



**Instructions for Completing Form 9020
(SEV O-2) Application for Certification
of Stripper/Incapable Wells**

Louisiana Revised Statute 47:633 through 47:647

**For questions about this form,
please contact:**

Louisiana Department of Revenue
Taxpayer Compliance Division
Severance Tax Unit
Phone: (855) 307-3893
Email: Severance.Inquiries@la.gov

This application may be completed by the producer, purchaser, or duly authorized representative. Form SEV. O-2 must be submitted to the Louisiana Department of Revenue (LDR) electronically using LaTAP at www.revenue.louisiana.gov/latap.

Applying for Stripper and Incapable Well Status

This application is for the certification of stripper wells and incapable 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. 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.

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 LDR on a separate Form SEV. O-2 before the incapable rate can be taken. LDR does not allow rate changes between the reduced rates (stripper or incapable) unless the well is properly certified on Form SEV. O-2.

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 LDR on a separate Form SEV. O-2 before the stripper rate can be taken. LDR does not allow tax rate changes between the reduced rates (stripper or incapable) unless the well is properly certified 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 (LDR). 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 are 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 due date for filing this application is on or before the twenty-fifth day of the second month following the production month.

Taxpayer Name

Name of producer or duly authorized representative submitting the application.

Tax ID

This is your 10-digit Louisiana Tax Number.

Severance Account Number

Enter your producer code or transporter code (that may be up to six digits) assigned by the Louisiana Office of Conservation or reporting company number assigned by the Louisiana Department of Revenue (LDR) to taxpayers who are not producers or transporters. For 4 and 5 digit numbers, pad with a leading zero(s).

Production Month

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

Conservation Well Serial Number

Code (that may be up to six digits) assigned by the Louisiana Office of Conservation to identify a well on a lease.

Parish - Parish where production occurred.

Field - The 4-digit code assigned by the Louisiana Office of Conservation.

Producer - Code assigned by the Louisiana Office of Conservation that may be up to six digits. For 4 and 5-digit codes, pad with a leading zero(s).

Lease Code - The 6-digit code assigned by the Louisiana Office of Conservation.

Opening Stock (do not round)

This is the inventory "prior production" remaining in the tank for each well serial number.

Production (do not round)

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)

This is calculated by dividing "production" by "number of producing days."

Percentage of Salt Water Produced Daily

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

Number of Wells on Reporting Lease

Total number of capable wells on lease and total number of stripper or incapable wells on lease.

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

Producer code or transporter code (that may be up to six digits) assigned by the Louisiana Office of Conservation or reporting company number assigned by LDR to taxpayers who are not producers or transporters. For 4 and 5-digit numbers, pad with a leading zero(s).