

# OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION  
TONY MASTIN, DIRECTOR

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June 15, 2004

Our File No. LR-04-110, (Ad Valorem Tax) Incidence of tax on certain equipment.

Dear

This letter is in response to your request for certain guidelines regarding equipment associated with the production of oil and gas in Oklahoma that would be exempt from ad valorem taxation.

As referenced in your letter, the levy of gross production tax upon the production of oil and gas in Oklahoma is in-lieu of ad valorem tax as provided for in 68 O.S. Section 1001 and 1001.1. The statutes state in part that **“The Oklahoma Tax Commission shall adopt rules and regulations which establish guidelines for the determination of property exempt from Ad valorem taxation”**. Attached is a copy of such rules promulgated under Subchapter 8, with an effective date of June 25, 2004.

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 March 23, 2004. 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