools.

25 (8) "Fluid" means any material or substance that flows

1 or moves, whether in a semisolid, liquid, sludge, gas, or  
2 any other form or state.

3 ~~{9}--"Gas"--means--all--natural--gases--and--all--other--fluid~~  
4 ~~hydrocarbons--as--produced--at--the--wellhead--and--not--defined--as~~  
5 ~~oil--in--subsection--{10}--of--this--section--~~

6 ~~{10}--"Oil"--means--crude--petroleum--oil--and--other~~  
7 ~~hydrocarbons--regardless--of--gravity--which--are--produced--at--the~~  
8 ~~wellhead--in--liquid--form--by--ordinary--production--methods--and~~  
9 ~~which--are--not--the--result--of--condensation--of--gas--before--or~~  
10 ~~after--it--leaves--the--reservoir--~~

11 ~~{11}{9}~~ "Owner" means the person who has the right to  
12 drill into and produce from a pool and to appropriate the  
13 oil or gas he the person produces from a pool either for  
14 himself the person or others or for himself the person and  
15 others, and the term includes all persons holding that  
16 authority by or through him the person with the right to  
17 drill.

18 ~~{12}{10}~~ "Person" means any natural person, corporation,  
19 association, partnership, receiver, trustee, executor,  
20 administrator, guardian, fiduciary, or other representative  
21 of any kind and includes any agency or instrumentality of  
22 the state or any governmental subdivision of the state.

23 ~~{13}{11}~~ "Pollution" means contamination or other  
24 alteration of the physical, chemical, or biological  
25 properties of any state waters that exceeds that permitted

1 by state water quality standards or standards adopted by the  
2 board, including but not limited to the disposal, discharge,  
3 seepage, drainage, infiltration, flow, or injection of any  
4 liquid, gaseous, solid, or other substance into any state  
5 waters that will or is likely to create a nuisance or render  
6 the waters harmful, detrimental, or injurious to public  
7 health, recreation, safety, welfare, livestock, wild  
8 animals, birds, fish, or other wildlife. A disposal,  
9 discharge, seepage, drainage, infiltration, flow, or  
10 injection of fluid that is authorized under a rule, permit,  
11 or order of the board is not pollution under this chapter.

12 {14}(12) "Pool" means an underground reservoir  
13 containing a common accumulation of oil or gas or both; each  
14 zone of a structure which is completely separated from any  
15 other zone in the same structure is a pool, as that term is  
16 used in this chapter.

17 {15}(13) "Producer" means the owner of a well or wells  
18 capable of producing oil or gas or both.

19 {16}(14) "Responsible person" means a person who is  
20 determined by the board under 82-10-402 to have abandoned an  
21 oil or gas well, injection well, disposal well, water source  
22 well, drill site, sump, seismographic shot hole, or other  
23 area where oil and gas drilling and production operations  
24 were conducted.

25 {17}(15) "State waters" means any body of water, either

1 surface or underground.

2 {18}(16) (A) "Waste" means:

3 {a}(I) physical waste, as that term is generally  
4 understood in the oil and gas industry;

5 {b}(II) the inefficient, excessive, or improper use of  
6 or the unnecessary dissipation of reservoir energy;

7 {c}(III) the location, spacing, drilling, equipping,  
8 operating, or producing of any oil or gas well or wells in a  
9 manner which causes or tends to cause reduction in the  
10 quantity of oil or gas ultimately recoverable from a pool  
11 under prudent and proper operations or which causes or tends  
12 to cause unnecessary or excessive surface loss or  
13 destruction of oil or gas; and

14 {d}(IV) the inefficient storing of oil or gas. (The  
15 production of oil or gas from any pool or by any well to the  
16 full extent that the well or pool can be produced in  
17 accordance with methods designed to result in maximum  
18 ultimate recovery, as determined by the board, is not waste  
19 within the meaning of this definition.)

20 (B) THE LOSS OF GAS TO THE ATMOSPHERE DURING COAL  
21 MINING OPERATIONS IS NOT WASTE WITHIN THE MEANING OF THIS  
22 DEFINITION."

23 **SECTION 4.** SECTION 15-1-101, MCA, IS AMENDED TO READ:

24 "15-1-101. (Temporary) Definitions. (1) Except as  
25 otherwise specifically provided, when terms mentioned in

1 this section are used in connection with taxation, they are  
2 defined in the following manner:

3 (a) The term "agricultural" refers to:

4 (i) the production of food, feed, and fiber  
5 commodities, livestock and poultry, bees, fruits and  
6 vegetables, and sod, ornamental, nursery, and horticultural  
7 crops that are raised, grown, or produced for commercial  
8 purposes; and

9 (ii) the raising of domestic animals and wildlife in  
10 domestication or a captive environment.

11 (b) The term "assessed value" means the value of  
12 property as defined in 15-8-111.

13 (c) The term "average wholesale value" means the value  
14 to a dealer prior to reconditioning and profit margin shown  
15 in national appraisal guides and manuals or the valuation  
16 schedules of the department of revenue.

17 (d) (i) The term "commercial", when used to describe  
18 property, means any property used or owned by a business, a  
19 trade, or a corporation as defined in 35-2-114 or used for  
20 the production of income, except that property described in  
21 subsection (ii).

22 (ii) The following types of property are not commercial:

23 (A) agricultural lands;

24 (B) timberlands and, beginning January 1, 1994, forest  
25 lands;

1 (C) single-family residences and ancillary improvements  
2 and improvements necessary to the function of a bona fide  
3 farm, ranch, or stock operation;

4 (D) mobile homes used exclusively as a residence except  
5 when held by a distributor or dealer of trailers or mobile  
6 homes as his stock in trade;

7 (E) all property described in 15-6-135; and

8 (F) all property described in 15-6-136.

9 (e) The term "comparable property" means property that  
10 has similar use, function, and utility; that is influenced  
11 by the same set of economic trends and physical,  
12 governmental, and social factors; and that has the potential  
13 of a similar highest and best use.

14 (f) The term "credit" means solvent debts, secured or  
15 unsecured, owing to a person.

16 (g) The term "improvements" includes all buildings,  
17 structures, fences, and improvements situated upon, erected  
18 upon, or affixed to land. When the department of revenue or  
19 its agent determines that the permanency of location of a  
20 mobile home or housetrailer has been established, the mobile  
21 home or housetrailer is presumed to be an improvement to  
22 real property. A mobile home or housetrailer may be  
23 determined to be permanently located only when it is  
24 attached to a foundation which cannot feasibly be relocated  
25 and only when the wheels are removed.

(h) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on such leasehold improvements are a lien only on such leasehold improvements.

(i) The term "livestock" means cattle, sheep, swine, goats, horses, mules, and asses.

(j) The term "mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

(k) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

(l) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

(m) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things,

real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

(n) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title 15, chapter 23, part 8; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

(o) "Research and development firm" means an entity incorporated under the laws of this state or a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific and technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes.

(p) The term "taxable value" means the percentage of market or assessed value as provided for in Title 15,

1 chapter 6, part 1.

2 (q) The term "weighted mean assessment ratio" means the  
3 total of the assessed values divided by the total of the  
4 selling prices of all area sales in the stratum.

5 (2) The phrase "municipal corporation" or  
6 "municipality" or "taxing unit" shall be deemed to include a  
7 county, city, incorporated town, township, school district,  
8 irrigation district, drainage district, or any person,  
9 persons, or organized body authorized by law to establish  
10 tax levies for the purpose of raising public revenue.

11 (3) The term "state board" or "board" when used without  
12 other qualification shall mean the state tax appeal board.

13 15-1-101. (Effective July 1, 1993) Definitions. (1)  
14 Except as otherwise specifically provided, when terms  
15 mentioned in this section are used in connection with  
16 taxation, they are defined in the following manner:

17 (a) The term "agricultural" refers to:

18 (i) the production of food, feed, and fiber  
19 commodities, livestock and poultry, bees, fruits and  
20 vegetables, and sod, ornamental, nursery, and horticultural  
21 crops that are raised, grown, or produced for commercial  
22 purposes; and

23 (ii) the raising of domestic animals and wildlife in  
24 domestication or a captive environment.

25 (b) The term "assessed value" means the value of

1 property as defined in 15-8-111.

2 (c) The term "average wholesale value" means the value  
3 to a dealer prior to reconditioning and profit margin shown  
4 in national appraisal guides and manuals or the valuation  
5 schedules of the department of revenue.

6 (d) (i) The term "commercial", when used to describe  
7 property, means any property used or owned by a business, a  
8 trade, or a corporation as defined in 35-2-114 or used for  
9 the production of income, except that property described in  
10 subsection (ii).

11 (ii) The following types of property are not commercial:

12 (A) agricultural lands;

13 (B) timberlands and, beginning January 1, 1994, forest  
14 lands;

15 (C) single-family residences and ancillary improvements  
16 and improvements necessary to the function of a bona fide  
17 farm, ranch, or stock operation;

18 (D) mobile homes used exclusively as a residence except  
19 when held by a distributor or dealer of trailers or mobile  
20 homes as his stock in trade;

21 (E) all property described in 15-6-135; and

22 (F) all property described in 15-6-136.

23 (e) The term "comparable property" means property that  
24 has similar use, function, and utility; that is influenced  
25 by the same set of economic trends and physical,

1 governmental, and social factors; and that has the potential  
2 of a similar highest and best use.

3 (f) The term "credit" means solvent debts, secured or  
4 unsecured, owing to a person.

5 (g) The terms "gas" and "natural gas" are synonymous  
6 and mean gas as defined in [section 1(2)]. The terms include  
7 all natural gases and all other fluid hydrocarbons,  
8 including methane gas or any other natural gas found in any  
9 coal formation.

10 (g)(h) The term "improvements" includes all buildings,  
11 structures, fences, and improvements situated upon, erected  
12 upon, or affixed to land. When the department of revenue or  
13 its agent determines that the permanency of location of a  
14 mobile home or housetrailer has been established, the mobile  
15 home or housetrailer is presumed to be an improvement to  
16 real property. A mobile home or housetrailer may be  
17 determined to be permanently located only when it is  
18 attached to a foundation which cannot feasibly be relocated  
19 and only when the wheels are removed.

20 (h)(i) The term "leasehold improvements" means  
21 improvements to mobile homes and mobile homes located on  
22 land owned by another person. This property is assessed  
23 under the appropriate classification and the taxes are due  
24 and payable in two payments as provided in 15-24-202.  
25 Delinquent taxes on such leasehold improvements are a lien

1 only on such leasehold improvements.

2 (i)(j) The term "livestock" means cattle, sheep, swine,  
3 goats, horses, mules, and asses.

4 (j)(k) The term "mobile home" means forms of housing  
5 known as "trailers", "housetrainers", or "trailer coaches"  
6 exceeding 8 feet in width or 45 feet in length, designed to  
7 be moved from one place to another by an independent power  
8 connected to them, or any "trailer", "housetrailer", or  
9 "trailer coach" up to 8 feet in width or 45 feet in length  
10 used as a principal residence.

11 (k)(l) The term "personal property" includes everything  
12 that is the subject of ownership but that is not included  
13 within the meaning of the terms "real estate" and  
14 "improvements".

15 (l)(m) The term "poultry" includes all chickens,  
16 turkeys, geese, ducks, and other birds raised in  
17 domestication to produce food or feathers.

18 (m)(n) The term "property" includes moneys, credits,  
19 bonds, stocks, franchises, and all other matters and things,  
20 real, personal, and mixed, capable of private ownership.  
21 This definition must not be construed to authorize the  
22 taxation of the stocks of any company or corporation when  
23 the property of such company or corporation represented by  
24 the stocks is within the state and has been taxed.

25 (n)(o) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title 15, chapter 23, part 8; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

~~(o)~~(p) "Research and development firm" means an entity incorporated under the laws of this state or a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific and technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes.

~~(p)~~(q) The term "taxable value" means the percentage of market or assessed value as provided for in Title 15, chapter 6, part 1.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish

tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

NEW SECTION. **Section 5.** Codification instruction. (1) [Section 1] is intended to be codified as an integral part of Title 82, chapter 1, part 1, and the provisions of Title 82 apply to [section 1].

(2) [Section 2] is intended to be codified as an integral part of Title 1, chapter 4, and the provisions of Title 1, chapter 4, apply to [section 2].

NEW SECTION. **Section 6.** Saving clause. [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

-End-

## SENATE BILL NO. 294

INTRODUCED BY KEATING, CRIPPEN, BOHLINGER,

KASTEN, R. JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE DEFINITION OF THE TERMS "COAL", "GAS", AND "OIL"; CLARIFYING THAT THE DEFINITION OF "GAS" IN THIS ACT ALSO APPLIES TO TITLE 15; CLARIFYING THE NATURE OF HYDROCARBON GASES FOUND IN COAL FORMATIONS; AND AMENDING SECTION SECTIONS 15-1-101 AND 82-11-101, MCA."

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

NEW SECTION. Section 1. Definitions. As used in this title, unless the context requires otherwise, the following definitions apply:

(1) "Coal" means ~~all-solid-hydrocarbons--and--does--not include--methane--gas--or--any-other-natural-gas-that-may-be found-in-any-coal-formation~~ A COMBUSTIBLE CARBONACEOUS ROCK FORMED FROM THE COMPACTION AND INDURATION OF VARIOUSLY ALTERED PLANT REMAINS. COAL DOES NOT INCLUDE:

(A) METHANE GAS OR ANY OTHER NATURAL GAS THAT MAY BE FOUND IN ANY COAL FORMATION;

(B) OIL SHALE; OR

(C) GILSONITE.

(2) "Gas" means all natural gases and all other fluid

hydrocarbons, including methane gas or any other natural gas found in any coal formation, as produced at the wellhead and not defined as oil in subsection (3).

(3) "Oil" means crude petroleum oil and other hydrocarbons, regardless of gravity, that are produced at the wellhead in liquid form by ordinary production methods and that are not the result of condensation of gas before or after it leaves the reservoir.

NEW SECTION. Section 2. Hydrocarbons distinguished. When used in any instrument, unless the clear and express terms of the instrument provide otherwise, the terms "coal", "gas", and "oil" must be construed as defined in [section 1].

Section 3. Section 82-11-101, MCA, is amended to read:

"82-11-101. Definitions. As used in this chapter, unless the context requires otherwise, the following definitions apply:

(1) "Administrator" means the administrator of the division of oil and gas conservation.

(2) "Board" means the board of oil and gas conservation provided for in 2-15-3303.

(3) "Class II injection well" means a well, as defined by the federal environmental protection agency or any successor agency, that injects fluids:

(a) that have been brought to the surface in connection

1 with oil or natural gas production;

2 (b) for purposes of enhancing the ultimate recovery of

3 oil or natural gas; or

4 (c) for purposes of storing liquid hydrocarbons.

5 (4) "Department" means the department of natural

6 resources and conservation provided for in Title 2, chapter

7 15, part 33.

8 (5) "Determinations" means those decisions delegated to

9 the state by or under authority of the Natural Gas Policy

10 Act of 1978 or any successor or similar legislation relating

11 to oil and gas.

12 (6) "Enhanced recovery" means the increased recovery

13 from a pool achieved by artificial means or by the

14 application of energy extrinsic to the pool; such artificial

15 means or application includes pressuring, cycling, pressure

16 maintenance, or injection into the pool of any substance or

17 form of energy as is contemplated in secondary recovery and

18 tertiary programs but does not include the injection in a

19 well of a substance or form of energy for the sole purpose

20 of aiding in the lifting of fluids in the well or

21 stimulating of the reservoir at or near the well by

22 mechanical, chemical, thermal, or explosive means.

23 (7) "Field" means the general area underlaid by one or

24 more pools.

25 (8) "Fluid" means any material or substance that flows

1 or moves, whether in a semisolid, liquid, sludge, gas, or

2 any other form or state.

3 ~~{9}--"Gas"--means--all--natural--gases--and--all--other--fluid~~

4 ~~hydrocarbons--as--produced--at--the--wellhead--and--not--defined--as~~

5 ~~oil--in--subsection--{10}--of--this--section--~~

6 ~~{10}--"Oil"--means--crude--petroleum--oil--and--other~~

7 ~~hydrocarbons--regardless--of--gravity--which--are--produced--at--the~~

8 ~~wellhead--in--liquid--form--by--ordinary--production--methods--and~~

9 ~~which--are--not--the--result--of--condensation--of--gas--before--or~~

10 ~~after--it--leaves--the--reservoir--~~

11 ~~{11}{9}~~ "Owner" means the person who has the right to

12 drill into and produce from a pool and to appropriate the

13 oil or gas he the person produces from a pool either for

14 himself the person or others or for himself the person and

15 others, and the term includes all persons holding that

16 authority by or through him the person with the right to

17 drill.

18 ~~{12}{10}~~ "Person" means any natural person, corporation,

19 association, partnership, receiver, trustee, executor,

20 administrator, guardian, fiduciary, or other representative

21 of any kind and includes any agency or instrumentality of

22 the state or any governmental subdivision of the state.

23 ~~{13}{11}~~ "Pollution" means contamination or other

24 alteration of the physical, chemical, or biological

25 properties of any state waters that exceeds that permitted

1 by state water quality standards or standards adopted by the  
 2 board, including but not limited to the disposal, discharge,  
 3 seepage, drainage, infiltration, flow, or injection of any  
 4 liquid, gaseous, solid, or other substance into any state  
 5 waters that will or is likely to create a nuisance or render  
 6 the waters harmful, detrimental, or injurious to public  
 7 health, recreation, safety, welfare, livestock, wild  
 8 animals, birds, fish, or other wildlife. A disposal,  
 9 discharge, seepage, drainage, infiltration, flow, or  
 10 injection of fluid that is authorized under a rule, permit,  
 11 or order of the board is not pollution under this chapter.

12 (12) "Pool" means an underground reservoir  
 13 containing a common accumulation of oil or gas or both; each  
 14 zone of a structure which is completely separated from any  
 15 other zone in the same structure is a pool, as that term is  
 16 used in this chapter.

17 (13) "Producer" means the owner of a well or wells  
 18 capable of producing oil or gas or both.

19 (14) "Responsible person" means a person who is  
 20 determined by the board under 82-10-402 to have abandoned an  
 21 oil or gas well, injection well, disposal well, water source  
 22 well, drill site, sump, seismographic shot hole, or other  
 23 area where oil and gas drilling and production operations  
 24 were conducted.

25 (15) "State waters" means any body of water, either

1 surface or underground.

2 (16) (A) "Waste" means:

3 (I) physical waste, as that term is generally  
 4 understood in the oil and gas industry;

5 (II) the inefficient, excessive, or improper use of  
 6 or the unnecessary dissipation of reservoir energy;

7 (III) the location, spacing, drilling, equipping,  
 8 operating, or producing of any oil or gas well or wells in a  
 9 manner which causes or tends to cause reduction in the  
 10 quantity of oil or gas ultimately recoverable from a pool  
 11 under prudent and proper operations or which causes or tends  
 12 to cause unnecessary or excessive surface loss or  
 13 destruction of oil or gas; and

14 (IV) the inefficient storing of oil or gas. (The  
 15 production of oil or gas from any pool or by any well to the  
 16 full extent that the well or pool can be produced in  
 17 accordance with methods designed to result in maximum  
 18 ultimate recovery, as determined by the board, is not waste  
 19 within the meaning of this definition.)

20 (B) THE LOSS OF GAS TO THE ATMOSPHERE DURING COAL  
 21 MINING OPERATIONS IS NOT WASTE WITHIN THE MEANING OF THIS  
 22 DEFINITION."

23 **SECTION 4. SECTION 15-1-101, MCA, IS AMENDED TO READ:**

24 "15-1-101. (Temporary) Definitions. (1) Except as  
 25 otherwise specifically provided, when terms mentioned in

1 this section are used in connection with taxation, they are  
2 defined in the following manner:

3 (a) The term "agricultural" refers to:

4 (i) the production of food, feed, and fiber  
5 commodities, livestock and poultry, bees, fruits and  
6 vegetables, and sod, ornamental, nursery, and horticultural  
7 crops that are raised, grown, or produced for commercial  
8 purposes; and

9 (ii) the raising of domestic animals and wildlife in  
10 domestication or a captive environment.

11 (b) The term "assessed value" means the value of  
12 property as defined in 15-8-111.

13 (c) The term "average wholesale value" means the value  
14 to a dealer prior to reconditioning and profit margin shown  
15 in national appraisal guides and manuals or the valuation  
16 schedules of the department of revenue.

17 (d) (i) The term "commercial", when used to describe  
18 property, means any property used or owned by a business, a  
19 trade, or a corporation as defined in 35-2-114 or used for  
20 the production of income, except that property described in  
21 subsection (ii).

22 (ii) The following types of property are not commercial:

23 (A) agricultural lands;

24 (B) timberlands and, beginning January 1, 1994, forest  
25 lands;

1 (C) single-family residences and ancillary improvements  
2 and improvements necessary to the function of a bona fide  
3 farm, ranch, or stock operation;

4 (D) mobile homes used exclusively as a residence except  
5 when held by a distributor or dealer of trailers or mobile  
6 homes as his stock in trade;

7 (E) all property described in 15-6-135; and

8 (F) all property described in 15-6-136.

9 (e) The term "comparable property" means property that  
10 has similar use, function, and utility; that is influenced  
11 by the same set of economic trends and physical,  
12 governmental, and social factors; and that has the potential  
13 of a similar highest and best use.

14 (f) The term "credit" means solvent debts, secured or  
15 unsecured, owing to a person.

16 (g) The term "improvements" includes all buildings,  
17 structures, fences, and improvements situated upon, erected  
18 upon, or affixed to land. When the department of revenue or  
19 its agent determines that the permanency of location of a  
20 mobile home or housetrailer has been established, the mobile  
21 home or housetrailer is presumed to be an improvement to  
22 real property. A mobile home or housetrailer may be  
23 determined to be permanently located only when it is  
24 attached to a foundation which cannot feasibly be relocated  
25 and only when the wheels are removed.

1 (h) The term "leasehold improvements" means  
 2 improvements to mobile homes and mobile homes located on  
 3 land owned by another person. This property is assessed  
 4 under the appropriate classification and the taxes are due  
 5 and payable in two payments as provided in 15-24-202.  
 6 Delinquent taxes on such leasehold improvements are a lien  
 7 only on such leasehold improvements.

8 (i) The term "livestock" means cattle, sheep, swine,  
 9 goats, horses, mules, and asses.

10 (j) The term "mobile home" means forms of housing known  
 11 as "trailers", "housetrainers", or "trailer coaches"  
 12 exceeding 8 feet in width or 45 feet in length, designed to  
 13 be moved from one place to another by an independent power  
 14 connected to them, or any "trailer", "housetrailer", or  
 15 "trailer coach" up to 8 feet in width or 45 feet in length  
 16 used as a principal residence.

17 (k) The term "personal property" includes everything  
 18 that is the subject of ownership but that is not included  
 19 within the meaning of the terms "real estate" and  
 20 "improvements".

21 (l) The term "poultry" includes all chickens, turkeys,  
 22 geese, ducks, and other birds raised in domestication to  
 23 produce food or feathers.

24 (m) The term "property" includes moneys, credits,  
 25 bonds, stocks, franchises, and all other matters and things,

1 real, personal, and mixed, capable of private ownership.  
 2 This definition must not be construed to authorize the  
 3 taxation of the stocks of any company or corporation when  
 4 the property of such company or corporation represented by  
 5 the stocks is within the state and has been taxed.

6 (n) The term "real estate" includes:

7 (i) the possession of, claim to, ownership of, or right  
 8 to the possession of land;

9 (ii) all mines, minerals, and quarries in and under the  
 10 land subject to the provisions of 15-23-501 and Title 15,  
 11 chapter 23, part 8; all timber belonging to individuals or  
 12 corporations growing or being on the lands of the United  
 13 States; and all rights and privileges appertaining thereto.

14 (o) "Research and development firm" means an entity  
 15 incorporated under the laws of this state or a foreign  
 16 corporation authorized to do business in this state whose  
 17 principal purpose is to engage in theoretical analysis,  
 18 exploration, and experimentation and the extension of  
 19 investigative findings and theories of a scientific and  
 20 technical nature into practical application for experimental  
 21 and demonstration purposes, including the experimental  
 22 production and testing of models, devices, equipment,  
 23 materials, and processes.

24 (p) The term "taxable value" means the percentage of  
 25 market or assessed value as provided for in Title 15,

chapter 6, part 1.

(q) The term "weighted mean assessment ratio" means the total of the assessed values divided by the total of the selling prices of all area sales in the stratum.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board.

15-1-101. (Effective July 1, 1993) Definitions. (1) Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to:

(i) the production of food, feed, and fiber commodities, livestock and poultry, bees, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised, grown, or produced for commercial purposes; and

(ii) the raising of domestic animals and wildlife in domestication or a captive environment.

(b) The term "assessed value" means the value of

property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) (i) The term "commercial", when used to describe property, means any property used or owned by a business, a trade, or a corporation as defined in 35-2-114 or used for the production of income, except that property described in subsection (ii).

(ii) The following types of property are not commercial:

(A) agricultural lands;

(B) timberlands and, beginning January 1, 1994, forest lands;

(C) single-family residences and ancillary improvements and improvements necessary to the function of a bona fide farm, ranch, or stock operation;

(D) mobile homes used exclusively as a residence except when held by a distributor or dealer of trailers or mobile homes as his stock in trade;

(E) all property described in 15-6-135; and

(F) all property described in 15-6-136.

(e) The term "comparable property" means property that has similar use, function, and utility; that is influenced by the same set of economic trends and physical,

governmental, and social factors; and that has the potential of a similar highest and best use.

(f) The term "credit" means solvent debts, secured or unsecured, owing to a person.

(g) The terms "gas" and "natural gas" are synonymous and mean gas as defined in [section 1(2)]. The terms include all natural gases and all other fluid hydrocarbons, including methane gas or any other natural gas found in any coal formation.

(g)(h) The term "improvements" includes all buildings, structures, fences, and improvements situated upon, erected upon, or affixed to land. When the department of revenue or its agent determines that the permanency of location of a mobile home or housetrailer has been established, the mobile home or housetrailer is presumed to be an improvement to real property. A mobile home or housetrailer may be determined to be permanently located only when it is attached to a foundation which cannot feasibly be relocated and only when the wheels are removed.

(h)(i) The term "leasehold improvements" means improvements to mobile homes and mobile homes located on land owned by another person. This property is assessed under the appropriate classification and the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on such leasehold improvements are a lien

only on such leasehold improvements.

(i)(j) The term "livestock" means cattle, sheep, swine, goats, horses, mules, and asses.

(j)(k) The term "mobile home" means forms of housing known as "trailers", "housetrainers", or "trailer coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an independent power connected to them, or any "trailer", "housetrailer", or "trailer coach" up to 8 feet in width or 45 feet in length used as a principal residence.

(k)(l) The term "personal property" includes everything that is the subject of ownership but that is not included within the meaning of the terms "real estate" and "improvements".

(l)(m) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in domestication to produce food or feathers.

(m)(n) The term "property" includes moneys, credits, bonds, stocks, franchises, and all other matters and things, real, personal, and mixed, capable of private ownership. This definition must not be construed to authorize the taxation of the stocks of any company or corporation when the property of such company or corporation represented by the stocks is within the state and has been taxed.

(n)(o) The term "real estate" includes:

(i) the possession of, claim to, ownership of, or right to the possession of land;

(ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title 15, chapter 23, part 8; all timber belonging to individuals or corporations growing or being on the lands of the United States; and all rights and privileges appertaining thereto.

~~(p)~~(p) "Research and development firm" means an entity incorporated under the laws of this state or a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific and technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes.

~~(p)~~(q) The term "taxable value" means the percentage of market or assessed value as provided for in Title 15, chapter 6, part 1.

(2) The phrase "municipal corporation" or "municipality" or "taxing unit" shall be deemed to include a county, city, incorporated town, township, school district, irrigation district, drainage district, or any person, persons, or organized body authorized by law to establish

tax levies for the purpose of raising public revenue.

(3) The term "state board" or "board" when used without other qualification shall mean the state tax appeal board."

NEW SECTION. **Section 5.** Codification instruction. (1) [Section 1] is intended to be codified as an integral part of Title 82, chapter 1, part 1, and the provisions of Title 82 apply to [section 1].

(2) [Section 2] is intended to be codified as an integral part of Title 1, chapter 4, and the provisions of Title 1, chapter 4, apply to [section 2].

NEW SECTION. **Section 6.** Saving clause. [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

-End-