

OKLAHOMA TAX COMMISSION

TAX POLICY DIVISION
DAWN CASH, DIRECTOR

PHONE (405) 521-3133
FACSIMILE (405) 522-0063



January 21, 2008

Re: LR-07-198, (Sales Tax) Exemption on the sale of electricity used on certain oil and gas producing projects.

Dear

This letter is in response to your inquiry regarding the sales tax exemption on the sale of electricity used on certified reservoir dewatering projects and enhanced recovery units.

Your request pertains to the interpretation of the statute and rule as applied to the certification of such projects by the Oklahoma Corporation Commission. The certification process is the initial phase of qualifying for the sales tax exemption. Upon meeting the statutory criteria and being certified, application is then filed with the Tax Commission wherein the exemption is formerly authorized.

The Tax Commission's role in the administration of the sales tax exemption does not involve the certification process and therefore recommends that Citation file a ruling request to the Corporation Commission as they are the certifying authority.

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 November 20, 2007. 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 Hendrix
Tax Policy Analyst