

Instructions On Filing The Oil and Gas Offshore Producer's Return

All producers who operate or receive Take In Kind (TIK) allocations from oil or gas wells in the State of Alabama are required to file a monthly producer's return regardless of who has responsibility of remitting the actual severance tax. The volumes and gross proceeds reported should be actual deliveries and not entitlements. Each month's related production and sales should be filed on a separate return. If the purchaser has the responsibility of remitting the taxes the line on the O&G Offshore-1 form titled "TOTAL TAX REMITTED" would be zero.

Corrections should be made on a separate amended return for each production month by replacing the previously filed return with a replacement return and reporting any additional tax due in the "TOTAL TAX REMITTED" box.

The "Amended Return" box must be checked on the O&G Offshore-1 form.

O&G Offshore-1 Form

The O&G Offshore-1 form is a cover sheet for the monthly severance tax return (Forms O&G Offshore-2 and/or O&G Offshore-3). The taxes from the O&G Offshore-2 and O&G Offshore-3 forms are consolidated on this sheet and grouped by county/municipality and tax rate.

FEIN: Federal Employer's Identification Number issued to your company by the Federal Government.

Taxpayer and Mailing Address: Name your company is doing business under in the State of Alabama and the address used by the same.

Contact Person and Telephone: Person to contact and their telephone number regarding questions relating to the tax return.

Production Period - Month/Year: The production period for which the report is being filed.

You must check the appropriate box if any of your information has changed or if you are remitting taxes electronically.

O&G Offshore-2 Form

This schedule is utilized only by producers with wells producing from depths of 8,000 feet or less.

If production occurs within the corporate limits of Dauphin Island, producers should check the Mobile/Dauphin Island checkbox and carry the tax forward to the appropriate line of the O&G Offshore-1 form.

Well/Unit Name: The name of the well or unit as registered with the Alabama State Oil and Gas Board. Note: Unitized fields should be reported as unit volumes versus the individual wells.

Permit Number: The number assigned to the well/unit by the Alabama State Oil and Gas Board.

Product Code: The codes represent the commodity for which your company is selling and remitting severance tax.

100% Production: This is the 100% production applicable to the well. Note: This is not just the producer's interest in the well.

Non-operators: If this data is not available to you, please write in "NON-OP".

Purchaser's Liability Volume: This is the volume the purchaser is responsible for remitting taxes for the producer.

Purchaser's Liability Value: The amount the purchaser paid for the volume he is responsible for remitting taxes on for the producers.

Producer's Liability Volume: The volume for which the producer is liable for remitting taxes.

Producer's Liability Value: The gross value for which the producer is receiving for their product. This value should equate to the purchaser's remittance statement.

Exempt Interest: The percentage amount which is exempt from Severance Tax which has been approved by the State of Alabama, Department of Revenue, Severance & License Section. Approval must be granted prior to deduction being taken.

Other: This represents any other deductions which are not subject to severance taxes.

Producer's Net Taxable Value: This is the Purchased Value less the deductions.

TIK Volume: The volume applicable to other working interest owners who are taking their interest in kind and remitting their own severance taxes. These volumes are actual deliveries, not entitlements, and are listed by producer.

TIK Producer: The name of the producer taking their share of production in kind.

O&G Offshore-3 Form

This schedule is utilized only by producers with wells producing from depths greater than 8,000 feet.

If production occurs within the corporate limits of Dauphin Island, producers should check the Mobile/Dauphin Island checkbox and carry the tax forward to the appropriate line of the O&G Offshore-1 form.

Well/Unit Name: See O&G Offshore-2 section for instructions.

Permit Number: See O&G Offshore-2 section for instructions.

Product Code: See O&G Offshore-2 section for instructions.

100% Production: See O&G Offshore-2 section for instructions.

Purchaser's Liability Volume: This is the volume the purchaser is responsible for remitting taxes for the producer.

Purchaser's Liability Gross Proceeds: The amount the purchaser paid for the volume he is responsible for remitting taxes on for the producers.

Producer's Liability Volume: The volume for which the producer is liable for remitting taxes.

Producer's Liability Gross Proceeds: The sum of the month's market proceeds and non-market proceeds. No adjustments or deductions may be taken from the market or non-market proceeds in computing gross proceeds.

Exempt Interest: The percentage amount which is exempt from Severance Tax which has been approved by the State of Alabama, Department of Revenue, Severance & License Section. Approval must be granted prior to deduction being taken.

Producer's Net Value: This is the gross proceeds less the exempt interest deduction.

TIK Volume: The volume applicable to other working interest owners who are taking their interest in kind and remitting their own severance taxes. These volumes are actual deliveries, not entitlements, and are listed by producer.

TIK Producer: The name of the producer taking their share of production in kind.