



State of Alabama Department of Revenue

(www.revenue.alabama.gov)
50 North Ripley Street
Montgomery, Alabama 36132
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CYNTHIA UNDERWOOD
Assistant Commissioner
LEWIS A. EASTERLY
Secretary

NOTICE

ALL OIL & GAS SEVERANCE TAX FILERS

Revised Oil & Gas Forms

The Department has revised the oil and gas severance tax returns for onshore producers and purchasers. Enclosed you will find a supply of these forms. These returns will be available September 15th on the department's website at www.revenue.alabama.gov/severancetax/ogtax.html. The first return to incorporate these revisions will be due **October 15th for August 2009 production**.

Oil and gas privilege taxes paid on production occurring within the corporate limits or police jurisdiction of a municipality are currently reported on the O&G Supplemental Return and the taxes are designated for that city upon collection. Beginning with August 2009 production, the municipality of severance will be listed on the O&G Production 1 & 2 and the O&G Purchaser 1 & 2. If you currently file an O&G Supplemental Return, it will no longer be required effective with the August 2009 returns due October 15, 2009.

The county as well as any applicable municipality of severance must be listed on the oil and gas return and schedule. A list of the municipalities currently being reported on the O&G Supplements is available upon request. The O&G Production-2 and the O&G Purchaser-2 schedules must show the county and any applicable municipality of severance at the top of each schedule. Only one county or county/municipality may be shown on each page of the schedule. The return schedule templates submitted via CD must have the correct county/municipality listing on each line, with the proper city/county code beside it. Each county and/or county/municipality of severance must also be listed on a separate line of the O&G Production-1 and the O&G Purchaser-1. If a well or unit is located in more than one municipality, the well or unit production volumes, values and taxes must be split evenly between each municipality or in proportion to any preset percentages for that well or unit.

Purchasers remitting tax on behalf of a producer should contact the producer/operator to determine if the wells reported by the purchaser are located within a municipality's limits. The proper well names and permit numbers must also be obtained from the operators and utilized on the new returns. **If you currently have no production within the corporate limits or police jurisdiction of a municipality you must still utilize the new forms.** Companies generating their own computerized forms must revise their forms to match the new returns exactly.

In addition, beginning October 15, 2009 for August 2009 production, all amended returns must be replacement returns for the entire prior return filed. An amendment reversing only one entry or well will no longer be acceptable. A complete replacement return should be filed showing all of the volumes, values and taxes as they should be for all wells. Any additional tax paid or credit taken should be shown in the "Total Amount Remitted" box at the bottom of the return. The amendment box on the front of the return must be checked for all amended returns.

If there are any questions concerning these changes, please contact:

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