

Texas Crude Oil Lease Tax Exemption Application

a. Texas 11 digit taxpayer number

You have certain rights under Chapters 552 and 559, Government Code, to review, request and correct information we have on file about you. Contact us at the address or phone numbers listed on this form.

c. Operator name, contact person and mailing address *(Type or print)*

Complete this form and mail to:
Comptroller of Public Accounts
111 E. 17th St.
Austin, TX 78774-0100

If you have any questions about this form,
 please call 800-531-5441, Ext. 3-4455,
 or 512-463-4455

See instructions on reverse side.

Type of Lease Exemption

d. Check one Enhanced oil recovery project Enhanced oil recovery project using anthropogenic carbon dioxide Qualifying low-producing oil lease Two-year inactive well

Texas Railroad Commission (RRC) Lease Information

e. Name of lease		f. County name		Comptroller's county code	g. Date of first production or start date for low producing oil lease
h. RRC district number	i. RRC lease number	j. API number		k. Well completion date (mm/dd/yyyy)	l. RRC certification date of two-year inactive well (mm/dd/yyyy)

Enhanced Oil Recovery Project

m. Type of project <i>(Check one)</i> <input type="checkbox"/> 2 Secondary <input type="checkbox"/> 3 Tertiary	n. H-12 approval date indicated on RRC certification letter (mm/dd/yyyy)	o. H-13 action date indicated on RRC certification letter (mm/dd/yyyy)
p. Approved certification date indicated on RRC certification letter (mm/dd/yyyy)		q. RRC project number

Enhanced Oil Recovery Project Using Anthropogenic Carbon Dioxide (CO2)

r. Date of supplemental RRC certification letter stating an additional tax rate reduction applies for EOR Project using anthropogenic CO2 (mm/dd/yyyy)	s. Percentage of additional tax rate reduction indicated on RRC certification letter _____ %	t. If applicable, date of certification letter from Texas Commission on Environmental Quality stating CO2 is to be sequestered in a geological formation other than an oil or natural gas reservoir (mm/dd/yyyy)
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Qualifying Low-Producing Oil Leases

If your production qualifies as less than 5% of recoverable oil per barrel of produced water, enclose a \$100 filing fee with this application.

u. Type of production *(Check one)*
 Less than 15 barrels of oil per day Less than 5% of recoverable oil per barrel of produced water

v. Enter the three-months that were prior to the beginning date of exemption
 1) _____ 2) _____ 3) _____

w. Sum of lease production during the initial three-month period

x. Sum of the number of "well days," where a "well day" means one well producing for one day


Declaration

I declare that the information in this document is true and correct to the best of my knowledge and belief.

Name and title of authorized individual *(Please type or print)* Daytime phone *(Area code and number)*

Are you an authorized representative, consultant, or third party? YES NO *(If yes, attach a signed Limited Power of Attorney to this form.)*

Email address

Signature  Date (mm/dd/yyyy)

General Information

Who Files: Form AP-216 must be filed by taxpayers seeking a tax incentive for:

- leases certified by the Texas Railroad Commission (RRC) for oil produced from a new or existing enhanced oil recovery project and enhanced oil recovery project using anthropogenic carbon dioxide (CO₂);
- qualifying low-producing oil produced from oil wells; or
- two-year inactive wells.

Duration of Tax Incentives and Rates:

- **Enhanced oil recovery projects:** The reduced tax rate is 2.3 percent of the production's market value (one-half of the standard 4.6 percent tax rate). The approved tax exemption is applicable for 10 years after the RRC's certification of positive production response.
- **Expansion of an existing enhanced oil recovery project:** The 2.3 percent tax rate applies only to the portion related to the incremental increase in production after the RRC's certification of positive response. The portion related to the corresponding baseline production is not eligible for the tax exemption. The approved tax exemption is applicable for 10 years after the RRC's certification of positive production response.
- **Qualifying low-producing oil leases:** The net taxable value is reduced by the percentage rate posted on the Comptroller's web page for each reporting month. The percentage rates are based upon the average taxable oil price for the reporting month and are posted at www.comptroller.texas.gov/taxes/natural-gas/low-producing-wells.php.
- **Two-year inactive oil wells:** The approved well is 100% tax-exempt. Oil sold after the RRC's certification date is eligible for the tax exemption for five years.

When to File Tax Reports: To recoup credits for previously paid tax on all approved exemption, amended reports must be filed:

- within four years from the due date of a production period;
- for enhanced oil recovery projects, no later than the first anniversary after RRC certifies that a positive production response has occurred; and
- for enhanced oil recovery projects using anthropogenic carbon dioxide, one or more of the producers of the oil must apply to the Comptroller's office, no later than the first anniversary of the date the oil is produced.

What is Needed: Additional documentation is required to be submitted with Form AP-216, as shown below.

Administrative Rules for Crude Oil: Detailed information regarding rules for crude oil is available on the Comptroller's website at www.comptroller.texas.gov/taxes/crude-oil/. Click on the link labeled "Crude Oil Production Tax Rules."

Type of Tax Incentive for a Lease	Type of Documentation Needed
Enhanced Oil Recovery Project (See Rule 3.37.)	Copy of RRC certification letter indicating certification date, H-12 approval date and H-13 action date
Enhanced Oil Recovery Project Using Anthropogenic Carbon Dioxide (See Rule 3.37.)	1. Copy of RRC certification letter indicating certification date, H-12 approval date, H-13 action date; and 2. Copy of supplemental RRC certification letter indicating the additional tax rate reduction
Qualifying Low-Producing Oil Lease Produced (See Rule 3.39.)	1. Copy of the monthly production report made to RRC for the lease for the three-month period prior to the beginning date of the tax credits; and 2. List of producing wells on the lease and supporting documentation to show the number of days each well was producing each month during the three-month period. Instructions and examples for reporting low-producing oil leases are available online at www.comptroller.texas.gov/taxes/natural-gas/low-producing-wells.php . 3. A Statement as to whether taxes have been paid after the effective date of the tax credit and the name of party that paid the tax.
Two-Year Inactive Well (See Rule 3.34)	Copy of RRC certification letter indicating the certification date.

Instructions

Complete Items "a" through "I" for all types of exemptions.

Enhanced Oil Recovery Project

- Item m:** Select the type of recovery method (secondary or tertiary) designated by the Texas Railroad Commission (RRC).
- Item n:** Enter H-12 approval date indicated on RRC certification letter (*mm/dd/yyyy*).
- Item o:** Enter H-13 action date indicated on RRC certification letter (*mm/dd/yyyy*).
- Item p:** Enter approved certification date indicated on RRC certification letter (*mm/dd/yyyy*).
- Item q:** Enter the number of the enhanced oil recovery project designated by RRC.

Enhanced Oil Recovery Project Using Anthropogenic Carbon Dioxide (CO₂)

- Item r:** Enter the date of supplemental RRC certification letter stating an additional tax rate reduction applies (*mm/dd/yyyy*).
- Item s:** Enter the percentage of additional tax rate reduction indicated on the supplemental RRC certification letter.
- Item t:** If applicable, enter date of certification letter from Texas Commission on Environmental Quality stating CO₂ is to be sequestered in a geological formation other than an oil or natural gas reservoir (*mm/dd/yyyy*).

Qualifying Low-Producing Oil Leases

- Item u:** Enter the type of production that occurred during a three-month period. Mark the appropriate box indicating whether your production is less than 5 percent recoverable oil per barrel of produced water or less than 15 barrels per day. **If your production qualifies as less than 5 percent recoverable oil per barrel of produced water, then enclose a \$100 filing fee with this form.**
- Item v:** Enter the three-months that were prior to the beginning date of exemption.
- Item w:** Enter the sum of the lease production during the initial three-month period.
- Item x:** Enter the sum of the number of "well days," where a "well day" means one well producing for one day.