

# Notice

**Notice Number:**  
**Tax Type:** Mineral Severance Tax  
**Brief Description:** New Legislation, Definitions  
**Keywords:**  
**Effective Date:** 07/01/1992

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**Body:**

**NOTICE**

**To:** Oil and Gas Industry Operators/Producers and Purchasers

**From:** Kansas Department of Revenue, Business Tax Bureau, Mineral Tax Section

**Date:** July 1, 1992

**Subject:** Enactment of New Legislation Concerning Mineral Severance Tax

Senate Bill 216 of the 1992 Legislative Session has included a new definition of terms relating to the Kansas Statutes Annotated, Article 42, Mineral Severance Tax.

"Disruption of production" means, in the case of oil, a continuous 24-hour period during which a well is not producing. Circulating and missed production days shall be considered production days if the operator can demonstrate that any lost productions subsequently recovered during a later production day. In the case of gas, a continuous one-hour period during which a well is not open to the pipeline shall be deemed to be a disruption of production. Missed production hours shall be considered production hours if the operator can demonstrate that any lost production is subsequently recovered during later production hours.

It is extremely important for all relevant documentation to be preserved and to be made available for audit in order to substantiate any claims made relating to the above definition or any other Mineral Tax issue. Certain specific items to be retained for review may include, but not be limited to:

For oil - pumper reports, gauger reports, roustabout reports, service billings, and barrel tests.

For gas - gauger reports, service billings, line pressure readings, meter charts, and reports provided by third party meter reading companies.

If the necessary information is not available, the exemption may be denied.

KSA 79-4224 states, "The director shall have the power to require any operator, producer or person purchasing any coal, oil or gas severed from the earth or water to furnish any additional information deemed to be necessary for the purpose of computing the amount of tax, and for such purpose to examine the meter and other charts, books, records and all files of such person, and for such purpose the director shall have the power to issue subpoenas and examine witnesses under oath, and if any witness shall fail to appear at the request of the director, or refuse access to books, records and files, the district court of the proper county, or the judge thereof, on application of the director, shall compel obedience by proceedings for contempt, and in the case of disobedience of the requirements of a subpoena issued from such court or a refusal to testify therein."

Please direct any questions you may have to Mineral Tax Section, 3rd Floor, Docking State Office Building, Topeka, KS 66625-0001 or phone 913-296-7713

**Date Composed:** 10/06/1997 **Date Modified:** 10/10/2001

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