

KANSAS DEPARTMENT OF REVENUE
 DIVISION OF TAX OPERATIONS
MINERAL TAX
 TOPEKA KS 66625-0918
 PHONE: 785-296-7713 FAX: 785-296-4993

INITIAL OIL OR GAS EXEMPTION REQUEST

Application is hereby made to the Director of Taxation to exempt the following lease or well from Kansas Mineral Tax. Application is made with full knowledge of the penalties as prescribed by law. See instructions on back of this form. Return completed form to the address above.

_____ Operator Name _____ Address _____ Address _____ City State Zip Code	OFFICE USE ONLY EXEMPTION STATUS Exemption Approved: ___ Yes ___ No Approved Exemption No.: _____ Effective Date: _____ Termination Date: _____
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LEASE INFORMATION (MANDATORY FOR ALL EXEMPTIONS)	
Reason for Exemption (check only one): ___ Minimum Production ___ Water Flood ___ New Pool ___ Tertiary	
KCC Operator I.D. Number: _____ Operator Phone Number: _____	
If Oil Well, Kansas Oil Lease / Well Number: <u>1</u> _____. If Gas Well, Kansas Gas Lease / Well Number: <u>2</u> _____	
Lease Name: _____ County Name: _____	
Legal description: Sec. _____ Twn. _____ Rng _____ Average Depth of Producing Wells: _____	
Number of Producing wells on Lease (Injection wells are not counted as producing wells): _____	
Name of Producing Formation: _____ Field Name: _____	

COMPLETE IF WATER FLOOD OR MINIMUM PRODUCTION EXEMPTION	
Average Daily Production is _____ BOPD. This is for the most recent six month period beginning _____ and ending _____.	
See back of this form for more detail in calculating average daily production and current exemption levels.	
Do not send this form in if Average Daily Production is above the minimum levels.	
If Water Flood Exemption, is production gauged separately? ___ Yes ___ No	
If Water Flood Exemption, what is the docket number from the LCC Enhanced Recovery Order? _____	

COMPLETE IF NEW POOL EXEMPTION	
What is the Docket Number issued by the KCC? _____	
The New Pool exemption is valid for 2 years from the KCC certified date of first production. KCC certified date is: _____	
Is New Pool production commingled? ___ Yes ___ No If yes, indicate: ___ Downhole ___ In Tank ___ At Meter	

COMPLETE IF INCREMENTAL OR TERTIARY EXEMPTION	
The KCC must certify all enhancement projects prior to exemptions being granted. Incremental Exemptions are granted on a well basis only.	
If Incremental Exemption, what is the certified KCC enhancement project number? _____	
The Incremental Exemption is valid for 7 years form the KCC certified startup date. KCC certified date is: _____	
If Tertiary Exemption, the enhanced recovery permit number is: _____ KCC start date is: _____	

I declare under the penalties of perjury that all the required KCC certifications have been received and this application is true and correct.

Signature of Authorized Officer or Agent	Date	New Pools are required to submit a copy of the KCC Certification letter with this form
	Purchaser Name & I.D. #	
	Attn / Address	
	Address	Print Operator's & Purchaser's address clearly, they will be used as mailing labels.
	City State Zip Code	

OPERATOR & PURCHASER INSTRUCTIONS

OPERATOR

To apply for an exemption renewal, please review the entries on the front of this form and make any necessary corrections. After the Kansas Department of Revenue certifies the renewal, a certified copy will be sent back to you and to the purchaser you have indicated. The certified copy will be your Certificate of Exemption. If you make address corrections, please make sure they are legible. The printed addresses will be used as address labels in window style envelopes.

If the lease has been transferred to a new operator, return the application indicating the new operator name. Please correct any errors on the application. If you have a new purchaser, please update the purchaser information.

Average Daily Oil Production

Average daily oil production is equal to total gross production divided by number of producing well days.

Producing well days, for a single oil well, is equal to the number of days that the well was in production.

Producing well days, on a lease, is equal to the sum of the producing well days for each individual well on the lease. For example, say a lease has 3 wells, A, B, and C. During the 6 month production history period, well "A" produced 30 days, well "B" produced 60 days, and well "C" 180 days. The total number of producing well days is 30, plus 60, plus 180 which equals 270 days.

Write the calculated Average Daily Production in the space provided on the front of this form. If the BOPD is greater than the current minimum exemption levels, do not send in the form because the exemption will be denied.

PURCHASER

If certified, this application informs you that the indicated lease/well is exempt for the period shown. If you are not the 1st purchaser of the lease, please return the form to the Kansas Department of Revenue.

The exemption is non-transferable between operators. Should this lease change operators, this exemption will no longer be valid. A new exemption number for the new operator will be issued for the remaining effective months.