

Retaining this Exemption request:
Operator/Purchaser(s) should retain
a certified/approved copy of this
application. (K.S.A. 79-4224)

KANSAS DEPARTMENT OF REVENUE
DIVISION OF TAX OPERATIONS
MINERAL TAX
PO Box 750680
TOPEKA KS 66625-0680
PHONE: 785-368-8222 FAX: 785-296-4993

OFFICE USE ONLY EXEMPTION STATUS

Exemption Approved: ___Yes ___No
Approved Exemption No.: _____
Effective Date: _____
Termination Date: _____

NEW POOL INITIAL OIL EXEMPTION REQUEST

Application is hereby made to the Director of Taxation to exempt the following lease or well from Kansas Mineral Tax. Application is made with full knowledge of the penalties as prescribed by law. See instructions on page 2 of this form. Return 3 copies of this completed form to the address above.

Operator Name and Address

Operator Email Address
Contact Name
Contact Phone Number

LEASE INFORMATION (MANDATORY FOR ALL EXEMPTIONS)

KCC Operator I.D. Number: _____ Operator Phone Number: _____
Kansas Oil Lease/Well Number: 1 _____
Lease Name: _____ County Name: _____
Legal description: Sec. _____ Twn. _____ Rng. _____ Average Depth of Producing Wells: _____
Number of Producing wells on Lease (Injection wells are not counted as producing wells): _____ API Number: _____
Name of Producing Formation: _____ Field Name: _____

NEW POOL EXEMPTION INFORMATION (MANDATORY FOR ALL EXEMPTIONS)

What is the Docket Number issued by the KCC? _____ KCC certified date is: _____
The New Pool Oil exemption is valid for 2 years from the KCC certified date of first production if production does not exceed 50 barrels per day. The Department is interpreting the production limitation to be 50 barrels per well in the pool, per day. If production exceeds this limit the well will not qualify for the exemption. The Department will base the 50 barrels per well per day calculation on the average daily severance and production of oil for such producing well, which well has not been significantly curtailed by reason of mechanical failure or other disruption of production, during the initial six-month production period, commencing with the date of first production from such well. For any well that has qualified for this exemption, if the average daily severance and production of oil from such well exceeds 50 barrels per day within any qualifying one-month production period after the initial qualifying production period, the exemption for such well shall be terminated as of the commencement of such one-month production period. **When filing for a new pool exemption, the Production History Table on page 4 of this form is required to be completed in order to determine the Average Daily Production.**
Is New Pool production commingled? ___Yes ___No If yes, indicate: ___Downhole ___In Tank ___At Meter
This New Pool exemption is for one well/formation. Any additional well/formation will require a separate exemption form with a copy of the KCC Certification letter.

I declare under the penalties of perjury that all the required KCC certifications have been received and this application is true and correct.

Signature of Authorized Officer or Agent

Date

Purchaser Address Information

Purchaser ID #

Purchaser Contact Information

New Pools are required to submit a copy of the KCC Certification letter with this form.

Print Operator's & Purchaser's address clearly, they will be used as mailing labels.

Pages 1 & 4 are required to be filed.

Please allow 6 to 8 weeks for processing.

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Please allow 6 to 8 weeks for processing.

OPERATOR & PURCHASER INSTRUCTIONS

OPERATOR

To apply for a New Pool initial exemption, please complete the fields on page 1 of this form. After the Kansas Department of Revenue approves the initial exemption, a certified copy will be sent back to you and to the purchaser you have indicated. The certified copy will be your Certificate of Exemption.

If additional copies of this form are needed, they can only be found on the Kansas Department of Revenue's website at: <http://ksrevenue.gov/formsmineral.html>. Due to limited state funding KDOR will not be printing supplies of this form.

Please note that all operators and purchasers are required to notify the Mineral Tax Service Division of any changes by submitting Form MT-8, Operator and Purchase Change Request. This form can be submitted by email: ks.op.pur.chngrqst@kdor.ks.gov, fax: 785-296-4993 or by mail to the address on the front of this form.

Average Daily Oil Production

- The Production History Table on page 4 of this form is **required** to be completed in order to determine the Average Daily Production and submitted with page 1. **If the Production History Table is not completed the Exemption Request form will be sent back to the Operator.**
- Average daily oil production is equal to total gross production divided by number of producing well days.
- Producing well days, for a single oil well, is equal to the number of days that the well was in production.
- If the BOPD is greater than 50, do not send in the form because the exemption will be denied.

PURCHASER

If certified, this application informs you that the indicated lease/well is exempt for the period shown. If you are not the 1st purchaser of the lease, please return the form to the Kansas Department of Revenue.

The exemption is non-transferable between operators. Should this lease change operators, this exemption will no longer be valid. A new exemption number for the new operator will be issued for the remaining effective months.

If you have misplaced your copy of this application or any previous ones, you may request Form DO-41 to obtain a copy. The form is located on the Departments website at: <http://ksrevenue.gov/formsmineral.html> or by phone at 785-296-4937.

**REVISED NOTICE 12-02
(November 2012)**

2012 MINERAL SEVERANCE TAX LEGISLATIVE UPDATE

During the 2012 Legislative Session House Bill 2117 was passed and signed into law. Changes made by the Bill affect the mineral severance tax in Kansas.

The mineral severance tax is imposed by K.S.A. 79-4217. The law in effect prior to July 1, 2012 provided an exemption for the first 24 months of production of oil or gas from a “pool”. The term “pool” is defined in K.S.A. 79-4217(b)(4) to mean “an underground accumulation of oil or gas in a single and separate natural reservoir characterized by a single pressure system so that production from one part of the pool affects the reservoir pressure throughout its extent”.

Section 29 of the Bill amends K.S.A. 79-4217(b)(4) to limit the 24 month exemption to “the severance of gas or oil from any pool from which oil or gas was first produced on or after April 1, 1983, *and prior to July 1, 2012 . . .*” As a result of this language, gas or oil which is first produced on or after July 1, 2012 will not be exempt from the mineral severance tax. There is, however, an exception to this new rule for oil production.

Section 29 of the Bill also amends K.S.A. 79-4217 to create new subsection (b)(5). This subsection provides that, with regard to new oil pools, the 24 month exemption is available for initial production occurring on or after July 1, 2012, but only if production from the pool does not exceed 50 barrels per day, as certified by the Corporation Commission and the Director of Taxation. The Department is interpreting the production limitation to be 50 barrels per well in the pool, per day. If production exceeds this limit the well will not qualify for the exemption. The Department will base the 50 barrels per well per day calculation on the average daily severance and production of oil for such producing well, which well has not been significantly curtailed by reason of mechanical failure or other disruption of production, during the initial six-month production period, commencing with the date of first production from such well. If the date of first production for a well occurs other than the first day of the calendar month, then the average daily production calculation shall be based on the prorated production for the first and final calendar months in that initial production period, as necessary. For example, if the date of first production for a well in a new pool commences on August 15, 2012, the initial six-month production period shall be August 15, 2012 to February 15, 2013, and the production for the initial and final calendar months of production in that period shall be prorated. For any well that has qualified for this exemption, if the average daily severance and production of oil from such well exceeds 50 barrels per day within any qualifying one-month production period after the initial qualifying production period, the exemption for such well shall be terminated as of the commencement of such one-month production period.

The Kansas Department of Revenue will assign a lease well number to each well that has been certified as a new pool by the Kansas Corporation Commission. When encountering a well that has multiple formations, each certified as a new pool, the Department requires that production be allocated separately on the Mineral Severance Tax Report.

Section 29 of the Bill eliminates the “new pool” 24 month exemption for all new gas pools, regardless of the amount of gas produced. There is a 24 month exemption for new oil pools, but only if oil production from the pool does not exceed 50 barrels, per well, per day.

The notice can be found at: <http://ksrevenue.org/taxnotices/notice12-02.pdf>

Complete Production History Table

Pages 1 & 4 are required to be filed when requesting an exemption.

A listing of the initial full 6-month production history is REQUIRED to verify exempt status. An example on how to complete the Production History is shown first and the table you will need to complete is located at the bottom of this page.

Example: Shows how to complete a Production History Table using the initial production date of Aug 15, 2012.

Month / Day / Year Beginning Date		Month / Day / Year Ending Date	Production	# of Producing Days
Jan 0 1, 20 1 3	to	Jan 3 1, 20 1 3	1499	31
Feb 0 1, 20 1 3	to	Feb 1 5, 20 1 3	750	14
Mar _____, 20 _____	to	Mar _____, 20 _____		
Apr _____, 20 _____	to	Apr _____, 20 _____		
May _____, 20 _____	to	May _____, 20 _____		
Jun _____, 20 _____	to	Jun _____, 20 _____		
Jul _____, 20 _____	to	Jul _____, 20 _____		
Aug 1 5, 20 1 2	to	Aug 3 1, 20 1 2	625	17
Sep 0 1, 20 1 2	to	Sep 3 0, 20 1 2	1499	30
Oct 0 1, 20 1 2	to	Oct 3 1, 20 1 2	1495	31
Nov 0 1, 20 1 2	to	Nov 3 0, 20 1 2	1400	30
Dec 0 1, 20 1 2	to	Dec 3 1, 20 1 2	1500	31
Total:			1. 8768	2. 184
Average Daily Production: (Total of Column 1 divided by total of Column 2.)			47.65	

Production History Table (This table is required to be completed)

Month / Day / Year Beginning Date		Month / Day / Year Ending Date	Production	# of Producing Days
Jan _____, 20 _____	to	Jan _____, 20 _____		
Feb _____, 20 _____	to	Feb _____, 20 _____		
Mar _____, 20 _____	to	Mar _____, 20 _____		
Apr _____, 20 _____	to	Apr _____, 20 _____		
May _____, 20 _____	to	May _____, 20 _____		
Jun _____, 20 _____	to	Jun _____, 20 _____		
Jul _____, 20 _____	to	Jul _____, 20 _____		
Aug _____, 20 _____	to	Aug _____, 20 _____		
Sep _____, 20 _____	to	Sep _____, 20 _____		
Oct _____, 20 _____	to	Oct _____, 20 _____		
Nov _____, 20 _____	to	Nov _____, 20 _____		
Dec _____, 20 _____	to	Dec _____, 20 _____		
TOTAL:			1. _____	2. _____
Average Daily Production: (Total of Column 1 divided by total of Column 2.)			_____	

Mineral Tax website: <http://www.ksrevenue.org/bustaxtypesmin.html>
KCC website: <http://www.kcc.state.ks.us/conservation/index.htm>