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## NOTICE 18-03

### INCREASE IN OIL AND GAS CONSERVATION FEES (JULY 1, 2018)

The Kansas Corporation Commission recently amended K.A.R. 82-3-206 and K.A.R. 82-3-307 increasing the conservation assessment on both oil and gas production. Prior to the change, the oil assessment was 91.00 mills per barrel (.091). Effective June 15, 2018 the oil assessment increases to 144.00 mills per barrel (.144). Prior to the change the gas assessment was 12.9 mills per 1000 cubic feet (.0129). Effective June 15, 2018, the gas assessment increases to 20.50 mills per 1,000 cubic feet or 1 mcf (.0205).

Please note that the beginning date for the fee increase is June 15, 2018. This means a person or entity filing a report will have two distinct rates to use for reporting purposes for the month of June, i.e., the current rate for June 1-14, 2018 and the new rate for June 15-30, 2018. If there are purchases made in both time frames they should be totaled into a one-line entry, as is now being done on Monthly Oil and Monthly Gas reports. A person or entity filing a report should maintain supporting documentation to justify the amounts shown.

#### **Example:**

Oil well #1 had a total gross volume of 425 barrels. Of that amount 301.61 barrels was for June 1-14, 2018 and 123.39 for June 15-30, 2018. The conservation fee would be equal to 301.61 times .091 or \$27.45, plus 123.39 times .144 or \$17.77, totaling \$45.22.

Gas well #1 has a total gross volume of 350 mcf. Of that amount 248 mcf's was for June 1-14, 2018 and 102 mcf's for June 15-30, 2018. The conservation fee would be 248 times .0129 or \$3.20, plus 102 times .0205 or \$2.10, totaling \$5.30.

The new rate will apply to oil and gas production occurring on and after June 15, 2018. The payment due date for June production is on or before August 20, 2018. 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 mineral tax option.

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

## **Taxpayer Assistance**

Additional copies of this notice, forms or publications are available from our web site, [www.ksrevenue.org](http://www.ksrevenue.org). If you have questions about this Notice, please contact:

Taxpayer Assistance Center  
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