

Notice

Notice Number:
Tax Type: Mineral Severance Tax
Brief Description: Crude Oil Exemptions
Keywords:
Effective Date: 05/01/1996
Does this document represent current KDOR policy?
Expiration Date: 04/30/1997

Body:

SPECIAL NOTICE

TO: Kansas Oil Producers and Purchasers

FROM: John LaFaver
Secretary of Revenue

DATE: April 15, 1996

RE: May, 1996 through April, 1997, 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 K.S.A. 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 K.S.A. 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

Report Period Cost Barrels Average Price

1995 Jul	\$52,138	3,483	\$14.97
Aug	\$56,636	3,603	\$15.72
Sep	\$53,722	3,356	\$16.01
Oct	\$53,430	3,504	\$15.25
Nov	\$54,576	3,448	\$15.83
Dec	<u>\$57,448</u>	<u>3,346</u>	<u>\$17.17</u>

Total \$327,950 20,740 \$15.81 (Weighted)

Note: December is final this year.

The average oil price to be used to determine oil exemptions for the fiscal period of May 1, 1996 through April 30, 1997 is \$15.81 per barrel.

Based on the current law, this price is more than \$10.00 and less than \$16.00 so the new exemption amounts to apply for this period are the same as for last year:

West Greater Production
Than 2000 Feet Exempt If
Low Production Six (6) barrels or less
Water Flood Seven (7) barrels or less

Please direct any questions you may have to Minerals Tax; 3rd Floor; Docking State Office Building; Topeka, KS 66625-0001.
Telephone Number: 913-296-7713.

Date Composed: 10/07/1997 Date Modified: 10/10/2001

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