

By: Bailes

H.B. No. 3865

A BILL TO BE ENTITLED

AN ACT

relating to calculation of daily production for purposes of the oil and gas production tax credits for low-producing wells and leases.

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

SECTION 1. Section 201.059(a)(3), Tax Code, is amended to read as follows:

(3) "Qualifying low-producing well" means a gas well whose production during a three-month period is no more than 90 mcf per day, excluding gas flared pursuant to the rules of the commission. For purposes of qualifying a gas well, production per well per day is determined by computing the average daily production from the well using the greater of the monthly production from the well as reported in the monthly well production reports [report] made to the commission and the monthly production from the well as reported in the producer's reports made to the comptroller under Section 201.203, including any amendments to those reports.

SECTION 2. Section 202.058(b), Tax Code, is amended to read as follows:

(b) For purposes of qualifying a lease, production per well per day is determined by computing the average daily per well production from the lease using the greater of the monthly production from the well as reported in the monthly lease production reports [report] made to the commission and the monthly

1 production from the well as reported in the producer's reports made
2 to the comptroller under Section 202.201, including any amendments
3 to those reports. For purposes of qualifying a lease, production
4 per well per day is measured by dividing the sum of lease production
5 during the three-month period by the sum of the number of well-days,
6 where a well-day is one well producing for one day. The operator of
7 a lease that is eligible for a credit under this section only on the
8 basis of Subsection (a)(2)(B) must pay to the comptroller a filing
9 fee of \$100 before the comptroller may authorize the credit.

10 SECTION 3. The change in law made by this Act does not
11 affect tax liability accruing before the effective date of this
12 Act. That liability continues in effect as if this Act had not been
13 enacted, and the former law is continued in effect for the
14 collection of taxes due and for civil and criminal enforcement of
15 the liability for those taxes.

16 SECTION 4. This Act takes effect September 1, 2019.