

**\*\*\*Pending\*\*\***

**AMENDMENT No. 1 PROPOSED TO**

**Senate Bill NO. 2278**

**By Representative(s) Committee**

**Amend by striking all after the enacting clause and inserting in lieu thereof the following:**

18 SECTION 1. Section 27-25-503, Mississippi Code of 1972, is  
19 amended as follows:

20 27-25-503. (1) Except as otherwise provided herein, there  
21 is hereby levied, to be collected hereafter, as provided herein,  
22 annual privilege taxes upon every person engaging or continuing  
23 within this state in the business of producing, or severing oil,  
24 as defined herein, from the soil or water for sale, transport,  
25 storage, profit or for commercial use. The amount of such tax  
26 shall be measured by the value of the oil produced, and shall be  
27 levied and assessed at the rate of six percent (6%) of the value  
28 thereof at the point of production. However, such tax shall be  
29 levied and assessed at the rate of three percent (3%) of the value  
30 of the oil at the point of production on oil produced by an  
31 enhanced oil recovery method in which carbon dioxide is used;  
32 provided, that such carbon dioxide is transported by pipeline to  
33 the oil well site and on oil produced by any other enhanced oil  
34 recovery method approved and permitted by the State Oil and Gas  
35 Board on or after April 1, 1994, pursuant to Section 53-3-101 et  
36 seq.

37 (2) The tax is hereby levied upon the entire production in  
38 this state regardless of the place of sale or to whom sold, or by

39 whom used, or the fact that the delivery may be made to points  
40 outside the state, and the tax shall accrue at the time such oil  
41 is severed from the soil, or water, and in its natural, unrefined  
42 or unmanufactured state.

43       (3) (a) Oil produced from a discovery well for which  
44 drilling or reentry commenced on or after April 1, 1994, but  
45 before July 1, 1999, shall be exempt from the taxes levied under  
46 this section for a period of five (5) years beginning on the date  
47 of first sale of production from such well, provided that the  
48 average monthly sales price of such oil does not exceed  
49 Twenty-five Dollars (\$25.00) per barrel. The exemption for oil  
50 produced from a discovery well as described in this paragraph (a)  
51 shall be repealed from and after July 1, 2003, provided that any  
52 such production for which a permit was granted by the board before  
53 July 1, 2003, shall be exempt for an entire period of five (5)  
54 years, notwithstanding that the repeal of this provision has  
55 become effective. Oil produced from development wells or  
56 replacement wells drilled in connection with discovery wells for  
57 which drilling commenced on or after January 1, 1994, but before  
58 July 1, 1999, shall be assessed at the rate of three percent (3%)  
59 of the value of the oil at the point of production for a period of  
60 three (3) years. The reduced rate of assessment of oil produced  
61 from development wells or replacement wells as described in this  
62 paragraph (a) shall be repealed from and after January 1, 2003,  
63 provided that any such production for which drilling commenced  
64 before January 1, 2003, shall be assessed at the reduced rate for  
65 an entire period of three (3) years, notwithstanding that the  
66 repeal of this provision has become effective.

67       (b) Oil produced from a discovery well for which  
68 drilling or reentry commenced on or after July 1, 1999, shall be  
69 assessed at the rate of three percent (3%) of the value of the oil  
70 at the point of production for a period of five (5) years

71 beginning on the date of first sale of production from such well,  
72 provided that the average monthly sales price of such oil does not  
73 exceed Twenty Dollars (\$20.00) per barrel. The reduced rate of  
74 assessment of oil produced from a discovery well as described in  
75 this paragraph (b) shall be repealed from and after July 1, 2003,  
76 provided that any such production for which a permit was granted  
77 by the board before July 1, 2003, shall be assessed at the reduced  
78 rate for an entire period of five (5) years, notwithstanding that  
79 the repeal of this provision has become effective. Oil produced  
80 from development wells or replacement wells drilled in connection  
81 with discovery wells for which drilling commenced on or after July  
82 1, 1999, shall be assessed at the rate of three percent (3%) of  
83 the value of the oil at the point of production for a period of  
84 three (3) years. The reduced rate of assessment of oil produced  
85 from development wells or replacement wells as described in this  
86 paragraph (b) shall be repealed from and after January 1, 2003,  
87 provided that any such production for which drilling commenced  
88 before July 1, 2003, shall be assessed at the reduced rate for an  
89 entire period of three (3) years, notwithstanding that the repeal  
90 of this provision has become effective.

91 (4) (a) Oil produced from a development well for which  
92 drilling commenced on or after April 1, 1994, but before July 1,  
93 1999, and for which three-dimensional seismic was utilized in  
94 connection with the drilling of such well shall be assessed at the  
95 rate of three percent (3%) of the value of the oil at the point of  
96 production for a period of five (5) years, provided that the  
97 average monthly sales price of such oil does not exceed  
98 Twenty-five Dollars (\$25.00) per barrel. The reduced rate of  
99 assessment of oil produced from a development well as described in  
100 this paragraph (a) and for which three-dimensional seismic was  
101 utilized shall be repealed from and after July 1, 2003, provided  
102 that any such production for which a permit was granted by the

103 board before July 1, 2003, shall be assessed at the reduced rate  
104 for an entire period of five (5) years, notwithstanding that the  
105 repeal of this provision has become effective.

106 (b) Oil produced from a development well for which  
107 drilling commenced on or after July 1, 1999, and for which  
108 three-dimensional seismic was utilized in connection with the  
109 drilling of such well shall be assessed at the rate of three  
110 percent (3%) of the value of the oil at the point of production  
111 for a period of five (5) years, provided that the average monthly  
112 sales price of such oil does not exceed Twenty Dollars (\$20.00)  
113 per barrel. The reduced rate of assessment of oil produced from a  
114 development well as described in this paragraph (b) and for which  
115 three-dimensional seismic was utilized shall be repealed from and  
116 after July 1, 2003, provided that any such production for which a  
117 permit was granted by the board before July 1, 2003, shall be  
118 assessed at the reduced rate for an entire period of five (5)  
119 years, notwithstanding that the repeal of this provision has  
120 become effective.

121 (5) (a) Oil produced before July 1, 1999, from a two-year  
122 inactive well as defined in Section 27-25-501 shall be exempt from  
123 the taxes levied under this section for a period of three (3)  
124 years beginning on the date of first sale of production from such  
125 well, provided that the average monthly sales price of such oil  
126 does not exceed Twenty-five Dollars (\$25.00) per barrel. The  
127 exemption for oil produced from an inactive well shall be repealed  
128 from and after July 1, 2003, provided that any such production  
129 which began before July 1, 2003, shall be exempt for an entire  
130 period of three (3) years, notwithstanding that the repeal of this  
131 provision has become effective.

132 (b) Oil produced on or after July 1, 1999, from a  
133 two-year inactive well as defined in Section 27-25-501 shall be  
134 exempt from the taxes levied under this section for a period of

135 three (3) years beginning on the date of first sale of production  
136 from such well, provided that the average monthly sales price of  
137 such oil does not exceed Twenty Dollars (\$20.00) per barrel. The  
138 exemption for oil produced from an inactive well shall be repealed  
139 from and after July 1, 2003, provided that any such production  
140 which began before July 1, 2003, shall be exempt for an entire  
141 period of three (3) years, notwithstanding that the repeal of this  
142 provision has become effective.

143 (6) From and after May 1, 1999, the following oil shall be  
144 taxed at a rate of two percent (2%) of the value of the oil at the  
145 point of production, provided that the average monthly sale price  
146 of such oil does not exceed Twelve Dollars (\$12.00) per barrel:

147 (a) Oil produced from a well producing a monthly  
148 average of twenty (20) barrels a day or less from a depth of seven  
149 thousand five hundred (7,500) feet or less; and

150 (b) Oil produced from a well producing a monthly  
151 average of forty (40) barrels a day or less from a depth that is  
152 more than seven thousand five hundred (7,500) feet.

153 This subsection (6) shall be repealed from and after July 1,  
154 2003.

155 (7) The State Oil and Gas Board shall have the exclusive  
156 authority to determine the qualification of wells defined in  
157 paragraphs (n) through (r) of Section 27-15-501.

158 SECTION 2. Section 27-25-505, Mississippi Code of 1972, is  
159 amended as follows:

160 **[With regard to any county which is exempt from the**  
161 **provisions of Section 19-2-3, this section shall read as follows:]**

162 27-25-505. All taxes herein levied and collected by the  
163 State Tax Commission shall be paid into the State Treasury on the  
164 same day collected. The commissioner shall apportion all such tax  
165 collections to the state and to the county in which the oil was  
166 produced, in accordance with the following schedule and so certify

167 such apportionment to the State Treasurer at the end of each  
168 month:

169 On the first Six Hundred Thousand Dollars (\$600,000.00) or  
170 any part thereof, sixty-six and two-thirds percent (66-2/3%) to  
171 the state and thirty-three and one-third percent (33-1/3%) to the  
172 county through June 30, 1999.

173 On the next Six Hundred Thousand Dollars (\$600,000.00) or any  
174 part thereof, ninety percent (90%) to the state and ten percent  
175 (10%) to the county through June 30, 1989; eighty-five percent  
176 (85%) to the state and fifteen percent (15%) to the county from  
177 July 1, 1989, through June 30, 1990; and eighty percent (80%) to  
178 the state and twenty percent (20%) to the county through June 30,  
179 1999.

180 Above and exceeding One Million Two Hundred Thousand Dollars  
181 (\$1,200,000.00), ninety-five percent (95%) to the state and five  
182 percent (5%) to the county through June 30, 1989; ninety percent  
183 (90%) to the state and ten percent (10%) to the county from July  
184 1, 1989, through June 30, 1990; and eighty-five percent (85%) to  
185 the state and fifteen percent (15%) to the county through June 30,  
186 1999.

187 From and after July 1, 1999, the commission shall apportion  
188 all such tax collections to the state and to the county in the  
189 proportion of sixty-six and two-thirds percent (66-2/3%) to the  
190 state and thirty-three and one-third percent (33-1/3%) to the  
191 county.

192 The state's share of all oil severance taxes collected  
193 pursuant to this section shall be deposited into a special fund  
194 provided for in Section 27-25-506.

195 The State Treasurer shall remit the county's share of said  
196 funds on or before the twentieth day of the month next succeeding  
197 the month in which such collections were made, for division among  
198 the municipalities and taxing districts of the county. He shall

199 accompany his remittance with a report to the county receiving  
200 such funds prepared by the commissioner showing from whom said tax  
201 was collected. Upon receipt of said funds, the board of  
202 supervisors of said county shall allocate the same to the  
203 municipalities and to the various maintenance and bond and  
204 interest funds of the county, school districts, supervisors  
205 districts and road districts, as hereinafter provided.

206         When there shall be any oil producing properties within the  
207 corporate limits of any municipality, then such municipality shall  
208 participate in the division of the tax returned to the county in  
209 which the municipality is located, in the proportion which the tax  
210 on production of oil from any properties located within the  
211 municipal corporate limits bears to the tax on the total  
212 production of oil in the county. In no event, however, shall the  
213 amount allocated to municipalities exceed one-third (1/3) of the  
214 tax produced in the municipality and returned to the county. Any  
215 amount received by any municipality as a result of the allocation  
216 herein provided shall be used only for such purposes as are  
217 authorized by law.

218         The balance remaining of any amount of tax returned to the  
219 county after the allocation to municipalities shall be divided  
220 among the various maintenance and bond interest funds of the  
221 county, school districts, supervisors districts and road  
222 districts, in the discretion of the board of supervisors, and such  
223 board shall make the division in consideration of the needs of the  
224 various taxing districts. The funds so allocated shall be used  
225 only for purposes as are authorized by law.

226         **[With regard to any county which is required to operate on a**  
227 **countywide system of road administration as described in Section**  
228 **19-2-3, this section shall read as follows:]**

229         27-25-505. All taxes herein levied and collected by the  
230 State Tax Commission shall be paid into the State Treasury on the

231 same day collected. The commissioner shall apportion all such tax  
232 collections to the state and to the county in which the oil was  
233 produced, in accordance with the following schedule and so certify  
234 such apportionment to the State Treasurer at the end of each  
235 month:

236 On the first Six Hundred Thousand Dollars (\$600,000.00) or  
237 any part thereof, sixty-six and two-thirds percent (66-2/3%) to  
238 the state and thirty-three and one-third percent (33-1/3%) to the  
239 county through June 30, 1999.

240 On the next Six Hundred Thousand Dollars (\$600,000.00) or any  
241 part thereof, ninety percent (90%) to the state and ten percent  
242 (10%) to the county through June 30, 1989; eighty-five percent  
243 (85%) to the state and fifteen percent (15%) to the county from  
244 July 1, 1989, through June 30, 1990; and eighty percent (80%) to  
245 the state and twenty percent (20%) to the county through June 30,  
246 1999.

247 Above and exceeding One Million Two Hundred Thousand Dollars  
248 (\$1,200,000.00), ninety-five percent (95%) to the state and five  
249 percent (5%) to the county through June 30, 1989; ninety percent  
250 (90%) to the state and ten percent (10%) to the county from July  
251 1, 1989, through June 30, 1990; and eighty-five percent (85%) to  
252 the state and fifteen percent (15%) to the county through June 30,  
253 1999.

254 From and after July 1, 1999, the commission shall apportion  
255 all such tax collections to the state and to the county in the  
256 proportion of sixty-six and two-thirds percent (66-2/3%) to the  
257 state and thirty-three and one-third percent (33-1/3%) to the  
258 county.

259 The state's share of all oil severance taxes collected  
260 pursuant to this section shall be deposited into a special fund  
261 provided for in Section 27-25-506.

262 The State Treasurer shall remit the county's share of said



263 funds on or before the twentieth day of the month next succeeding  
264 the month in which such collections were made, for division among  
265 the municipalities and taxing districts of the county. He shall  
266 accompany his remittance with a report to the county receiving  
267 such funds prepared by the commissioner showing from whom said tax  
268 was collected. Upon receipt of said funds, the board of  
269 supervisors of said county shall allocate the same to the  
270 municipalities and to the various maintenance and bond and  
271 interest funds of the county and school districts, as hereinafter  
272 provided.

273         When there shall be any oil producing properties within the  
274 corporate limits of any municipality, then such municipality shall  
275 participate in the division of the tax returned to the county in  
276 which the municipality is located, in the proportion which the tax  
277 on production of oil from any properties located within the  
278 municipal corporate limits bears to the tax on the total  
279 production of oil in the county. In no event, however, shall the  
280 amount allocated to municipalities exceed one-third (1/3) of the  
281 tax produced in the municipality and returned to the county. Any  
282 amount received by any municipality as a result of the allocation  
283 herein provided shall be used only for such purposes as are  
284 authorized by law.

285         The balance remaining of any amount of tax returned to the  
286 county after the allocation to municipalities shall be divided  
287 among the various maintenance and bond interest funds of the  
288 county and school districts, in the discretion of the board of  
289 supervisors, and such board shall make the division in  
290 consideration of the needs of the various taxing districts. The  
291 funds so allocated shall be used only for purposes as are  
292 authorized by law.

293         SECTION 3. Section 27-25-703, Mississippi Code of 1972, is  
294 amended as follows:

**99\HR40\SB2278A.1J \*HR40/SB2278A.1J\***

295           27-25-703. (1) Except as otherwise provided herein, there  
296 is hereby levied, to be collected hereafter, as provided herein,  
297 annual privilege taxes upon every person engaging or continuing  
298 within this state in the business of producing, or severing gas,  
299 as defined herein, from below the soil or water for sale,  
300 transport, storage, profit or for commercial use. The amount of  
301 such tax shall be measured by the value of the gas produced and  
302 shall be levied and assessed at a rate of six percent (6%) of the  
303 value thereof at the point of production, except as otherwise  
304 provided in subsection (4) of this section.

305           (2) The tax is hereby levied upon the entire production in  
306 this state, regardless of the place of sale or to whom sold or by  
307 whom used, or the fact that the delivery may be made to points  
308 outside the state, but not levied upon that gas, including carbon  
309 dioxide, lawfully injected into the earth for cycling,  
310 repressuring, lifting or enhancing the recovery of oil, nor upon  
311 gas lawfully vented or flared in connection with the production of  
312 oil, nor upon gas condensed into liquids on which the oil  
313 severance tax of six percent (6%) is paid; save and except,  
314 however, if any gas so injected into the earth is sold for such  
315 purposes, then the gas so sold shall not be excluded in computing  
316 the tax, unless such gas is carbon dioxide which is sold to be  
317 used and is used in Mississippi in an enhanced oil recovery  
318 method, in which event there shall be no severance tax levied on  
319 carbon dioxide so sold and used. The tax shall accrue at the time  
320 the gas is produced or severed from the soil or water, and in its  
321 natural, unrefined or unmanufactured state.

322           (3) Natural gas and condensate produced from any wells for  
323 which drilling is commenced after March 15, 1987, and before July  
324 1, 1990, shall be exempt from the tax levied under this section  
325 for a period of two (2) years beginning on the date of first sale  
326 of production from such wells.

327 (4) Any well which begins commercial production of occluded  
328 natural gas from coal seams on or after March 20, 1990, and before  
329 July 1, 1993, shall be taxed at the rate of three and one-half  
330 percent (3-1/2%) of the gross value of the occluded natural gas  
331 from coal seams at the point of production for a period of five  
332 (5) years after such well begins production.

333 (5) (a) Natural gas produced from discovery wells for which  
334 drilling or reentry commenced on or after April 1, 1994, but  
335 before July 1, 1999, shall be exempt from the tax levied under  
336 this section for a period of five (5) years beginning on the  
337 earlier of one (1) year from completion of the well or the date of  
338 first sale from such well, provided that the average monthly sales  
339 price of such gas does not exceed Three Dollars and Fifty Cents  
340 (\$3.50) per one thousand (1,000) cubic feet. The exemption for  
341 natural gas produced from discovery wells as described in this  
342 paragraph (a) shall be repealed from and after July 1, 2003,  
343 provided that any such production for which a permit was granted  
344 by the board before July 1, 2003, shall be exempt for an entire  
345 period of five (5) years, notwithstanding that the repeal of this  
346 provision has become effective. Natural gas produced from  
347 development wells or replacement wells drilled in connection with  
348 discovery wells for which drilling commenced on or after January  
349 1, 1994, shall be assessed at a rate of three percent (3%) of the  
350 value thereof at the point of production for a period of three (3)  
351 years. The reduced rate of assessment of natural gas produced  
352 from development wells or replacement wells as described in this  
353 paragraph (a) shall be repealed from and after January 1, 2003,  
354 provided that any such production for which drilling commenced  
355 before January 1, 2003, shall be assessed at the reduced rate for  
356 an entire period of three (3) years, notwithstanding that the  
357 repeal of this provision has become effective.

358 (b) Natural gas produced from discovery wells for which

359 drilling or reentry commenced on or after July 1, 1999, shall be  
360 assessed at a rate of three percent (3%) of the value thereof at  
361 the point of production for a period of five (5) years beginning  
362 on the earlier of one (1) year from completion of the well or the  
363 date of first sale from such well, provided that the average  
364 monthly sales price of such gas does not exceed Two Dollars and  
365 Fifty Cents (\$2.50) per one thousand (1,000) cubic feet. The  
366 reduced rate of assessment of natural gas produced from discovery  
367 wells as described in this paragraph (b) shall be repealed from  
368 and after July 1, 2003, provided that any such production for  
369 which a permit was granted by the board before July 1, 2003, shall  
370 be assessed at the reduced rate for an entire period of five (5)  
371 years, notwithstanding that the repeal of this provision has  
372 become effective. Natural gas produced from development wells or  
373 replacement wells drilled in connection with discovery wells for  
374 which drilling commenced on or after July 1, 1999, shall be  
375 assessed at a rate of three percent (3%) of the value thereof at  
376 the point of production for a period of three (3) years. The  
377 reduced rate of assessment of natural gas produced from  
378 development wells or replacement wells as described in this  
379 paragraph (b) shall be repealed from and after January 1, 2003,  
380 provided that any such production for which drilling commenced  
381 before January 1, 2003, shall be assessed at the reduced rate for  
382 an entire period of three (3) years, notwithstanding that the  
383 repeal of this provision has become effective.

384 (6) (a) Gas produced from a development well for which  
385 drilling commenced on or after April 1, 1994, but before July 1,  
386 1999, and for which three-dimensional seismic was utilized in  
387 connection with the drilling of such well, shall be assessed at a  
388 rate of three percent (3%) of the value of the gas at the point of  
389 production for a period of five (5) years, provided that the  
390 average monthly sales price of such gas does not exceed Three

391 Dollars and Fifty Cents (\$3.50) per one thousand (1,000) cubic  
392 feet. The reduced rate of assessment of gas produced from a  
393 development well as described in this subsection and for which  
394 three-dimensional seismic was utilized shall be repealed from and  
395 after July 1, 2003, provided that any such production for which a  
396 permit was granted by the board before July 1, 2003, shall be  
397 assessed at the reduced rate for an entire period of five (5)  
398 years, notwithstanding that the repeal of this provision has  
399 become effective.

400           (b) Gas produced from a development well for which  
401 drilling commenced on or after July 1, 1999, and for which  
402 three-dimensional seismic was utilized in connection with the  
403 drilling of such well, shall be assessed at a rate of three  
404 percent (3%) of the value of the gas at the point of production  
405 for a period of five (5) years, provided that the average monthly  
406 sales price of such gas does not exceed Two Dollars and Fifty  
407 Cents (\$2.50) per one thousand (1,000) cubic feet. The reduced  
408 rate of assessment of gas produced from a development well as  
409 described in this paragraph (b) and for which three-dimensional  
410 seismic was utilized shall be repealed from and after July 1,  
411 2003, provided that any such production for which a permit was  
412 granted by the board before July 1, 2003, shall be assessed at the  
413 reduced rate for an entire period of five (5) years,  
414 notwithstanding that the repeal of this provision has become  
415 effective.

416           (7) (a) Natural gas produced before July 1, 1999, from a  
417 two-year inactive well as defined in Section 27-25-701 shall be  
418 exempt from the taxes levied under this section for a period of  
419 three (3) years beginning on the date of first sale of production  
420 from such well, provided that the average monthly sales price of  
421 such gas does not exceed Three Dollars and Fifty Cents (\$3.50) per  
422 one thousand (1,000) cubic feet. The exemption for natural gas

423 produced from an inactive well as described in this subsection  
424 shall be repealed from and after July 1, 2003, provided that any  
425 such production which began before July 1, 2003, shall be exempt  
426 for an entire period of three (3) years, notwithstanding that the  
427 repeal of this provision has become effective.

428 (b) Natural gas produced on or after July 1, 1999, from  
429 a two-year inactive well as defined in Section 27-25-701 shall be  
430 exempt from the taxes levied under this section for a period of  
431 three (3) years beginning on the date of first sale of production  
432 from such well, provided that the average monthly sales price of  
433 such gas does not exceed Two Dollars and Fifty Cents (\$2.50) per  
434 one thousand (1,000) cubic feet. The exemption for natural gas  
435 produced from an inactive well as described in this paragraph (b)  
436 shall be repealed from and after July 1, 2003, provided that any  
437 such production which began before July 1, 2003, shall be exempt  
438 for an entire period of three (3) years, notwithstanding that the  
439 repeal of this provision has become effective.

440 (8) The State Oil and Gas Board shall have the exclusive  
441 authority to determine the qualification of wells defined in  
442 paragraphs (n) through (r) of Section 27-15-701.

443 SECTION 4. This act shall take effect and be in force from  
444 and after its passage.

**Further, amend by striking the title in its entirety and  
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 27-25-503, MISSISSIPPI CODE OF 1972,  
2 TO EXTEND THE EXEMPTION FROM OIL SEVERANCE TAX ON CERTAIN  
3 PRODUCTION FROM TWO-YEAR INACTIVE WELLS; TO PROVIDE THAT CERTAIN  
4 PRODUCTION FROM DISCOVERY WELLS SHALL BE TAXED AT A REDUCED RATE;  
5 TO EXTEND THE REDUCED RATE OF OIL SEVERANCE TAX ON CERTAIN  
6 PRODUCTION FROM DEVELOPMENT WELLS AND REPLACEMENT WELLS; TO  
7 PROVIDE THAT PRODUCTION FROM CERTAIN MARGINAL WELLS SHALL BE TAXED  
8 AT A REDUCED RATE; TO AMEND SECTION 27-25-505, MISSISSIPPI CODE OF  
9 1972, TO REVISE THE DISTRIBUTION OF REVENUE DERIVED FROM THE OIL  
10 SEVERANCE TAX; TO AMEND SECTION 27-25-703, MISSISSIPPI CODE OF  
11 1972, TO EXTEND THE EXEMPTION FROM GAS SEVERANCE TAX ON CERTAIN  
12 PRODUCTION FROM TWO-YEAR INACTIVE WELLS; TO PROVIDE THAT CERTAIN  
13 PRODUCTION FROM DISCOVERY WELLS SHALL BE TAXED AT A REDUCED RATE;  
14 TO EXTEND THE REDUCED RATE OF GAS SEVERANCE TAX ON CERTAIN  
15 PRODUCTION FROM DEVELOPMENT WELLS AND REPLACEMENT WELLS; AND FOR  
16 RELATED PURPOSES.

**99\HR40\SB2278A.1J \*HR40/SB2278A.1J\***