

DRAFT

August 22, 2002

Re: Our file number LR02-149; Income Tax; Withholding on Royalty Income of a Non-resident.

Dear

Your request for a ruling concerning income tax withholding on overriding royalties has been forwarded to me for a response.

Under Title 68^{O.S.} Section 2385.26, operators are required to withhold Oklahoma income tax on royalties paid to non-resident entities on royalties from Oklahoma source production. Please see enclosed a letter of July 5, 2001 reaffirming the Oklahoma Tax Commission's position that withholding is required under Title 68^{O.S.} Section 2385.26 on overriding royalties.

If I can be of any additional assistance, please feel free to call me at (405) 521-3133.

Sincerely,

FOR THE OKLAHOMA TAX COMMISSION

Michael C. Kaufmann
Tax Policy Analyst