

OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

PHONE (405) 521-3133
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February 16, 2000

Re: Our File No. LR-01-03 (Gross Production) Lease Registration.

Dear

This letter is in response to your inquiry as to whether certain wells to be drilled and completed in _____ County Oklahoma require separate meters and production unit numbers for the reporting and payment of gross production tax.

Oklahoma Statutes require each operator who drills and completes a new well in this state to register such well and associated lease information with the Oklahoma Tax Commission wherein such lease would be assigned a production number. For gross production tax purposes, the term lease is defined as a well or multiple wells having identical royalty and working interest and payout.

If the wells which you reference in your letter meet the common interest and payout criteria, a single production unit number may be assigned wherein the first purchaser would be allowed to report the gross production tax based on the production measured at the central lease meter.

Upon the drilling and completion of each well the operator shall file an OTC form 320-A providing the total lease information and explain in the comments area that said well is to be added to the existing lease. In the event there should be a change in the ownership of any well on said lease the operator shall file the appropriate forms to assign a separate production unit number.

If you should have any questions or need additional information you may contact me at 405-521-3133.

This response applies only to the circumstances set out in your request of January 12,2001. Pursuant to Commission Rule 710:1-3-73(e), this Letter Ruling may be generally relied upon only by the entity to whom it is issued, assuming that all pertinent facts have been accurately and completely stated, and that there has been no change in applicable law.

Sincerely,

Mark J. Hendrix
Tax Policy Analyst