

**PROPOSED REGULATION OF THE COMMISSION ON
MINERAL RESOURCES**

LCB File No. R165-99

October 27, 1999

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1-3, NRS 522.040 and 522.150.

Section 1. Chapter 522 of NAC is hereby amended by adding thereto a new section to read as follows:

1. Notwithstanding the provisions of section 8 of LCB File No. R069-99, which was adopted by the commission on mineral resources and filed with the secretary of state on August 19, 1999, the amount of the administrative fee that a producer or purchaser of oil or natural gas must pay pursuant to subsection 2 of NRS 522.150 for new production is one-half cent per barrel of oil or per 50,000 cubic feet of natural gas, as appropriate, and in accordance with the provisions of this section.

2. Upon the filing of Form 5, the well completion report, pursuant to NAC 522.510, the division shall determine whether the production from the well that is the subject of the report qualifies as new production. If the division determines that the production from the well qualifies as new production, the producer or purchaser is entitled to pay the administrative fee required by subsection 2 of NRS 522.150 for that new production at the reduced rate prescribed in subsection 1 for 12 consecutive calendar months, beginning on the put-on-production date reported in Form 5 for that well. At the end of the 12-month period, the

producer or purchaser must pay the administrative fee required by NRS 522.150 for production from the well in the amount prescribed in section 8 of LCB File No. R069-99.

3. A producer or purchaser may, pursuant to NRS 522.110, challenge a determination made by the division pursuant to subsection 2.

4. As used in this section, “new production” means production from a new or existing well that is completed in a new interval, as determined by the division.

Sec. 2. If the commission on mineral resources repeals section 1 of this regulation, a producer or purchaser of oil or natural gas who, on the date that section is repealed, is paying the administrative fee required by subsection 2 of NRS 522.150 at the reduced rate set forth in that section, is entitled to continue paying the administrative fee at the reduced rate until the end of the 12-month period for which the reduced rate applies.

Sec. 3. This regulation becomes effective on January 1, 2000, or the date on which the regulation is filed with the secretary of state, whichever occurs later.