

## **810-4-1-.15**

### **Distinction between Flowlines, Gathering lines and Pipelines for Assessment of Business Personal Property of the Oil & Gas Industry.**

1. Purpose: To establish guidelines and procedures for reporting and assessing business personal property used in the oil & gas industry.
2. Flowlines: In small oil or gas fields, flowlines typically serve one wellhead. Flowlines carry the fluids or gas from the wellhead to and in-between individual vessels in separation, treating, heating, dehydrating, compression, pumping or other processing equipment generally located at or near the well site. In multiple well fields producers more commonly lay flowlines from individual wells to a central facility to perform future production processes.
3. Gathering lines: Gathering lines can and do perform some of the same functions as flowlines, the principal difference being that flowlines are a network of lines tied to individual wells or equipment which move wellhead fluids or gas to the first point of accumulation of the same lines from like wells or equipment. Gathering lines are tied to the flowlines through an intermediary manifold and are the next segment of the gathering system. If separation, treating, heating, dehydrating, compression, pumping or other processing has not occurred along the flowline before the fluid or gas is gathered, then the gathering lines will transport the fluids or gasses through a processing point such as a central facility. After the oil or gas is processed through the central facility, it must be moved to a point where it can be sold and/or access a common carrier pipeline.
4. Common Carrier Pipeline: A pipeline operated for the purpose of transporting a product from a producer to a user, refiner, purchaser or other owner, usually for a fee or tariff.
5. For the purposes of ad valorem taxation, flowlines and gathering lines owned and controlled by the owner or owners of the wells are to be locally assessed as Class II business personal property in a like manner as other production equipment located at the well.
6. Gathering lines which transport oil or gas of persons other than the owners of the wells for either a fee or tariff shall be considered common carriers and will be centrally assessed by the State Revenue Department as Class I pipeline property.
7. All common carrier pipelines will be assessed by the State Revenue Department as Class I utility pipelines.