



State of Utah

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2015 ANNUAL PROPERTY TAX RETURN FOR MINING PROPERTIES INSTRUCTIONS FOR OIL AND GAS PROPERTIES

Section 59-2-207 (1) (a) of the Utah Code states the following: “A person, or an officer or agent of that person, owning or operating property described in Subsection (1)(b) shall file with the commission, on a form prescribed by the commission, a sworn statement on or before **March 1** of each year: (i) showing in detail all real property and tangible personal property located in the state that the person owns or operates; and (ii) containing any other information the commission requires.”

Returns for Assessment (Property Tax Returns or “Annual Returns”) that are received incomplete will be considered as not timely filed and subject to a penalty. For failure to furnish the statement as required, or other information necessary to determine assessed valuation, the statute noted above provides for a penalty of 10% of the estimated tax due but not less than \$100.

The 2015 *Annual Return* is made up of eleven (11) Sections: Some sections may not apply to your company. Underlined forms must be returned, all other reports are returned only if corrections are made to the information on the report.

1. Annual Return form (Taxpayer Statement)
2. Detail By Tax Area report
3. Land Valuation report
4. Improvement Valuation report (If applicable)
5. Personal Property Valuation report
6. Additions / Deletions of Land Parcels form
7. Additions / Deletions of Personal Property form
8. Additions / Deletions of Improvements form
9. Oil and Gas Questionnaire (Separate instructions included)
10. Leased Personal Property & Improvements form
11. Construction Work in Progress CWIP Detail form

The sections of the *Annual Return* that apply to your company must be reviewed, completed and returned to the Property Tax Division. Information can be furnished using the forms provided or may be submitted on a form prepared by the company as long as the necessary data is included and is presented in an understandable format. If there are no corrections made on the Detail by Tax Area report, Land Valuation report, Improvement Valuation report or Personal Property Valuation report, they need not be returned.

Notice: A *Power of Attorney and Declaration of Representative* form must be filled out and returned to the Property Tax Division if the Division is to send the annual return to anyone other than the taxpayer or employee of the taxpayer. Furthermore, the Property Tax Division requires this form to allow discussion of return information with anyone other than the taxpayer or employee of the taxpayer. This form must be signed by an authorized taxpayer representative and notarized to be accepted. This authorization is effective until revoked in writing by the taxpayer. The *Power of Attorney and Declaration of Representative* form and instructions are available online at <http://propertytax.utah.gov/centrally-assessed-properties/natural-resources-annual-reports>

1. Annual Return form (Taxpayer Statement):

This statement **must be signed** by a person who is authorized to file such a return and returned to the Tax Commission. Please make any necessary corrections to company name, contact person, address, telephone number and e-mail address.

2. Detail By Tax Area report:

Review this report and make any corrections as necessary. If no corrections are made, do not return the Detail by Tax Area report.

3. Land Valuation report:

Review this report to ensure that it contains the correct information (e.g. acres, legal description) for land that is a part of your operations. Additions and/or deletions should be detailed on the Additions / Deletions of Land Parcels form. If no corrections are made, do not return the Land Valuation report.

4. Improvement Valuation report:

Instructions are the same as those for the Personal Property Valuation report (listed below). If your company has not had any improvements in prior years, you will not receive this report.

5. Personal Property Valuation report:

This is a detailed list of all personal property by “State Property Number”. Review this information and make corrections to “Make”, “Model”, “Description”, “Serial Number”, “Equipment Number”, “Purchase Year”, and “Cost”. Additions and/or deletions should be detailed on the Additions / Deletions of Personal Property & Improvements form. If no corrections are made, do not return the Personal Property Valuation Report.

6. Additions / Deletions of Land Parcels form:

Include all owned and leased land additions and deletions. Also include any existing land parcels utilized in your mining operation that are not included in the Land Valuation report. Include the location description for all parcel additions and deletions. If adding a new land parcel that is leased from another party, indicate on the form the name and contact information of the lessor (e.g. Bureau of Land Management, John Doe, etc). This will help ensure that taxes will be assessed to the correct party.

7 and 8. Additions / Deletions of Personal Property & Improvements forms:

Include all personal property and improvements additions and deletions including any new or existing properties not included in the report. List all licensed vehicles utilized in the mining operation. Please provide requested data in each column of the form. Acquisition cost must include purchase price, transportation cost, installation cost and sales tax. Also include the value of materials and supplies as a line item on the form. If equipment is moved from one property to another it should be reported here also. If you do not have any additions or deletions of personal property or improvements, write N/A on the form and include it with your return.

Include all capital repairs to existing equipment (i.e., rebuilds, refurbishments, etc). Identify the equipment as listed on the Return for Assessment Improvement Valuation and Personal Property Valuation forms. Include Serial Numbers and /or Equipment Numbers and the total cost of the repairs. Only include costs that are capitalized to the property, plant and equipment accounts.

9. Oil and Gas Questionnaire (separate instructions included)

10. Leased Personal Property & Improvements form:

List all of these leased assets utilized in your mining operation on the form provided. The Property Tax Division reports these items to the county assessor to be locally assessed to the lessor. Please provide requested data in each column of the form. If you do not have any of these leased assets please write N/A on the form and include it with your return.

11. Construction Work in Progress CWIP Detail form:

Major construction projects (compressor stations, processing plants, etc) that are partially complete on January 1 must be reported on the Construction Work In Progress CWIP Detail form at account balance (expended cost) as of January 1. Only include costs that are to be capitalized to property, plant, and equipment accounts. Only include amounts that are for expansion and not merely for existing plant replacement. An estimate of the completion date of the project is also needed. If you have no CWIP as of January 1, mark "N/A" on the form and include it with your return.

If we can be of assistance in preparing your return, please contact:

Kesia H. Waters at (801) 297-3620
Susan D. Bowman at (801) 297-3616
Michael Healy at (801) 297-3627
Beverly Wisner at (801) 297-3650

Please submit your return by e-mail to the Property Tax Division at natres-proptax@utah.gov

UTAH STATE TAX COMMISSION
PROPERTY TAX DIVISION
2015 OIL AND GAS GATHERING AND PROCESSING PLANTS
INCOME QUESTIONNAIRE INSTRUCTIONS

The instruction numbers below correspond with item numbers on the Questionnaire form. Complete only the areas, which are applicable and leave all other areas blank. No deductions are allowed for state and federal income taxes, property taxes, depreciation, depletion, interest expense, royalties or exploration costs. Listing an estimate of the 2015 operating costs is optional. If you leave this area blank, our office will estimate a future expense forecast based on your 2014 operating costs. Submit a copy of operating expense reports or lease operating statements if they are available. All information furnished is subject to audit by the Property Tax Division. The Gathering Questionnaire form is also available at:

<http://propertytax.utah.gov/centrally-assessed-properties/natural-resources-annual-reports/return-documents>

GENERAL INFORMATION

GROSS REVENUE

(lines 1-5) Enter details in schedule 1: Totals from schedule 1 are entered in column (c).

GROSS VOLUME

(lines 7-11) Enter details in schedule 2: Totals from schedule 2 are entered in column (c).

ALLOWABLE EXPENSES

(lines 13-29 on summary) Attach a copy of an Operating Statement or Operating Expense Report. If these reports are not available, detail the costs on a separate schedule. Examples of allowable costs include:

SALARIES AND WAGES: Only the portion of management salaries and employee wage that pertains to the mining operation can be used as an allowable cost (As reported on IRS W-2 wage and tax statements).

PAYROLL TAXES AND EMPLOYEE BENEFITS: Include any fringe benefits and taxes associated with allowable labor costs.

WORKERS COMPENSATION INSURANCE: The amount paid for Workers Compensation Insurance, or in lieu of that compensation insurance. (The actual amount of compensation for injured employees, and the compensation paid to the dependents of employees, required to be paid under the Worker's Compensation Law of Utah.)

MANAGEMENT SALARIES: Only that portion of labor and management personnel salaries that pertain to the operation can be used as allowable costs. (As reported on IRS W-2 Wage and Tax statements.)

GENERAL INSURANCE: General insurance policy premiums paid are allowed. Do not include self-insurance amounts, which may be listed on company records.

SALES AND USE TAXES: Actual sales tax paid, if included in reported income.

SUPPLIES AND TOOLS: The costs of supplies and tools used in the operation are allowed.

UTILITIES: Cost of utilities paid, directly pertaining to the operation.

MAINTENANCE AND REPAIRS: Normal maintenance and minor repairs should be entered here. Major one-time repairs should be listed as capital costs in the capital repairs and replacement section.

OFFICE AND ACCOUNTING: The portion of the office and accounting expenses pertaining to operations are allowed. Corporate overhead is not allowed.

LEGAL FEES: Legal fees associated with operations are allowed.

EXEMPT ROYALTIES: (from schedule 24)

FUEL: Costs of fuel utilized in the mining operation are allowed. Do not include fuel that is part of Line 19 (Transportation).

TRANSPORTATION: Transportation costs are allowed to the point of sale or self-consumption. Match related income and expenses.

ENVIRONMENTAL CLEANUP (actual or accrued): Actual or accrued costs for environmental cleanup.

RECLAMATION AND REMEDIATION: Costs to reclaim and remediate the property.

MISCELLANEOUS: (from schedule 29) Any cost allowed by the Utah State Tax Commission not listed above are allowed as a deduction. If you list miscellaneous costs, you must attach a schedule of those costs or they may not be allowed as a deduction.

SCHEDULE 1: REVENUES (lines 1-15)

- (a) Revenue Source: Enter name of source.
- (b) Gathering Revenue: Enter total revenue.
- (c) Processing Revenue: Enter total revenue.
- (d) Compression Revenue: Enter total revenue.
- (e) Marketing revenue: Enter Total revenue.
- (f) Other Revenue: Enter total revenue (including taken in kind).

SCHEDULE 2: VOLUMES (lines 17-31)

- (a) Volume Source: Enter name of source.
- (b) Gathering Volume: Enter total volume.
- (c) Processing Volume: Enter total volume.
- (d) Compression Volume: Enter total volume.
- (e) Marketing Volume: Enter total volume.
- (f) Shrinkage: Enter total amount.

SCHEDULE 5: OTHER INCOME (lines 1-5)

Enter Royalty Payor and address in column (a) the Payor's phone number in column (b) with the amount received in column (c).

SCHEDULE 24: EXEMPT ROYALTY OWNERSHIP INTEREST (lines 7-11)

Enter Royalty Payee and address in column (a) the Payee's phone number in column (b) with the amount paid in column (c).

SCHEDULE 29: MISCELLANEOUS COSTS (lines 13-17)

Any costs allowed by the Utah State Tax Commission not listed above are allowed as a deduction.

DEDUCTIBLES (lines 19-23) List licensed motor vehicles only.

(The value of licensed vehicles registered with the Utah State Tax Commission and utilized primarily in your operations will be deducted from the income valuation. Please submit a schedule with vehicle make, model, vehicle identification number, year of acquisition and your original cost.)

DEDUCTIBLES (lines 24-26) All other pre-taxed items.

CAPITAL REPAIRS & REPLACEMENTS (lines 1-20)

The capital repairs and replacements section should include only costs associated with replacement of existing assets. Costs relating to the expansion of your operations are not allowed.

(Attach a signed copy of the AFE (Approval for Expenditure) for each approved expenditure.)

ALLOCATION OF ALLOWABLE EXPENSES (lines 2-20)

List company names in column (a) with the allowable expenses in column (b) and the percent of the total expenses in column (c).

ADDITIONAL INFORMATION

Include an explanation of any unique characteristics of this property that would affect market value.

Include a detailed schedule on any information provided in your return that has been allocated.