

Instructions for Completing Form O-2

This application may be filed by the producer, purchaser, or duly authorized representative.

Applying for stripper well status

This application is for the certification of stripper wells for oil severance tax purposes. A stripper well is defined as a well that is incapable of producing an average of more than 10 barrels of oil per producing day.

Wells that have been certified as stripper wells on this application must be reported each month on Form SEV O-3 if the certification number assigned to the well(s) is prefixed with the letter “A.”

Failure to report monthly production and disposition barrels as required on the report Form SEV O-3 could result in denial of the stripper oil severance tax rate of 3.125 percent of value.

Certification of stripper wells

Any stripper wells certified as such are eligible for the stripper oil severance tax rate of 3.125 percent of value. The certification number is prefixed with the letter codes of either “A” or “B”.

Should any wells certified as stripper wells on this application subsequently produce an average of more than 10 barrels of oil per producing day, the stripper tax rate of 3.125 percent of value is NOT applicable for that month.

Any stripper well certified on Form SEV. O-2 that may qualify for the incapable tax rate at a later production month must be certified by the department on a separate Form SEV. O-2 before the incapable rate can be taken. The Department does not allow rate changes between the reduced rates (stripper or incapable) unless the well is properly certified by the department on Form SEV. O-2.

Applying for incapable well status

This application is for the certification of incapable wells for oil severance tax purposes. An incapable well is defined as a well which is incapable of producing an average of more than 25 barrels of oil per producing day and produces 50 percent or more salt water (salt water production must be equal to or greater than oil production). All wells on the lease or property must be incapable or stripper.

Certification of incapable wells

Any incapable wells certified as such are eligible for the incapable oil severance tax rate of 6.25 percent of value. The certification number is prefixed with the letter code of “P”.

Wells that have been certified, as incapable wells, on this application must be reported each month on Form SEV O-3. Failure to report monthly production and disposition barrels as required on the report Form SEV O-3 could result in denial of the incapable oil severance tax rate of 6.25 percent of value.

Should any wells certified as incapable wells on this application subsequently produce an average of more than 25 barrels of oil per producing day or less than

50 percent salt water, the tax on this well and on any other incapable wells on the lease must be paid at the full rate. Any well certified on form SEV. O-2, that may qualify for the stripper tax rate at a later production month, must be certified by the department on separate Form SEV. O-2 before the stripper rate can be taken. We do not allow tax rate changes between the reduced rates (stripper or incapable) unless the well is properly certified by the department on Form SEV. O-2.

Filing Procedures

A separate application is required for each field. The original application will remain on file with the Louisiana Department of Revenue; a copy will be returned to the producer; and a copy will be furnished to the taxpayer immediately after departmental approval. Copies returned to the producer and taxpayer will include a certification code assigned by the Department.

The taxpayer number must be furnished on this application. All data required on this form must be supplied. It is important that all data be furnished and that the codes be accurate.

The stripper or incapable status of a well may not be transferred. A change in ownership of a well requires a new application for stripper or incapable status.

The completed application must be submitted to the Department of Revenue, Severance Tax Section, Special Programs, Post Office Box 66362, Baton Rouge, LA 70896-6362. The due date for filing this application is on or before the twenty-fifth day of the second month following the production month.

Name of reporting company

Name of producer or duly authorized representative submitting the application.

Address of reporting company

Address of producer or duly authorized representative submitting the application.

Company number (5 digits)

Code number assigned to the reporting company by the Louisiana Office of Conservation or the Department of Revenue.

Revenue Account Number

This is your 10-digit Louisiana Tax Number.

Production month

The month and year this production is to be certified for.

Field name

Official name assigned by the Office of Conservation to identify a field. A separate application must be submitted for each field.

Producer and lease name

The producer is defined as that person or company under whose name oil is

reported to the Office of Conservation on their Form OGP. Lease name refers to the official name assigned by the Office of Conservation to identify a lease.

Conservation well number (4 digits)

This is the well number assigned by the Office of Conservation to identify a well on a lease.

Parish, field, producer, lease code, well serial number

Refers to code numbers assigned by the Office of Conservation and reported as such on the Form DM-1-R and the permit to drill.

Opening stock (do not round off)

This is the inventory “prior production” remaining in the tank for each well serial.

Production (do not round off)

This is the total production from this well for the given taxable period.

Number of producing days

This is the number of days the well produced during the given taxable period.

Daily average production (do not round off)

This is calculated by dividing “production” by “number of producing days.”

Percentage of Salt Water Produced Daily

For incapable well certification include the percentage of salt water produced daily.

Number of wells on lease (3 digits)

Well Definitions

Capable well is a well producing an average of more than 10 barrels of oil per day and less than 50 percent salt water.

Incapable well is a well incapable of producing an average of more than 25 barrels of oil per producing day and which also produces 50 percent or more salt water per day.

Stripper well is a well incapable of producing an average of more than 10 barrels of oil per producing day.

Condensate is not at any time subject to reduced severance tax rates, and is taxable at 12.5 percent of value.

Taxpayer Number

Company responsible for remitting the severance tax on this production.