

Notice

Notice Number:
Tax Type: Mineral Severance Tax
Brief Description: Exemptions for Oil Production
Keywords:
Effective Date: 05/01/1997
Does this document represent current KDOR policy?
Expiration Date: 04/30/1998

Body:

TO: Kansas Oil Producers and Purchasers

FROM: John LaFaver
Secretary of Revenue

DATE: May 21, 1997

RE: May, 1997 through April 1998, Exemptions for Oil Production

The 1987 Kansas Legislature approved new oil exemption criteria for "low production wells" and for "water flood" wells with a depth of 2000 feet or more (See KSA 79-4217(b)(2)(B)and(E). Specifically, since May, 1987, the oil exemption amount in number of barrels depends on the average price per barrel paid by the first purchaser of crude oil for the six-month period ending December 31 of the preceding year. The Secretary of Revenue is to obtain the necessary data from the United States Department of Energy and determine the average oil price by April 15 of each year. The average oil price will then be used to determine oil exemption amounts for the following twelve-month period commencing May 1 of that year through April 30 of the following year. (See KSA 79-4217(d).

Following are the first purchaser statistics obtained from the Petroleum Marketing Division, Office of Oil and Gas, Energy Information Administration of the Department of Energy:

Data in Thousands

<u>Report Period</u>	<u>Cost</u>	<u>Barrels</u>	<u>Average Price</u>
1996 Jul	\$67,495	3,414	\$19.77
1996 Aug	\$68,495	3,365	\$20.42
1996 Sep	\$73,004	3,262	\$22.38
1996 Oct	\$83,143	3,541	\$23.48
1996 Nov	\$70,969	3,204	\$22.15
1996 Dec	<u>\$82,861</u>	<u>3,517</u>	<u>\$23.56</u>
Total	\$446,185	20,303	\$23.56 (Weighted)

The average oil price to be used to determine oil exemptions for the fiscal period of May 1, 1997 through April 30, 1998 is \$21.98 per barrel.

Based on the current law, this price is more than \$16.00 and less than 24.00 so the new exemption amounts to apply for this period are as follows:

Wells Greater Production
Than 2000 Feet Exempt if

Low Production Five (5) barrels or less
Water Flood Six (6) barrels or less

The department is reviewing May 1997 exemption requests for necessary adjustments that may be required due to the above change. Please direct any questions you may have to the Mineral Tax Section; 3rd Floor; Docking State Office Building;

Topeka, KS 66625-0001. Telephone Number: 913-296-7713

Date Composed: 10/06/1997 Date Modified: 10/10/2001

[Return to KSA Listing](#)