**Memorandum**

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| **Identifying Information:** | **1984 Legislative Changes** |

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| **Tax Type:** | **Mineral Severance Tax** |
| **Brief Description:** | **Natural Gas Exemptions/common meter** |
| **Keywords:** |  |
| **Effective Date:** | **05/25/1984** |

**Body:**

**M E M O R A N D U M**

**TO: Kansas Natural Gas and Crude Operators**  
  
**FROM: Bob Clelland, Acting Manager, Mineral Tax Bureau**  
  
**DATE: May 25, 1984**  
  
**SUBJECT: 1984 Legislative Change to Kansas Severance Tax Law**  
  
  
  
The 1984 Kansas Legislature made a few minor changes to the severance tax law. Following is a brief description of these changes:  
  
The $81 a day exemption, for natural gas, shall be computed by dividing the total value of production gauged at meter by the number of wells feeding into the meter with the result divided by the number of days the wells produced during the month.  
  
Example: Purchaser A buys $5,280.14 of gas from Operator B during the month of February. Four wells produced this gas which was gauged through a common meter. Average daily productions is $5,280.14  4 = $1,320.04  20 = $66.00. Average daily production is less than $81 a day and accordingly exempt from severance tax for the month of February.  
  
The crude oil lease exemption was clarified by adding "per producing well" for determining the average daily production from a lease. The Department of Revenue has used this definition in granting all lease exemptions. "New Pool" status is to be determined by the Kansas Corporation Commission and certified to the Director of Taxation. This clarifies current procedures.  
  
Production from a "New Pool" is exempt for a period of 24 months form date oil or gas was first produced from such pool. Date of first production shall be defined as:

1. For an oil well - the date the well pumper turned on the pumping unit for a pumping oil well or the date the well valve was turned on for a flowing oil well, to permit production into permanent production facilities. This date occurs after the well is officially completed, when normally the well is turned over from the completion foreman to the well pumper, and in either case (flowing or pumping well) is verifiable by pumper gage sheet.

2. For a gas well - the first date that gas is produced through a sales meter measuring production into a gas purchaser or gas transporter's pipeline. This date is verifiable by the gas purchaser.

Questions concerning any of the above legislative actions or current policies and procedures can be directed to:

Kansas Department of Revenue  
Division of Taxation  
Mineral Tax Bureau  
Topeka, KS 66625

(913) 296-7713

**Date Composed: 10/06/1997 Date Modified: 10/09/2001**