

WEST VIRGINIA  
SECRETARY OF STATE

KEN HECHLER

ADMINISTRATIVE LAW DIVISION

Form #4

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OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE

NOTICE OF RULE MODIFICATION OF A PROPOSED RULE

AGENCY: State Tax Division TITLE NUMBER: 110

CITE AUTHORITY W. Va. Code §§ 11-1C-5(a) and 11-1C-10(d)

AMENDMENT TO AN EXISTING RULE: YES  NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: 1J

TITLE OF RULE BEING AMENDED: Valuation of Producing and Reserve Oil  
Natural Gas for Ad Valorem Property Tax Purposes

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: \_\_\_\_\_

TITLE OF RULE BEING PROPOSED: \_\_\_\_\_

THE ABOVE PROPOSED LEGISLATIVE RULE, FOLLOWING REVIEW BY THE LEGISLATIVE RULE  
MAKING REVIEW COMMITTEE IS HEREBY MODIFIED AS A RESULT OF REVIEW AND COMMENT,  
BY THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE. THE ATTACHED MODIFICATIONS ARE  
FILED WITH THE SECRETARY OF STATE.



Richard E. Boyle, Jr.  
State Tax Commissioner

TITLE 110  
LEGISLATIVE RULE  
DEPARTMENT OF TAX AND REVENUE

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SERIES 1J  
APPRAISAL VALUATION OF PRODUCING AND RESERVE OIL AND  
NATURAL GAS FOR PROPERTY PERIODIC STATEWIDE REAPPRAISALS  
FOR AD VALOREM PROPERTY TAX PURPOSES

§ 110-1J-1. General.

1.1 **Scope.** -- ~~These regulations clarify This rule and implement State law as it relates to the appraisal at market value provides the methodology the State Tax Commissioner shall use to determine the appraised value of producing and reserve oil and natural gas properties.~~

1.2 **Authority.** -- W. Va. Code §§ 11-1C-5(a) and (c), 11-1C-5a, and 11-1C-10(d).

1.3 **Filing date.** --

1.4 **Effective date.** -- This rule applies to tax years beginning on or after January 1, 1999.

§ 110-1J-2. Introduction.

Oil and/or natural gas is one of the several estates in real property which may be owned either as a ~~separately interest in real property~~ or in conjunction with other interests, usually as fee ownership, oil and/or natural gas ownership or as minerals ownership estates. If oil and/or natural gas is owned as a separate estate, either absolute, as a leasehold, or in conjunction with other estates, West Virginia property tax law requires such that ownership to be listed, valued and taxed in proportion to its value that is ascertained as directed by law, based on its true and actual value. If the interest in oil and/or natural gas is ~~part of a larger interest in a tract of property owned in conjunction with other estates~~, the value of the oil and/or natural gas shall be included in the value of the larger interest other estate. Oil and/or natural gas may be owned without being produced. Oil and/or natural gas title may exist where no oil and/or natural gas is actually known to be present, or where the oil and/or natural gas is unproducible or depleted.

2.1 **Categories for valuing oil and/or natural gas properties.** -- ~~Parcels of property thought to bearing or having the potential to bear oil and/or natural gas or having the oil and/or natural gas mineral interest separated from the fee of the property will shall be classified categorized as producing property; non-producing property; plugged and abandoned property.~~

2.1.1 producing property (to include home use/industrial on-property consumption); or

2.1.2 non-producing property; or

2.1.3 barren property; or

2.1.4 plugged and/or abandoned property.

### **§ 110-1J-3. Definitions.**

As used in ~~these regulations~~ this rule and unless the context clearly requires a different meaning, the following terms shall have the meaning ascribed herein, ~~and shall apply in the singular or in the plural.~~ in this section.

3.1 **"Bands of investment discount component"** means a discount rate derived by assigning rates to various debt and equity investment financing tiers and summing these rates, weighted by their respective percentages of total financing.

3.2 **"Barren oil and natural gas property"** means those fee and mineral parcels in West Virginia where data suggests that the presence of oil and natural gas is very unlikely.

3.3 **"Capitalization rate"** means a rate used to convert an estimate of income to an estimate of market value. For further explanation, see Section 4.5 of this rule.

3.4 **"Commissioner" or "Tax Commissioner"** means the Tax Commissioner of the State of West Virginia, or his or her delegate.

3.2 5 **"Discount component"** means a rate reflecting a provision for returning to an investor a sum of money equal to the aggregate of the anticipated return-on-investment over the economic life of an investment.

3.3 6 **"Flush production"** means the production of oil and/or natural gas from any well on an ~~producing~~ oil and/or natural gas ~~producing~~ property with an initial production date that is two (2) calendar years or less prior to the July 1st assessment date of valuation. Production beginning after December 31st and prior to the July 1st assessment date must be reported.

3.7 **"Gross receipts"** means total income received from production on any well, at the field line point of sale, during a calendar year before subtraction of any royalties and/or expenses.

3.4 ~~8~~ **"Management rate"** means a rate reflecting a return to an investor for the management of similar investment portfolios.

~~3.5 9 "Market comparison discount" means a discount rate derived by dividing income net of the recapture component and property taxes by the arms-length selling price of the property.~~

3.6 ~~9~~ **"Natural gas producing property"** means the property from which natural gas has been produced or extracted at any time during the most recent assessment year. Natural gas producing property includes the interest or interests underlying an area of up to one hundred twenty-five (125) acres of surface per well for property with active wells on the parcel. ~~Also to be included on All acreage of a natural gas producing property is the parcel acreage in excess of one hundred twenty-five (125) acres per well, to shall be valued at the non-producing rate per acre referenced in Section Subsection 4.9 of these regulations; such rate however not to exceed the average producing rate per acre of the property this rule.~~

3.7 ~~10~~ **"Nonliquidity rate"** means a rate reflecting a return to an investor representing the loss of interest on an investment arising from the time required to sell the investment.

3.8 ~~11~~ **"Oil and/or natural gas, non-producing property"** means ~~properties~~ properties that were not engaged in production during the previous assessment year period of July 1<sup>st</sup> through June 30<sup>th</sup>. This category ~~shall include~~ any acreage that has been shut-in for the entire year. ~~This category shall also include any acreage owned by a company or individual whose primary business involves the production or leasing of any oil or gas properties.~~

3.9 ~~12~~ **"Oil and/or natural gas plugged and abandoned property"** means ~~up to one hundred twenty five (125) acres of surface per well of natural gas or up to forty(40) acres of surface per well of oil producing properties if the well has been property having a plugged and abandoned oil and/or natural gas well(s) as required by W. Va. Code § 22B-4-1 et seq.~~

3.40~~13~~ **"Oil producing property"** means property from which oil has been produced or extracted at any time during the most recent assessment year. Oil producing property includes the interest or interests underlying an area of up to forty (40) acres of surface per well with one (1) or more active well(s) on the parcel. ~~Also to be included on All acreage of an oil producing property is the parcel acreage in excess of forty (40) acres per well, to shall be valued at the non-producing rate per acre referenced in Section 4.9 of these regulations; such rate however not to exceed the producing rate per acre of the property this rule.~~

3.14 "Operating expenses" means only those ordinary expenses which are directly related to the maintenance and production of natural gas and/or oil. These expenses do not include extraordinary expenses, depreciation, ad-valorem taxes, capital expenditures or expenditures relating to vehicles or other tangible personal property not permanently used in the production of natural gas or oil.

~~3.41~~15 "Overriding royalty" means the fractional interest reserved or purchased by a seller of a lease to another party, thereby participating in the gross proceeds of production from the lease while at the same time not incurring operating expenses in the gross production payable to a person who is neither the producer nor the owner of the oil and natural gas estate and who is not required to bear a share of the development or operating costs of the well.

~~3.42~~16 "Personal property" used in oil and/or natural gas production means machinery and equipment in and about the well and all other tangible personal property used in producing oil and/or natural gas production from the well to the fieldline point of sale. It shall not include vehicles or other tangible personal property not permanently used in production.

~~3.43~~17 "Producer/operator" means any person or persons, corporation, partnership, joint venture or other enterprise which proposes to or does locate, drill, produce, manage, or abandon any well.

~~3.44~~18 "Property tax component" means a rate reflecting a provision for returning to an investor a sum of money equal to property taxes paid over the economic life of an investment.

~~3.45~~19 "Recapture component" means a rate reflecting a provision for returning to an investor a sum of money equal to his or her investment.

~~3.46~~20 "Risk rate" means a rate reflecting a return to an investor necessary to attract capital to an investment containing a possible loss of principal and/or interest.

~~3.47~~21 "Royalty interest" means the fractional interest in oil and/or natural gas production that is not subject to development costs or operating expenses and extends undiminished over the life of the property. Typically, it is retained by the oil and/or natural gas rights owner or lessor.

~~3.48~~22 "Safe rate" means a rate reflecting a return to an investor on an investment which has little, if any, likelihood of loss of principal or of loss in anticipated return on investment.

3.19 23 "**Settled production**" means the production of oil and/or natural gas from all wells on a producing property with an initial production date that is more than two (2) calendar years prior to the July 1st assessment date of valuation.

3.20 24 "**Storage wells**" means drilled and completed wells on any property used as a reservoir for the artificial injection, storage and withdrawal of natural gas into gas from a natural reservoir strata. These properties shall be valued as non-producing natural gas property, such value not inclusive of inventories stored therein. Natural gas inventory stored therein shall be valued separately.

3.24 25 "**Summation discount component**" means a discount rate expressed as the aggregate of a safe rate, risk rate, nonliquidity rate, and management rate, adjusted for inflation.

3.26 "**Well**" means any shaft or hole sunk, drilled, bored or dug into the earth or into underground strata for the extraction of oil or gas.

3.22 27 "**Working interest**" means the fractional interest in oil and/or natural gas production subject to development and operating expenses and owned by the leaseholder and/ or operator.

#### § 110-1J-4. Methods of Valuation.

4.1 **General.** -- Oil and/or natural gas producing property value shall be determined through the process of applying a yield capitalization model to the net receipts (gross receipts less royalties paid less operating expenses) for the working interest and a yield capitalization model applied to the gross royalty receipts payments for the royalty interest. Where ownership is split through a lease or royalty arrangement, different values ~~will~~ shall be determined for the working interest and the royalty interest. Each term in this valuation is discussed below.

4.2 **Percentage interest in oil and/or natural gas.** -- Where the ownership of oil and/or natural gas in place is divided through a lease or other arrangement, the compensation to the owner of the property is derived by designating a percentage (generally one-eighth) of the production income to be the royalty payment to the owner. The remainder (generally seven-eighths) is the working interest. The Tax Commissioner ~~will~~ shall annually determine a ~~typical~~ working and royalty percentage interests on a per well or lease basis, through a review of oil and natural gas leases ~~from throughout the State producer/operator annual property tax returns. These percentages shall be determined annually by dividing the total royalty paid by the reported gross income.~~

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~~4.3. Average production rate. Gas The Tax Commissioner shall annually determine and report the production rate of natural gas well through review of information filed with other State agencies and data provided by companies and individuals. Oil The average daily rate, measured in terms of oil field standard forty-two (42) gallon barrels, for the year preceding the annual assessment date, divided by the number of full or partial days of well production. Partial days shall include time allowed for oil to collect between pumpings. Full or partial days shall not include time when well non production results from workover, redrilling, or well maintenance.~~

~~4.4. Average industry market price. Oil The Tax Commissioner shall annually derive the average industry market price by reviewing the price per barrel paid by the major West Virginia crude oil producers. The Tax Commissioner's annual report on the average industry market price shall reflect a reduction for average Federal Windfall Profits Tax and West Virginia Severance Taxes deemed to be paid by the working and royalty interests in the production. The average industry market price shall be used in the method described in the regulations for determination of the formulas to be used to appraise oil production properties.~~

~~Gas The Tax Commissioner shall annually derive and report the average industry market price by reviewing the price paid per MCF by the major West Virginia natural gas purchasers, a survey of oil and gas associations, and other statistical data. The Tax Commissioner's annual report on the average industry market price shall reflect a reduction for average Federal Windfall Profits Tax and West Virginia Severance Taxes deemed to be paid by the working or royalty interests on the production.~~

**4.5 3 Average industry operating expenses.** -- The Tax Commissioner will ~~shall~~ annually biennially determine the average industry operating expenses per well. The average industry operating expenses will ~~shall~~ be deducted from working interest gross receipts in to developing an income stream for application of a yield capitalization procedure.

**4.6 4 Average industry production decline rates.** -- The Tax Commissioner will ~~shall~~ annually every five (5) years derive and report the average industry production decline rates by a review reviewing of well production records of various State agencies and along with data provided by companies and individuals.

**4.7 5 Capitalization rate.** -- A capitalization rate shall be developed considering the three ~~(3)~~ components set out in Section 4.7.1 of these regulations. This rate shall be used to select the factor(s) from a standard mid-year life present worth of one table using a compound interest premise.

~~The A single statewide capitalization rate for oil and natural gas will shall~~ be determined annually by the Tax Commissioner through the use of generally accepted methods for estimating such rates. ~~The rate so developed will shall~~ be applied to based on the assumption of a declining-terminal, non-inflating income series which is indicative of oil and/or natural gas producing properties. The capitalization rate used to value oil and/or natural gas properties will shall be developed through considering consideration of: (1) a discount rate determined by the summation technique, (2) a recapture component, and (3) a property tax component.

#### ~~4.7.1~~ 5.1 **Discount component.**

~~4.7.1.1.a. Summation technique. The summation technique shall be given primary consideration in the valuation of oil and/or natural gas producing property. The summation technique shall determine a discount component which shall be used to calculate the present value of the future income of the oil and/or natural gas producing property utilizing the following four (4) major subcomponents:~~

~~4.7.1.1.a.1. Safe rate~~

~~4.7.1.1.a.2. Risk rate~~

~~4.7.1.1.a.3. Nonliquidity rate~~

~~4.7.1.1.a.4. Management rate~~

The summation technique shall be used in developing a discount component of the capitalization rate. The five subcomponents of the discount rate are:

4.5.1.a Safe rate. -- The "safe rate" will shall reflect a rate of return that an investor could expect on an investment of minimal risk. It shall be developed through review of interest rates offered on thirteen (13) week United States Treasury Bills for a period of one (1) calendar year immediately prior to the appraisal July 1st assessment date. ;

4.5.1.b Risk rate -- The relative degree of risk of an investment in oil and natural gas property is difficult to determine from published interest rates. The risk rate shall be developed through review of data resulting from an annual survey of lending institutions, such A survey reflecting of interest rates required on loans for acquisition and/or development of natural resource producing oil and natural gas properties shall be conducted annually and. This survey shall be conducted for shall cover a one (1) calendar year period immediately prior to the appraisal July 1 assessment date. Results of the survey will shall be compared to quarterly interest rates offered on thirteen (13) week United States Treasury Bills for the same one (1)

calendar year period. An interest differential will then be selected representing the "risk rate" assignable to various financing tiers. The difference between the two, combined with bands-of-investment analysis, shall be used as a basis to estimate the risk rate;

4.5.1.c Nonliquidity rate. -- The "nonliquidity rate" will shall be developed through an annual survey to determine a reasonable estimate of time that oil and natural gas properties, when exposed to the market for sale, remain on the market before being sold. The market time thus determined in this manner will shall be used to identify United States Treasury Bills with similar time differentials in excess of thirteen (13) week Treasury Bills. The interest differential between these securities will shall be deemed used to be representative of the "nonliquidity rate." For example, if it is determined that oil and natural gas property remains on the market for an average of nine months (39 weeks) before being sold, the nonliquidity rate shall be derived by taking the rate on one (1) year Treasury Bills minus the rate on 13-week Treasury Bills;

4.5.1.d Management rate. - The "management rate" represents the cost of managing the investment, not the cost of managing the oil and natural gas property. The management rate will shall be developed through a survey of investment firms to identify annual charges for the management of investment portfolios; ; and

4.7.1.1.b. Bands of investment/market comparison. -- Data permitting, the bands of investment and market comparison techniques will be used to verify the summation discount component.

4.5.1.e Inflation rate (negative). -- Nominal interest rates, including the "safe rate" mentioned in paragraph 4.5.1.a of this subdivision, are higher than real rates by an amount representing expectation of future inflation; however, net annual income from oil and natural gas property is to be estimated assuming level future royalties (no inflation). The capitalization rate shall be a real rate, net of expectation of inflation. The inflation rate shall be estimated through analysis of the most recent calendar year's urban consumer price index as determined by the U.S. Department of Labor, Bureau of Labor Statistics.

4.5.2 In determining the discount component of the capitalization rate, the Tax Commissioner shall deduct the sum of the safe rate, the risk rate, the nonliquidity rate and the management rate from the inflation rate.

4.7 5.3 Property tax component. -- This component will shall be derived estimated by multiplying the assessment rate by the prior tax year's statewide average of tax rates on for Class III property. At the present time, research indicates that royalty rates on oil and natural gas include a component for property tax, with no additional compensation from the producer. As a result, the property tax component shall be used in the capitalization rate; however, if this described general practice changes and

property taxes are paid as additional compensation, the use of this component shall be deleted.

4.5.4 Results of Capitalization Rate Survey -- The survey for development of components referenced in Subdivision 4.5.1 of this rule shall be conducted annually and results filed by the Tax Commissioner in the State Register on or before July 1st of each year. Public comment on the surveys shall be accepted until August 1st of each year with final results filed in the State Register on or before September 1st of each year.

4.8 6 Yield capitalization model. -- A yield capitalization model will shall be developed for each producing property. The model will shall use as a beginning point and include for each producing well, the gross receipts (both working interest and royalty interest) and production amounts from each producing well the most recent calendar year preceding the July 1 assessment date adjusted for production decline to the July 1st assessment date. Gross receipts and production amounts will shall be proportionately reduced by application of the appropriate production decline rate, referenced in Section Subsection 4.6 4 of these regulations this rule, to yield a declining terminal income series typical of the producing area and strata. The income series will shall be apportioned to the working interest and to the royalty interest based upon percentage interests referenced in Section Subsection 4.2 of this rule.

4.6.1 Working interest model. -- The working interest gross receipts income series referenced in Section Subsection 4.8 6 of these regulations this rule will shall be reduced by the annual operating expenses referenced in Section Subsection 4.5 3 of these regulations this rule to yield a net working interest income series. The net working interest income series will shall be discounted by applying, on an annual basis, a mid-year life Inwood coefficient factor reflecting the capitalization rate referenced in Section Subsection 4.7 5 of these regulations this rule. The summation of the annual discounted income streams will shall be the market value estimate for the working interest of the producing oil and/or natural gas well for an area of up to one hundred twenty five (125) acres for producing natural gas wells and up to forty (40) acres for producing oil wells including personal property as defined by Section 3 of this rule.

4.8 6.2 Royalty interest model. -- The royalty interest gross receipts income series referenced in Section Subsection 4.8 6 of these regulations this rule will shall be discounted by applying, on an annual basis, a mid-year life Inwood coefficient factor reflecting the capitalization rate referenced in Section Subsection 4.7 5 of these regulations this rule. The summation of the annual discounted income streams will shall be the market value estimate for the royalty interest of the producing oil and/or natural gas well for an area of up to one hundred twenty-five (125) acres for per producing natural gas wells and up to forty (40) acres for per producing oil wells.

4.6.3 The appraised value of wells utilized for home-use only will be an annual appraisal of \$300.00. The appraised value of wells utilized for industrial purposes only will be based on the actual most recent calendar year preceding the July 1 appraisal date MCF usage times the annual average Appalachian spot price for that calendar year determined by the New York Mercantile Exchange.

4.9 7 Valuation of non-producing acreage. -- The value per acre of non-producing acreage, which includes shut-in wells, shall equal the discounted annual lease payment per acre. A valuation schedule for non-producing properties will shall be determined annually by the Tax Commissioner on a county basis for each district within a county, where data is available. The Tax Commissioner will shall annually conduct a review of oil and/or natural gas agreements transacted at arms length in all fifty-five (55) counties to determine the average annual delay rental lease payment per acre, as well as the and lease term, that oil and gas properties in the county typically command. The per-acre value for non-producing property will shall be the sum of the projected annual income stream from delay rental during the lease term discounted in each year by a capitalization rate. A valuation of \$1.00 per acre shall be used where property is located in those areas of the State where drilling activity/production have not been established and the property is presumed to be barren.

4.40 8 Valuation of plugged and abandoned acreage. -- Plugged and abandoned acreage will shall be valued to the oil or gas owner at the nominal rate of one dollar (\$1.00) per acre. This category includes any plugged and abandoned acreage of up to one hundred twenty-five (125) acres per natural gas well and up to forty (40) acres per oil well.

4.9 Valuation of barren oil and natural gas areas. -- These oil and natural gas areas (fee accounts) shall be valued at \$1.00 per deed acre.

4.44 10 Valuation of wells that produce both oil and natural gas. -- The valuation of these ~~producing wells that produce both oil and natural gas~~ shall be determined by use of the methods described herein for ~~oil and natural gas~~. These values shall then be summed to result in the overall value of the oil and/or natural gas producing acreage.

4.11 Valuation of storage well areas. -- Storage well areas shall be valued as non-producing natural gas property. The value shall not include inventories stored within. Natural gas storage inventories shall be assessed to the inventory owner.

4.12 Annual reports. -- The Tax Commissioner will shall publish an annual ~~report~~ survey for the variables to be considered in arriving at the value of the specific oil and/or natural gas related property. ~~This report's~~ Survey results will shall be filed

~~with the office of the Secretary of State in the State Register on or before May 31st July 1st of each year, followed by a fifteen (15) day period for written public comment. The Tax Commissioner will review the comments and present final variables and multipliers to be used on or before July 1. Public comments shall be accepted until August 1st of each year with the final results filed in the State Register on or before September 1st of each year.~~

**4.13 Active-f Farm properties.** -- The oil and gas rights, that are part of a "fee" estate where the use of the surface has qualified as an active farm for farm use appraisal, ~~will shall~~ be valued in the following manner: (For definition of an active farm see § 110-1R-1 et seq.) as described in the Division's rule, Valuation of Farmland and Structures Situated Thereon For Ad Valorem Property Tax Purposes, 110 C.S.R. 1A.

~~4.13.1. Where income or royalty is not derived from the oil and gas rights the oil and gas interest shall not be valued.~~

~~4.13.2. Where income or royalty is derived from the oil and gas rights the oil and gas interest shall be valued as follows:~~

~~4.13.2.1. Fee estates, where the annual wholesale value of farm commodities or products is fifty percent (50%) or more of the usual annual gross income from all uses of the property, shall be subject to farm use valuation. Thus oil and gas interests shall not be valued under this situation.~~

~~4.13.2.1. Fee estates, where the annual wholesale value of farm commodities or products is less than fifty percent (50%) of the usual annual gross income from all uses of the property, shall be valued by adding the applicable oil and gas values referenced in this rule to the surface farm use value.~~

**4.14 Property reports.** -- Prior to September 1st of each year the producer and oil and gas owner ~~will shall~~ be required to file a report the West Virginia Oil and Gas Producer/Operator Return with the Department of Tax and Revenue State Tax Division with acknowledgement to the county assessors for each in the county(s) countys where the oil and natural gas property is to be assessed located. These reports This Return form ~~will shall~~ be designed by the State Tax Commissioner so that information pertinent to the valuation of such the producing property, non-producing property, and plugged and abandoned property ~~will shall~~ be reported properly by the oil and gas producer, lessee, and owner.

**4.15 Confidentiality** -- All information provided by or on behalf of a natural resources property owner or by or on behalf of an owner of an interest in natural resources property to any state or county representative for use in the valuation or assessment of natural resources property or for use in the development or maintenance

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of a legislatively funded mineral mapping or geologic information system is confidential. The information is exempt from disclosure under the provisions of West Virginia Code § 29B-1-4, and shall be kept, held, and maintained confidential except to the extent the information is needed by the state tax commissioner to defend an appraisal challenged by the owner or lessee of the natural resources property subject to the appraisal; Provided, That this section may not be construed to prohibit publication or release of information generated as part of the minerals mapping or geologic information system, whether in the form of aggregated statistics, maps, articles, reports, professional talks, or otherwise presented in accordance with generally accepted practices and in a manner so as to preclude the identification or determination of information about particular property owners.



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CECIL H. UNDERWOOD  
GOVERNOR

STATE OF WEST VIRGINIA  
DEPARTMENT OF TAX AND REVENUE

OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE  
ROBIN C. CAPEHART  
SECRETARY

TAX DIVISION  
P. O. Box 2389  
Charleston, West Virginia 25328-2389

CONSENT TO FILE RULE

January 23, 1998

To Whom It May Concern:

Title of Rule: Valuation of Producing and Reserve Oil and Natural Gas for  
Ad Valorem Property Tax Purposes

Title Number: 110

Series Number: 1J

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Pursuant to West Virginia Code § 5F-2-2(a), the undersigned hereby  
consents to the filing of the foregoing rule.

Signed this 23rd day of January, 1998.

  
\_\_\_\_\_  
Robin C. Capehart  
Secretary, Tax and Revenue

LD:JM/lr



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OFFICE OF WEST VIRGINIA  
SECRETARY OF STATE

**WEST VIRGINIA LEGISLATURE**  
**Legislative Rule-Making Review Committee**

*State Capitol - Room MB-49*  
*Charleston, West Virginia 25305*  
*(304) 347-4840*

*Senator: Mike Ross, Co-Chairman*  
*Delegate: Mark Hunt, Co-Chairman*  
*Counsel: Debra A. Graham*

*Joseph A. Altizer, Associate Counsel*  
*Rita Pauley, Associate Counsel*  
*Audrey R. Ross, Admin. Assistant*

January 13, 1998

NOTICE OF ACTION TAKEN BY LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

TO: Ken Hechler, Secretary of State, State Register

TO: Jerry Knight  
Department of Tax and Revenue  
Property Tax Division  
1124 Smith Street-Room 211  
Charleston, WV 25301

FROM: Legislative Rule-Making Review Committee

**PROPOSED RULE: Valuation of Producing & Reserve Oil & Natural Gas for Ad Valorem Property Tax Purposes (110CSR1J)**

The Legislative Rule-Making Review Committee recommends that the West Virginia Legislature:

- 1. Authorize the agency to promulgate the Legislative Rule
  - (a) as originally filed
  - (b) as modified by the agency
- 2. Authorize the agency to promulgate part of the Legislative rule; a statement of reasons for such recommendation is attached.
- 3. Authorize the agency to promulgate the Legislative rule with certain amendments; amendments and a statement of reasons for such recommendation is attached.
- 4. Authorize the agency to promulgate the Legislative rule as modified with certain amendments; amendments and a statement of reasons for such recommendation is attached.
- 5. Recommends that the rule be withdrawn; a statement of reasons for such recommendation is attached.

Pursuant to Code 29A-3-11(c), this notice has been filed in the State Register and with the agency proposing the rule.