

OIL & GAS CONSERVATION COMMISSION
Meeting: December 11, 1968
Mr John Bannister, Executive Secy



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1624 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

A G E N D A

Meeting

December 11, 1968
Room 204, Arizona State Office Bldg.
1624 W. Adams, Phoenix

10:00 a.m.

Call to order ✓

1. ✓ Approval of minutes of meeting of November 20,
1968. — OK

2. ✓ Old business

3. ✓ New business

Holzclaw ltr

4. Adjourn

Take no action

Be sure to advise new ^{Auto} license nos (for travel
claim) as soon as available (at Jan. mtg.)

IF YOU ARE UNABLE TO ATTEND THIS MEETING, PLEASE NOTIFY
THE OFFICE AS SOON AS POSSIBLE.

OIL AND GAS CONSERVATION COMMISSION
1624 West Adams - Suite 2
Phoenix, Arizona 85007

Minutes of Meeting
November 20, 1968

Present:

Mr. Lucien B. Owens, Chairman
Mr. George T. Siler, Vice Chairman
Mr. Ralph W. Bilby, Member
Mr. John Bannister, Executive Secretary
Mr. J.R. Scurlock, Geologist
Mr. J.A. Lambert, Administrative Assistant
Mr. Stanley Womer, Governor's Office

Absent:

Mr. Kenneth G. Bentson, Member

Chairman Owens called the meeting to order at 10:00 a.m. He introduced Mr. Womer who presented a proposal to originate from the Governor's Office to the Four Corners Development Commission, requesting funds (\$50,000 the first year and \$41-42,000) the second year) for a geological study of the four corner states. It was felt that such a study would be useful in stimulating exploration and gas and oil development and would include coal and uranium possibilities.

Mr. Bilby moved the adoption of a resolution for the Governor's Office to go into this program as Mr. Womer outlined it. Motion passed unanimously. The executive secretary was directed to prepare this resolution for signature.

Mr. Bilby moved that the minutes of the meeting of October 16, 1968 be approved as written. Motion passed unanimously.

It was agreed that so long as Mr. James M. Potter is actively working toward recovery of the pipe in his well he be given all the time necessary.

It was decided that in view of the Christmas holiday that the next regular meeting of this Commission should be set ahead one week to December 13th. (NOTE: in checking the December calendar the Wednesday date is actually December 11th.)

Meeting adjourned at 11:15 a.m.

APPROVED December 11, 1968

Lucien B. Owens, Chairman



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1624 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

December 2, 1968

Memo to: Commissioners
From: John Bannister, Executive Secretary
re: Report of activity

You have received a report on the most recent Indian sale concerning Arizona lands. In my opinion the relatively low prices paid and the relatively few tracts bid upon indicated: (1) that the companies may feel that Dineh bi Keyah has now been outlined, and (2) that most companies' monies for new leases has been fairly well expended for budget year 1968. It would be much to the Indians' advantage if they did avoid sales at this time of the year when most companies are at the end of their budgets.

I have spent approximately the last week in court as a subpoenaed witness for the plaintiff on a suit involving Richard Harless. The suit against Harless, Newton, and various of their companies, on a charge of fraud, was brought by a Mr. Myers, who is a motel owner in the Phoenix Area.

I was subpoenaed to produce certain of our records. Dr. Pye likewise was called as an expert witness. The outcome of this case of course is unknown, but you will be advised as soon as an opinion is rendered.

The IOCC meeting is being held in Miami Beach this week and I am leaving tomorrow, Tuesday, to attend.

There have been rumors of a large lease play in the area of the Hopkins well, north and a little west of Sedona. State Land Department reports very little activity in this area. Bureau of Land Management has confirmed that a total of approximately 500,000 acres has been leased in that area by Mr. Hopkins and approximately 4 - 5 others, representing approximately \$2,000.00 in filing fees and \$250,000 in rental deposits. This area is primarily in National Forest lands and that agencies approval is needed before such leases could be issued.

Marj Rushton, the future Mrs. Arthur N. Talbot, has resigned as of December 31, 1968, and we are interviewing potential replacements. I would like to officially express my deep appreciation for her

years of service, and further express my complete satisfaction and pleasure at the quality of her work. She is a stinker for leaving.

I have had no late reports from James M. Potter and I do not know whether this well was plugged prior to the recent snows. It would be much surprised if the well is plugged. As you know, we are doing everything possible to allow Mr. Potter to recover casing from this well. I do not feel that the delay is causing any particular damage. If I have no further instructions from you, I will proceed accordingly. This well will eventually of course be plugged.

I am also enclosing suggested needed legislation. If this meets with your approval we should do everything possible to get it introduced in the early part of the forthcoming session of Legislature.

In the event that you are unable to attend our December 11th meeting, the staff and I take this opportunity to wish you a very merry Christmas and a very successful and happy New Year.



OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

ROOM 202

1624 WEST ADAMS

Phoenix, Arizona 85007

PHONE: 271-5161

There is much confusion within the State of Arizona concerning the licensing of an oil or gas well driller by the Registrar of Contractors. The Attorney General has advised that such licensing is not necessary for the driller on federal or Indian lands, but apparently will apply for the driller on State or private lands.

The language of the contractor's statutes section does not seem to specifically govern an oil or gas driller nor is the registrar of contractors set up to properly qualify an oil and gas driller as to his specific operations. For example, one driller, whom to my knowledge is well established in the industry and has drilled well over a thousand wells in his many years of operations, came to Phoenix from Farmington, New Mexico, to take the test to qualify his company. The test consisted of questions on Workmen's Compensation Law, setting up payrolls, profit and loss balance sheets, etc. The driller himself was unable to pass the test; and consequently he had his accountant take it; and of course the accountant did pass the test. However, the accountant has no knowledge of oil and gas drilling as such.

Due to the migratory nature of oil and gas drillers work, most oil states have specifically exempted them from compliance with such registration, New Mexico, Texas, Utah, and Colorado, to name a few.

In Arizona we are faced with a situation that a driller may be on one section of federal land and not have to comply with the registrar of contractor laws; but on an immediately adjoining section of State land he must comply. As you are aware, the majority of Arizona is federal or Indian land.

To my knowledge, our unusual situation has caused several drillers to refuse to come into the State. As you know, we are dependent for oil and gas drilling upon drillers from out of state. Any action or law which hampers their free access consequently hampers the development of our oil and gas industry.

In order to prevent further discouragement to drilling, and in order to make the application of our laws uniform throughout the State, and in

Page 2

order to bring our State in line with other oil and gas producing states, it is requested that ARS 32-1101, definition of contractor, be amended by adding at the end, the following:

There is specifically excluded from the provisions of Chapter 10, Articles 1,2, and 3, any person or firm, partnership, or corporation, or association or combination of any of these, whose primary business is and while engaged in the drilling and completion of oil, gas, or helium wells.



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Corrective Legislation Needed

Amend 27-515.B by adding:

4. Collect such fees as determined by the Commission which will cover the costs of such services as, but not limited to, reproduction of records or any portion thereof, publication of technical maps, copies of Rules and Regulations, and any other forms of publications by the Commission. The monies so collected shall not be subject to the provisions of 27-523, but shall be deposited by the Commission with the state treasurer to the fund from which the expenditure was originally made.

Amend 27-516.A.2 to read:

Requiring reports showing location of oil and gas wells and requiring filing of logs and drilling records within thirty days from the time of completion of the work whereon said report is based.

Amend 27-516.A.15 by adding:

Said report to be submitted by the twentieth day of the month following.

Amend 27-516.A, by adding:

19. Requiring the filing of such other reports and information as the Commission may deem advisable and in the public interest. The filing of such reports and other information required hereunder shall be submitted within ten days of the date of the Commission's request or within ten days after the action upon which the information or report is based.

Amend 27-517.A by adding:

The request for hearing shall be accompanied by a fee of \$50.00 which shall be applied toward the fees for the court reporter. The interested persons requesting the hearing shall also be billed by the Commission as soon as possible for the cost of publication of the hearing and shall within ten days after receipt of the billing reimburse the Commission. The monies so collected shall not be subject to the

provisions of 27-523, but shall be deposited by the Commission with the state treasurer to the fund from which the expenditure was originally made.

Amend 27-520.A by adding: *30 days*

The civil action contemplated in this section must be commenced within ~~twenty~~ days from the effective date of the (article, rule or regulation or) order complained of.

Memo: File
From: J. Scurlock 12-4-68

Hopkins #34-1X Federal
T18N, R5E, G & SRM
Sec. 34: SW/4 NW/4
Yavapai County, Arizona
Permit #479

Telephone call 11:25 a.m. this date from Mr. A. A. Hopkins
from Sedona. Total depth 1147' in granite.

Formation tops:

Mississippian	479'
Devonian	650?' (approximately)
Cambrain Tapeats Sandstone	1136'
Granite	1147'

Mr. Hopkins reports that he believes that they have an oil
discovery here. They have drilled saturated sections as
follows:

1080 - 1095	Porous limestone. From this they bailed about 2 barrels of crude oil. Gravity 40° to 50° . (Approximately)
1108 - 1128	A saturated Devonian Sand.
1130 - 1135	Saturated Devonian Sand.
1136-1143	Tapeats Sandstone
1144-1147	Granite wash saturated with oil.

Plan to set 4 3/4 inch casing to the total depth. Cement
with 40 sacks of cement. Selectively perforate.

To the Commissioners:

This news just broke this morning. Rumors are flying
thick and fast about this well; and, of course, it is
possible that this is the one that we have been looking
for. If this turns out to be a legitimate discovery,
this could blow the lid off things here in Arizona. I
think, however, in view of our past disappointments,
particularly in the Sedona area, that we would be well
advised to reserve celebrations until we confirm. I
remain skeptical and will have to see this to believe it.



OFFICE OF
Oil and Gas Conservation Commission
STATE OF ARIZONA
ROOM 202
1624 WEST ADAMS
Phoenix, Arizona 85007
PHONE: 271-5161

December 3, 1968

GEOLOGIST'S REPORT

From: James Scurlock
To : Commissioners

YAVAPAI COUNTY

Hopkins #34-1X Federal
T18N, R5E, G & SRM
Sec. 34: SW/4 NW/4
Permit #479

"TIGHT HOLE"

Top of the Mississippian at 479'. Top of Devonian approximately 630, presently drilling at 1128 in Devonian.

Mr. Hopkins and his partner, Mr. Robert Spreen, have applied for a Federal lease in the Coconino National Forest for a block of acreage amounting to 234,000 acres and have put up \$117,000 (that is, 50¢ per acre) with their application. This acreage lies in the vicinity of the Hopkins Well. We understand that other parties have been in here also leasing heavily, among them Gorden Fleetwood.

My own inclination is to regard this development as promotional or perhaps as a tax gimmick. I doubt Hopkins has discovered anything significant in his well.

COCONINO COUNTY

Potter #1 State 8219
T20N, R5E, G & SRM
Sec. 24: SW/4 SW/4
Permit #351

"TIGHT HOLE"

Potter has finally succeeded in pulling the 7 inch casing, now attempting to pull the 8 inch casing. Have some delay on account of weather. We are keeping on top of this and feel that we will eventually get this well plugged out.

Pease #1 Federal
T15N, R10E, G & SRM
Sec. 21: SW/4 NW/4
Permit #475

Pease is moving in equipment. Apparently has been delayed for some reason. Understand there is ten inches of new snow on the rim, but I don't think this has stopped him. We hear that he lost a rig by fire up in Utah recently; perhaps he has been delayed because of this loss. Probably get some action in the near future.

Eastern Petrol #1 Federal Moqui Bardo
T14N, R11E, G & SRM
Sec. 10: NW/4 SW/4
Permit #464

"TIGHT HOLE"

Drilling at 2450' with rotary. Malcolm Kitchens has brought in a rotary table and fitted it to his rig, which is designed for cable tool drilling. The trouble here has been a problem of shutting off the water.

Pennzoil #1-11 Hopi
T29N, R14E, G & SRM
Sec. 11: NW/4 NW/4
Permit #474

"TIGHT HOLE"

Plugged and abandoned. Total depth 6975'. No shows were reported. This well ran structurally 207' low to the Atlantic Hopi Well and 143' high to the Moore, Moore, and Miller Well which is located two miles to the northeast of Pennzoil. Formation Tops:

Chinle	1650'
Shinarump	2870'
Moenkopi	2960'
Coconino	3247'
Supai	4715'
Naco	5545'
Mississippian	5860'

APACHE COUNTY

Buttes #1-23 Navajo
T37N, R27E, G & SRM
Sec. 23: SE/4 SE/4
Permit #476

"TIGHT HOLE"

Plugged and abandoned. Total depth 3760'. No shows reported.

Chinle	at surface
Shinarump	653'
Moenkopi	754'
De Chelley	1068'
Organ Rock	1779'
Hermosa	2946'
Molas	3625'
Mississippian	3729'

Union #1-166 Navajo
TGN, R6W, G & SRM
Sec. 20: NW/4 NW/4
Permit #477

"TIGHT HOLE"

Spudded 11-27-68. Contractor Loffland Brothers.
Drilling at 1974'. Proposed depth 2700'.

CREST OPERATIONS AT NAVAJO

(Crest) Dr. Swain has gone back to Illinois for Christmas and will be back shortly after the first of the year. They now have finished their present program of development, having brought in two wells, the Crest #1 Santa Fe in Sec. 25 (SE 3E) and the Crest #8X Santa Fe in Sec. 25 (SE NW). These should be fair wells, although both no doubt will be hampered by an appreciable amount of water being produced with the helium. Thus, we must regard their operations so far as moderately successful inasmuch as they have succeeded in providing a much needed additional supply of helium for the new plant.

DOUGLAS S. HOLSCLAW
STATE SENATOR
DISTRICT 7-D
TWENTY-EIGHTH LEGISLATURE
CAPITOL BUILDING, SENATE WING
PHOENIX, ARIZONA 85007
925 FOOTHILLS DRIVE
TUCSON, ARIZONA 85718



COMMITTEES
PUBLIC HEALTH AND WELFARE, CHAIRMAN
STATE GOVERNMENT, VICE CHAIRMAN
AGRICULTURE AND LIVESTOCK
APPROPRIATIONS
COMMERCE AND INDUSTRY

Arizona State Senate
Phoenix, Arizona

December 8, 1968

Mr. John Bannister, Executive Secretary
Arizona Oil and Gas Conservation Commission
1624 W. Adams
Phoenix, Arizona



Dear Mr. Bannister:

At the time of the appearance of the Oil and Gas Commission before the Appropriations Committee last spring, I recall that you and the members of the Commission strongly recommended an imposition of a depletion tax upon the production of oil and gas in the State of Arizona. I fully intended at the time of your appearance to discuss this matter with you, with the idea in mind of having such a bill prepared for introduction at the last (1968) Session, but just did not seem to get around to it.

I have recently requested our Legislative Committee to prepare such a proposed bill. I also suggested that the Council contact you and the members of the Commission to get your thinking, cooperation, and help in formulating such a bill. I wish that you would take this matter before your Commission for discussion, and, if agreeable, to cooperate to try for the very best bill possible.

I personally feel that a Severance Tax on oil and gas production in this state is long past due. I believe that Arizona is the only other state of 11 western states, except Nevada, that does not have a depletion tax not only on oil and gas production, but also on the productions of mines.

I understand that Arizona now has the twelfth largest production in the United States. Am I right? Do you recommend that the bill also include a Severance Tax on production of mines? Or do you feel that any such bill should be separate from such a bill covering oil and gas production?

Perhaps our Legislative Council has already contacted you in behalf of this proposed bill. If so, well and good. If not, then please feel free to contact them to discuss and to work with them on the best possible bill. The bill, you will note, is Folder No. 198.

Sincerely yours,

Douglas S. Holsclaw
Douglas S. Holsclaw
Arizona State Senator

DSH:a
Enc.

Rough Draft
Folder #198
12/4/68 H&nr

State of Arizona
Senate
Twenty-ninth Legislature
First Regular Session



S. B. _____

Introduced by _____

AN ACT

RELATING TO TAXATION; IMPOSING A TAX UPON THE DEPLETION OF OIL RESOURCES; PROVIDING FOR ADMINISTRATION BY THE DEPARTMENT OF PROPERTY VALUATION; AND AMENDING TITLE 42, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 11, ARTICLES 1 AND 2.

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 42, Arizona Revised Statutes, is
3 amended by adding chapter 11, articles 1 and 2, to read:

New
Ch.

4 CHAPTER 11

5 DEPLETION TAXES

New
Art.

6 ARTICLE 1. GENERAL PROVISIONS

7 42-1701. Definitions

New
Sec.

8 In this chapter, unless the context otherwise requires:

9 1. "Department" means the department of property valua-
10 tion.

11 2. "Extract" means to withdraw from the ground.

12 3. "Oil" means crude petroleum oil and all other hydro-
13 carbons, regardless of gravity, produced at a well in liquid
14 form by ordinary production methods and which are not the re-
15 sult of condensation of gas.

16 4. "Owner" includes a person having the right to extract
17 oil under a lease or contract with another person, the state
18 or the United States.

19 5. "Person" includes a person, group of persons, firm,
20 concern, receiver, trustee, executor, administrator, agent,
21 institution, association, partnership, company, or corporation,

1 or person acting under a declaration of trust.

New
Sec.

2 42-1702. Powers and duties

3 A. The department may prescribe such rules and regulations
4 as are necessary to facilitate and expedite the imposition,
5 collection and administration of the tax imposed pursuant to
6 this chapter.

7 B. The department or its authorized agents may examine
8 books, papers, records or other data bearing upon the correct-
9 ness of any return filed or tax collected pursuant to the pro-
10 visions of this chapter, and may require the attendance of any
11 person and take his testimony with respect to such matters,
12 with power to administer oaths to such persons.

13 C. If a witness fails or refuses to appear at the request
14 of the department or of a person designated by it, or refuses
15 access to his books, records and files, the department shall
16 certify the name of the witness and the fact of such refusal
17 to the superior court in the county in which the witness re-
18 sides, and the court shall thereupon issue a summons to the
19 witness to appear before the department at a place designated
20 within the county, on a day fixed, and give such evidence and
21 open for inspection such books, records and files as may be
22 required. Failure or refusal to obey the summons shall be
23 punishable as contempt of court.

New
Sec.

24 42-1703. Penalties; false oath; delinquency; noncompliance

25 A. Any person who intentionally makes a false oath to
26 any return or report required by this chapter is guilty of per-
27 jury and subject to the penalties prescribed by law.

28 B. The taxes levied by this chapter shall be delinquent
29 after the date fixed for their payment, and shall be subject
30 to interest for such delinquency at the rate of one per cent
31 per month until paid.

1 C. Any person failing or refusing to make a report or
2 comply with any other condition or requirement prescribed by
3 this chapter, and who remains in default more than thirty days
4 after notice by the department, shall be subject to a penalty
5 of not less than five hundred nor more than one thousand five
6 hundred dollars, payable to the state. Each ten days' addi-
7 tional delinquency shall subject the person so failing or re-
8 fusing to a like penalty for each separate mineral operation
9 with respect to which such failure or refusal relates.

New
Sec.

10 42-1704. Security for taxes; notice and sale

11 A. When in the judgment of the department it is necessary
12 to assure the collection of a tax levied, the department shall
13 require the taxpayer to deposit with it security for the pay-
14 ment of the tax.

15 B. The security authorized by subsection A of this section
16 shall be sold by the department at public sale when necessary
17 to recover a tax, interest, or penalty due. Notice of sale
18 shall be given by publication once a week for two successive
19 weeks in a newspaper published with countywide circulation in
20 the county affected, and notice shall be given the depositor
21 of the security either by personal service or by mail addressed
22 to him at his address as it appears upon the records of the
23 department. Upon sale, the surplus, if any, above the amount
24 due and the expense of advertising and holding the sale shall
25 be returned to the depositor.

New
Sec.

26 42-1705. Correction of return

27 Whenever it appears to the department that a person has
28 made an untrue or incorrect return under the provisions of this
29 chapter, the department shall correct the return and compute
30 the taxes due.

New
Art.

1 ARTICLE 2. OIL DEPLETION TAX
2 42-1711. Depletion tax; relation to other taxes; collection

New
Sec.

3 A. Effective January 1, 1970, a tax is levied upon the
4 privilege of depleting present oil resources by extracting oil
5 from the ground. The tax shall be at an amount equal to _____
6 per cent of the sale price of the oil upon the business of
7 producing oil for sale, profit or commercial use.

8 B. The tax levied by this chapter is for the purpose of
9 raising public money to aid in defraying the necessary and
10 ordinary expenses of the state and to reduce the annual tax
11 levy on property for state purposes.

12 C. The tax levied by this chapter is in addition to and
13 shall not affect the liability of a person for the payment of
14 state, county, municipal, district and special taxes levied
15 upon real and personal property. No depletion tax shall be
16 levied by a county or other political subdivision of the state.

17 D. The department of property valuation shall supervise
18 and enforce collections of the taxes levied, and the proceeds
19 shall be paid over to the state treasurer upon receipt thereof.

New
Sec.

20 42-1712. Disposition of tax proceeds

21 Three per cent of all monies collected by the department
22 under the provisions of this chapter and deposited in the state
23 treasury is appropriated to the department for administration
24 of this chapter, and the remainder shall be placed in the gen-
25 eral fund.

New
Sec.

26 42-1713. Tax return

27 A. The return required by this chapter shall be filed
28 and the tax paid by the person who extracts the oil.

29 B. Not later than the fifteenth day of the month next
30 succeeding the end of a calendar quarter in which taxes levied
31 by this chapter accrue, the taxpayer shall file with the

1 department a return for the preceding quarter on a form pre-
2 scribed by the department, which shall show:

3 1. The business conducted by the taxpayer during the
4 preceding quarter.

5 2. The kind, quantity, and value of oil extracted
6 during the preceding quarter.

7 3. The owner or owners at the time of extraction.

8 4. The portion owned by each.

9 5. Where the oil was extracted.

10 6. Any other information the department may require.

11 The taxpayer shall accompany the return with payment for the
12 tax levied.

New
Sec.

13 42-1714. Exceptions in filing

14 A. When necessary to facilitate collection of any tax
15 levied by this chapter, the department may require that re-
16 turns be filed and taxes paid for other than quarterly periods.

17 B. Upon a satisfactory showing of necessity, the depart-
18 ment may extend, for a period not to exceed thirty days, the
19 time for making any return prescribed by this chapter, or may
20 issue a general order extending, not more than thirty days,
21 the time for making the returns for oil extractions upon which
22 a tax is levied by this chapter.

New
Sec.

23 42-1715. Lien; taxes; property of owners; notice

24 A. Any tax levied by this chapter constitutes a first
25 lien upon the oil taxed, and shall follow the oil into the
26 hands of third persons, whether received in good faith or
27 otherwise, and whether the oil has or has not been processed
28 or refined.

29 B. When the person who extracted the oil upon which a
30 tax is levied by this chapter, or who operated the property
31 from which the oil was extracted, the department shall make

1 a statement under oath showing the proportionate amount of the
2 tax due by each owner of the oil. When filed for record in
3 the mortgage records of the county where the oil was extracted,
4 such statement shall operate as a lien on the property from
5 which the oil was extracted, and on all other property of the
6 owners, which property shall be subject to distraint and sale
7 for the payment of the taxes owed.

8 C. Nothing in this section shall be construed as waiving
9 or releasing the lien upon the oil wherever found within the
10 state.

11 D. When the department has caused to be recorded the
12 statement prescribed by this section, it shall give notice to
13 the taxpayer by registered or certified mail of the action
14 taken. At any time within thirty days after such notice the
15 taxpayer may make a correct return of the amount of the tax
16 due and pay the same with interest as prescribed by this
17 chapter.

New
Sec.

18 42-1716. Distraint and sale

19 Upon order of the department, the sheriff of the county
20 within which are the property, assets, and effects of a person
21 who has not filed the return and paid the tax levied within
22 thirty days after the notice prescribed by §42-1715 has been
23 given, shall distraint and sell the same according to law.

New
Sec.

24 42-1717. Priority of liens

25 Leases, royalty interests, contracts, and rights of any
26 kind to the ownership of the oil upon which a tax is levied
27 by this chapter, and every right of ownership in the properties
28 from which the oil was extracted, are subject to distraint
29 and sale for the taxes levied by this chapter prior to all
30 other claims and liens.

New
Sec.

1 42-1718. Deduction from royalty payment

2 A person who extracts oil upon which a tax is levied,
3 or operates the property from which such oil is extracted,
4 may deduct the amount of the tax from any payment to others
5 under a contract requiring him to pay royalty interest or
6 excess royalty.

New
Sec.

7 42-1719. Restraint of production

8 The superior court of the county in which is located any
9 oil upon which a tax is levied under the provisions of this
10 chapter or the report thereon is delinquent shall, upon the
11 filing by the department under the direction of the attorney
12 general of a complaint for an injunction, have power to re-
13 strain any person from continuing to extract oil while the
14 delinquency continues.