

**BEFORE THE BOARD OF TAX APPEALS
STATE OF KANSAS**

IN THE MATTER OF THE APPLICATION
OF WOOLSEY OPERATING COMPANY,
L.L.C. FOR EXEMPTION FROM AD
VALOREM TAXATION IN BARBER
COUNTY, KANSAS

Docket No. 2014-5781-TX

ORDER

Now the above-captioned matter comes on for consideration and decision by the Board of Tax Appeals of the State of Kansas.

The Board finds and concludes as follows:

The Board has jurisdiction of the subject matter and the parties as an application for exemption has been filed pursuant to K.S.A. 2013 Supp. 79-213.

The subject matter of this tax exemption application is described as follows:

Personal property located in Section 31, Township 34 South,
Range 11 West of the Sixth Principal Meridian, Barber County,
Kansas, known as 004-MILLER 1-7 LEASE.

The Applicant requests exemption from ad valorem taxation pursuant to K.S.A. 2013 Supp. 79-201t, which provides an exemption from ad valorem taxes for “[a]ll oil leases, other than royalty interests therein, the average daily production from which is three barrels or less per producing well, or five barrels or less per producing well which has a completion depth of 2,000 feet or more.”

The County recommends the request for exemption from ad valorem taxation be denied. The County does not request a hearing. The County argues that the subject property is actually a gas lease in that it produced more than 15,000 cubic feet of natural gas per barrel of oil produced. The December ratio of 18,530:1 is cited. Per the 2013 Kansas Oil and Gas Guide (the Guide) on page 5, an oil well is defined as:

For ad valorem property tax valuation, an oil well is defined as a well producing, or capable of producing, at a gas-oil ratio less than 15,000 cubic feet of gas per barrel of oil.

Based on the record and considering annual, not monthly, production, the Board finds that the subject property produced 50,665,000 cubic feet of natural gas and 3,503 barrels of oil.

The result ratio is then 14,463:1, which is less than 15,000:1. Thus, the subject property qualifies as an oil lease.

There are two wells on the subject property with an average completion depth of 5,315 feet. As noted above, the annual production of oil on the subject property amounted to 3,503 barrels or 4.8 barrels of oil per day per well. Thus, based on the evidence and despite the County's verified negative recommendation, the Board finds that the production from the Applicant's lease satisfies the conditions enumerated in K.S.A. 2013 Supp. 79-201t(a).

IT IS THEREFORE ORDERED that the application for exemption from ad valorem taxation is granted from January 1, 2013, and each succeeding year, so long as the property continues to be used for exempt purposes. In the event the exempt property ceases to be used for exempt purposes, the Applicant must report that fact to the Barber County Appraiser within 30 days. *See* K.S.A. 79-214.

IT IS FURTHER ORDERED that any refund due and owing the Applicant shall be made pursuant to K.S.A. 2013 Supp. 79-213(k), which limits the refund to the year immediately preceding the year in which the application is filed in accordance with K.S.A. 2013 Supp. 79-213(a).

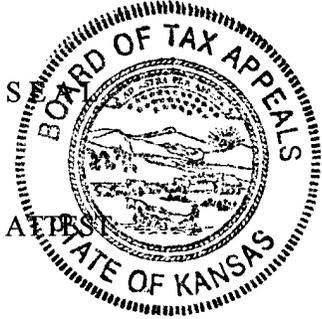
Any party who is aggrieved by this order may file a written petition for reconsideration with this Board as provided in K.S.A. 77-529, and amendments thereto. *See* K.S.A. 74-2426(b), and amendments thereto. The written petition for reconsideration shall set forth specifically and in adequate detail the particular and specific respects in which it is alleged that the Board's order is unlawful, unreasonable, capricious, improper or unfair. Any petition for reconsideration shall be mailed to the Secretary of the Board of Tax Appeals. The written petition must be received by the Board within 15 days of the certification date of this order (allowing an additional three days for mailing pursuant to statute).

Rather than filing a petition for reconsideration, any aggrieved person has the right to appeal this order of the Board by filing a petition with the court of appeals or the district court pursuant to K.S.A. 74-2426(c)(4)(A), and amendments thereto. Any person choosing to petition for judicial review of this order must file the petition with the appropriate court within 30 days from the date of certification of this order. *See* K.S.A. 77-613(b) and (c) and K.S.A. 74-2426(c), and amendments thereto. Pursuant to K.S.A. 77-529(d), and amendments thereto, any party choosing to petition for judicial review of this order is hereby notified that the Secretary of the Board of Tax Appeals is to receive service of a copy of the petition for judicial review. Please note, however, that the Board would not be a party to any judicial review because the Board does not have the capacity or power to sue or be sued. *See* K.S.A. 74-2433(f), and amendments thereto.

The address for the Secretary of the Board of Tax Appeals is Board of Tax Appeals, Eisenhower State Office Building, 700 SW Harrison St., Suite 1022, Topeka, KS 66603. A party filing any petition shall also serve a complete copy of the petition on all other parties.

IT IS SO ORDERED

THE KANSAS BOARD OF TAX APPEALS



Ronald C Mason
RONALD C. MASON, BOARD MEMBER

James D. Cooper
JAMES D. COOPER, BOARD MEMBER

Arlen Siegfried
ARLEN SIEGFREID, MEMBER PRO TEM

Joelene R. Allen
JOELENE R. ALLEN, SECRETARY

CERTIFICATE OF SERVICE

I, Joelene R. Allen, Secretary of the Kansas Board of Tax Appeals, do hereby certify that a true and correct copy of this order in Docket No. 2014-5781-TX, and any attachments thereto, was placed in the U.S. mail, on this 6th day of ~~September~~, 2014, addressed to:
October

Stanley K. Evans, Controller
Woolsey Operating Company, L.L.C.
Suite 1000
125 North Market Street
Wichita, Kansas 67202

Sheri Weeks, Barber County Treasurer
Barber County Courthouse
118 East Washington Street
Medicine Lodge, Kansas 67104

Karen Spencer, Barber County Appraiser
Barber County Courthouse
120 East Washington Street
Medicine Lodge, Kansas 67104

IN TESTIMONY WHEREOF, I have hereunto subscribed my name at Topeka, Kansas.

Joelene R. Allen
Joelene R. Allen, Secretary