



K A N S A S

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE  
DIVISION OF TAXATION

KATHLEEN SEBELIUS, GOVERNOR

To: Kansas Oil/Gas Producers and Purchasers

From: Joan Wagnon  
Secretary of Revenue

Date: December 14, 2006

Subject: Increase in the Oil and Gas Conservation Fees

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The Kansas Corporation Commission amended K.A.R. 82-3-206 and K.A.R. 82-3-307 increasing the conservation assessment on both oil and gas production. Effective December 22, 2006 the oil assessment increases to 91.00 mills per barrel and the gas assessment increases to 12.90 mills per 1000 cubic feet or 1 mcf.

Please note that the beginning date for the Fee increase is December 22, 2006. This means that your company will have two distinct rates to use for reporting purposes for the month of December, i.e., the current rate for December 1 – 21, 2006 and the new rate for December 22 – 31, 2006. If there are purchases made in both time frames, total into a one line entry, as you are doing now on the Monthly Oil and Monthly Gas reports. Your office should maintain back up information to justify the amounts shown.

**Example:**

Gas Well #1 had a total gross volume of 350. Of that amount 248 mcf's was for December 1 – 21, 2006 and 102 mcf's for December 22– 31, 2006. The conservation fee would be 248 times .00913 or \$2.26 plus 102 times .0129 or \$1.32, totaling \$3.58.

Oil Well #1 has a total gross volume of 425. Of that amount 301.61 barrels was for December 1 – 21, 2006 and 123.39 for December 22 – 31, 2006. The conservation fee would be equal to 301.61 times .0547 or \$16.50 plus 123.39 times .091 or \$11.23, totaling \$27.73.

The new rate will be applied to December 2006, oil and gas production. The payment due date for December 2006 production is on or before February 20, 2007. The procedure for paying the fee has not changed. Those producers and/or purchasers who currently remit the fee and the severance tax will continue using the same payment method. The severance tax rate has not changed.

If you have any questions regarding calculating or remitting the fee, please contact the Mineral Tax Section at (785) 368-8222. Select the business tax option and then the motor fuel/mineral tax option.

If you have questions regarding the conservation fee increase, please contact the Kansas Corporation Commission at (316) 337-6200.