BEFORE THE DEPARTMENT OF REVENUE
OF THE STATE OF MONTANA

In the matter of the amendment of ARM 42.25.1801 pertaining to revisions to definitions of oil stripper well bonus and stripper well exemption	)))))	NOTICE OF PROPOSED AMENDMENT NO PUBLIC HEARING CONTEMPLATED

TO: All Concerned Persons

1. The Department of Revenue proposes to amend the above-stated rule.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the department no later 5:00 p.m. on November 27, 2020, to advise us of the nature of the accommodation you need. Please contact Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail todd.olson@mt.gov.

3. The rule as proposed to be amended provides as follows, new matter underlined, deleted matter interlined:

42.25.1801 DEFINITIONS In addition to the definitions found in 15-36-303, MCA, the following definitions apply to terms used in this subchapter:

(1) through (10) remain the same.

(11) "Stripper well bonus" applies to wells producing an average of three barrels a day or less, and the average price received by a producer for their Montana production for a barrel of ~~west Texas intermediate~~ crude oil during a calendar quarter is equal to, or greater than, $54 a barrel. ~~This~~ The average daily production is calculated by dividing the amount of production from a lease or unitized area for the year immediately preceding the current calendar year, by the number of producing wells in the lease or unitized area, and by dividing the resulting quotient by 365. The average price for a barrel is computed by dividing the sum of the total revenue received for all crude oil sold from wells within the state of Montana ~~daily price for west Texas intermediate crude oil~~ for the calendar quarter by the number of ~~days on which the price was reported~~ barrels sold in the quarter.

(12) "Stripper well exemption" applies to wells producing an average of three barrels a day or less, and the average price received by a producer for their Montana production for a barrel of ~~west Texas intermediate~~ crude oil during a calendar quarter is less than $54 a barrel. ~~This~~ The average daily production is calculated by dividing the amount of production from a lease or unitized area for the year immediately preceding the current calendar year by the number of producing wells in the lease or unitized area and by dividing the resulting quotient by 365. The average price for a barrel is computed by dividing the sum of the ~~daily price for west Texas intermediate crude oil~~ total revenue received for all crude oil sold from wells

within the state of Montana for the calendar quarter by the number of ~~days on which the price was reported~~ barrels sold in the quarter.

(13) remains the same.

AUTH: 15-36-322, MCA
IMP: 15-1-101, 15-36-301, 15-36-302, 15-36-303, 15-36-304, 15-36-305, 15-36-309, 15-36-310, 15-36-311, 15-36-312, 15-36-313, 15-36-314, 15-36-315, 15-36-319, 15-36-321, 15-36-326, 82-1-111, MCA

REASONABLE NECESSITY: The department proposes amending ARM 42.25.1801 which is necessary for the department to implement legislative changes made to 15-36-304, MCA, under House Bill 213 (2019)(HB 213). HB 213 changed the price trigger for the reduced tax rates available for the stripper well bonus and the stripper well exemption. The availability of these rates depends on the actual price received by a producer instead of a posted index. The current definitions in (11) and (12) conflict with statute and require amendment for consistency. Each definition was reviewed and one additional minor change is proposed to improve clarity regarding the calculation of the average daily production.

4. Concerned persons may submit their data, views, or arguments concerning the proposed action in writing to Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail todd.olson@mt.gov and must be received no later than 5:00 p.m. December 21, 2020.

5. If persons who are directly affected by the proposed action wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments to Todd Olson, at the above address, no later than 5:00 p.m. December 21, 2020.

6. If the agency receives requests for a public hearing on the proposed action from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed action; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those directly affected has been determined to be six persons based on the number of all oil and gas operators.

7. The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a different mailing preference is noted in the request. Such written request may be

mailed or delivered to the contact person in number 4 above or may be made by completing a request form at any rules hearing held by the department.

8. An electronic copy of this notice is available through the Secretary of State's web site at sosmt.gov/arm/register.

9. The bill sponsor contact requirements of 2-4-302, MCA, apply and have been fulfilled. The primary bill sponsor was contacted by email on July 16, 2019 and on November 10, 2020.

10. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rule will not significantly and directly impact small businesses.

/s/ Todd Olson	/s/ Shauna Helfert
Todd Olson	Shauna Helfert
Rule Reviewer	Deputy Director of Revenue

Certified to the Secretary of State November 10, 2020.