CO-CHAIR FEIGE clarified the gross value reduction is for new participating areas and new units, so it is for oil that is not being produced now.

COMMISSIONER SULLIVAN concurred the reduction is received when new oil is produced.

REPRESENTATIVE SEATON argued the $5 per barrel would go on whether it is old or new production; if a company stays where it is and keeps declining, it gets $5 a barrel. If the purpose of the bill is to ensure the state gets new production, it seems that building in a single lever that if a company slows its decline by over 50 percent within three years, it will get a bump. If a company does not accelerate its production, then it would get a penalty. That is simple and gives a goal. He urged the administration to look at that idea more carefully because he agrees the state wants to incentivize production, but the worry is about the state not getting to that point.

CO-CHAIR FEIGE said he does not know why the administration is being blamed, given the bill is in its third committee of referral and is the now the legislature's bill.