

1 COMMITTEE SUBSTITUTE

2 FOR

3 **H. B. 2962**

4 (By Delegate White)

5  
6 (Originating in the House Committee on Finance)

7  
8 [March 29, 2013]

9  
10 A BILL to amend the Code of West Virginia, 1931, as amended, by  
11 adding thereto a new section, designated §11-13A-22, relating  
12 to exemptions from the tax on the privilege of severing  
13 natural gas and oil; terminating a severance tax exemption for  
14 natural gas or oil produced from any horizontally drilled well  
15 that has not produced marketable quantities for five  
16 consecutive years immediately preceding the year in which such  
17 well is placed back into production and thereafter produces  
18 marketable quantities of natural gas or oil; defining terms;  
19 providing an exception thereto; and specifying a controlling  
20 effective date.

21 *Be it enacted by the Legislature of West Virginia:*

22 That the Code of West Virginia, 1931, as amended, be amended  
23 by adding thereto a new section, designated §11-13A-22, to read as  
24 follows:

1 **ARTICLE 13A. SEVERANCE AND BUSINESS PRIVILEGE TAX ACT.**

2 **§11-13A-22. Termination of exemption.**

3 (a) On and after July 1, 2013, the exemption set forth in  
4 subdivision (4), subsection (a), section three-a of this article is  
5 void and of no force or effect with respect only to horizontally  
6 drilled wells. However, if a well for which the producer  
7 established entitlement to that exemption on or before June 30,  
8 2013, the exemption from tax continues for natural gas or oil  
9 produced from that well for the remainder of the ten-year period  
10 for which the exemption was originally applicable.

11 (b) As used in this section, the term:

12 (1) "Horizontally drilled well" or "horizontal well" means any  
13 well that is drilled initially on a vertical plane, but eventually  
14 curved to become horizontal, or nearly horizontal, to parallel or  
15 intersect a particular geologic formation or formations, for the  
16 purpose of maximizing the length and contact of the wellbore that  
17 is exposed to the formation or formations. The terms "horizontally  
18 drilled well" or "horizontal well" includes a multilateral well.

19 (2) "Multilateral well" means a single well with more than one  
20 horizontal, or nearly horizontal, well bores or branches drilled  
21 from the single main bore and connected within the well to the main  
22 borehole or well bore.

23 (c) Pursuant to section five-p, article ten of this chapter,  
24 termination of the exemption set forth in subdivision (4),

1 subsection (a), section three-a of this article on and after July  
2 1, 2013, is subject to the controlling internal effective date of  
3 this section and is not subject to the alternative effective date  
4 provisions of section five-p, article ten of this chapter.

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