CORRECTED COPY

FISCAL NOTE

	FY 2020	FY 2021	FY 2022
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue (decrease)			
GENERAL FUND	($10,600,000)	($17,200,000)	($8,900,000)
BUDGET RESERVE ACCOUNT	($21,200,000)	($34,400,000)	($17,800,000)

Source of revenue (decrease):
Crude oil and natural gas produced from wells where production is first reported on or after July 1, 2019 would be exempt from 4% of the total 6% severance tax rate for 24 months after production is first commenced.

Crude oil produced from previously shut-in wells would be exempt from 4.5% of the total 6% severance tax rate for the first 24 months of renewed production. This exemption would not apply to wells that were shut-in for less than 12 months.

Crude oil or natural gas production from a well where a capital workover or recompletion takes place would be exempt from 4% of the total 6% severance tax rate for the first 24 months following the workover or recompletion.

Incremental crude oil or natural gas production resulting from tertiary production of crude oil by injection of carbon dioxide or other tertiary injection of an oil field is exempt from 4% of the total 6% severance tax rate for the first 24 months following the tertiary injection.

The oil exemptions would not apply to 1) sweet crude oil production when the West Texas Intermediate (WTI) price is $80/barrel or more or to 2) sour crude oil production when the Western Canadian Select (WCS) price is $60/barrel or more. The natural gas exemptions would not apply when the Colorado Interstate Gas (CIG) spot price is $6/MCF or more. The exemptions would apply to 50% of sweet crude production when the WTI price is more than $60/barrel, would apply to 50% of sour crude production when the WCS price is more than $40/barrel and would apply to 50% of natural gas production when the CIG price is more than $5/MCF.

Assumptions:
The above estimate is based on oil and gas prices projected in the January 2019 CREG forecast and Wyoming Oil & Gas Conservation Commission new well sales volumes in 2018, as of January 7, 2019. It is assumed that new well sales would remain constant at 2018 levels. It is assumed the exemptions would apply to 95% of oil and gas production from new wells in FY 2020 and FY 2021, and would apply to 47.5% of oil and gas production from new wells in FY 2022.

No estimates for the proposed workover or recompletion exemption, or for the proposed tertiary exemption are included in the above estimates, as the Department of Revenue (DOR) is unable to estimate the qualifying volumes.

The estimated revenue decrease is based on the assumptions described above. It does not include the potential revenue increase in severance taxes or ad valorem taxes that would be collected on production from new wells drilled resulting from the exemption. The number of new wells drilled and the related production resulting from the proposed exemptions cannot be determined at this time.

Prepared by: Dean Temte, LSO Phone: 777-7881
(Information provided by Craig Grenvik, Department of Revenue, 777-5237)