

CHAPTER SIX

SEVERANCE TAX

§ 1. Short Title

This chapter is known as the Absentee Shawnee Severance Tax.

§ 2. Definitions

For purposes of this chapter:

(a) “Designated Agent” means the person who has been identified in writing to the Commission as responsible for performing all the obligations of a taxpayer under this Chapter, including all obligations to provide information necessary to permit the accurate computation of the tax under this chapter.

(b) “Oil and Gas Taxable Product” means hydrocarbon oil, gas, casinghead gas, distillate, condensate, liquid hydrocarbons and each of their respective constituent vapors and liquids, including without limitation, helium and carbon dioxide, and all other non-hydrocarbon gas produced in association therewith which may be found in oil and gas deposits or in coal deposits within the lands within the jurisdiction of the Tribe.

(c) “Taxable Product” means oil and gas taxable products, water, timber and other natural resources which may be severed from the lands within the jurisdiction of the Absentee Shawnee Tribe and sold.

(d) “Gross Market Value” means the higher of the contract price paid for the taxable product or the highest price offered for the same type of product in the field within a thirty day (30) period of production and without deduction for production expenses.

(e) “Operator” means and includes a person engaged in the business of oil and gas exploration and who has the exclusive right to explore for and produce oil and gas on a described tract under a lease or unitized pooling order or voluntary pooling agreement.

§ 3. Imposition of Tax

There is hereby levied a severance tax equal to eight percent (8%) of the gross market value of all taxable products produced or severed from the land within the jurisdiction of the Absentee Shawnee Tribe. The tax shall not be levied upon the Indian royalty payment. *Amended 9/11/02 by Resolution LAS-2002-37.*

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§ 4. Due Date of Tax

The taxes imposed by this Chapter shall be due at the time the taxed substances are severed from the land and shall be payable monthly within forty-five days (45) days following the end of the calendar month during which the taxable product was severed.

§ 5. Payment of Tax by Whom

Each taxpayer subject to a tax under this Chapter shall designate, in writing to the Commission, an agent who shall represent and legally bind the taxpayer with respect to all obligations under this Chapter. Taxpayers having interests in the same taxable products from the same lease shall designate the same agent with respect to that taxable product. The designated agent shall be liable for payment of the taxes assessed by this Chapter and shall make payments and file forms pursuant to the terms of this Chapter and the Tax Administration Code.

§ 6. Payment Bonds

(a) Whenever any operator shall habitually fail or refuse to file any required report or pay the tax due on or before the last lawful date for payment, the Tax Commission, upon notice and hearing, may require the operator to post a cash or surety bond to guarantee payment of taxes due.

(b) Such bond may be in the amount determined by the Commission to be sufficient to guarantee timely payment of the taxes imposed by this Chapter provided, that the amount of such bond shall not exceed the total estimated taxes which will be due in the twelve month (12) period immediately following the giving of such bond.

(c) An order of the Commission requiring a bond pursuant to this section may be reviewed by the Tribal Court in the same manner that an assessment of taxes may be reviewed.

§ 7. Incidence of Tax - Forfeiture for Non-Payment

(a) The incidence of the tax herein imposed shall be upon the lessee and his successors in interest, hereinafter referred to as the operator, and the taxes herein imposed shall

be a lien upon the interest of such operator in the lease from which the taxable substances were produced. Such lien may be foreclosed and the interest of the operator may be forfeited and sold as possessory interests may be forfeited and sold for nonpayment of taxes, subject to subsection (b) of this Section when such taxes remain unpaid in excess of sixty days (60) after the due date for filing of the returns required in this Chapter.

(b) At least thirty days (30) prior to commencement of any forfeiture proceedings, the Tax Commission shall serve notice to all persons known from Tribal, Bureau of Indian Affairs, or United States Geological Survey records to be interested in such leasehold of the amount of

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the taxes due and unpaid, the intent of the Tax Commission to institute forfeiture proceedings, and the right of any of such persons to pay the taxes due on behalf of the operator and recover such payment from him by civil suit. Such notice shall be served personally by the Tribal or Bureau of Indian Affairs Police, or by certified United States mail, deliverable to addressee only, return receipt requested, or in any other manner in which a summons may be served. Publication service may be had upon order of the Tribal Court for good cause shown. Publication notice shall be published at least once each full calendar week during the thirty days (30) waiting period in a newspaper in general circulation in Pottawatomie County, Oklahoma and as may be further ordered by the Court.

§ 8. Purchaser May Remit Taxes

Pursuant to the terms of a division order or agreement between an operator and a purchaser of oil or gas approved by the Commission, the purchaser may withhold and pay directly to the Commission the severance taxes due.

§ 9. Unit Operator May Remit Taxes

The Production Operator of any unitized pool or producing field within which the trust or restricted Indian interest has been included under any unit operating agreement approved by the Secretary of the Interior may withhold and pay the severance taxes due on that portion of the production from the units attributable to lands and interests subject to the jurisdiction of the Absentee Shawnee Tribe with the express or implied consent of the lessee.

§ 10. Computation of Gas Volume

Gas volume shall be computed as the total volume of severed gas taxable products measured at the wellhead, before any deductions are taken for transportation, processing, industry standard shrinkage, or any other reason. Gas volume shall be measured in units of one thousand cubic feet (MCF) and corrected to standard temperature and pressure pursuant to regulations of the United States Geology Survey.

§ 11. Computation of Oil Volume

Oil volume shall be computed as the total volume of severed oil taxable products, before any deductions are taken for transportation, processing, industry-standard shrinkage, or any other reasons, measured in accordance with current contracts of sale by the operator or producer and the purchaser of such oil and in accordance with standard industry practices or shall be measured in units either of barrels of 42 U.S. gallons or 231 cubic inches per gallon computed at a temperature of sixty degrees (60°) Fahrenheit and other variables pursuant to regulations of the United States Geological Survey.

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§ 12. Monitoring Operations

The Tax Commission is authorized to monitor and spot check wells within the Tribal jurisdiction to determine the volume and value of hydrocarbon or gaseous substance being removed or stored upon the lease. The Tax Commission may compare production reports on any well or wells within the Tribal jurisdiction to similar reports available on those wells or similar wells in the field. The Tax Commission may use information garnered during the monitoring operations to take any action necessary to secure any tax penalties and interest which may be due the Absentee Shawnee Tribe. Such action may include the execution of a show cause order for the operator to appear and show cause why additional tax penalties and interest should not be imposed.



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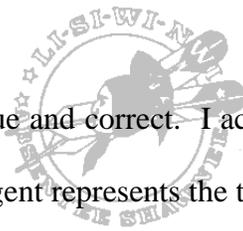
**ABSENTEE SHAWNEE TRIBE OF OKLAHOMA
TAX COMMISSION
2025 S. GORDON COOPER DRIVE
SHAWNEE, OK 74801**

DESIGNATION OF AGENT

<i>Name of Business</i>			<i>Federal Tax I.D. # or Social Security #</i>	
<i>Business Address</i>				
<i>City</i>	<i>State</i>	<i>ZIP</i>	<i>Telephone Number</i>	<i>Contact Name</i>

1. Name of Designated Agent:
2. Address of Designated Agent:
3. Name of Taxpayer's Business (if not listed above):

I declare under the penalties of law pursuant to the provisions of the Licensing and Tax Code that the



information contained in this application is true and correct. I acknowledge that, as stated in Chapter 6, § 5 of the Licensing and Tax Code, the designated agent represents the taxpayer identified above, and in this respect is liable for payment of the taxes assessed under Chapter 6 of the Licensing and Tax Code and shall make payments and file forms pursuant to the terms of that Chapter and Code.

Signature of Taxpayer Title Date

Signature of Designated Agent Title Date

**ABSENTEE SHAWNEE TRIBE OF OKLAHOMA
TAX COMMISSION
2025 S. GORDON COOPER DRIVE
SHAWNEE, OK 74801**

SEVERANCE TAX RETURN

Reporting month: _____, 20_____
Returns are due 45 days following the end of the calendar month during which the taxable product was severed.

<i>Name of Taxpayer</i>			<i>Federal Tax I.D. # or Social Security #</i>	
<i>Address</i>				
<i>City</i>	<i>State</i>	<i>Zip</i>	<i>Telephone Number</i>	<i>Contact Name</i>
<i>BIA Lease #:</i>			<i>Well Name/Number:</i>	

Tax Due:

(A) **Gas Volume** Total Gas Volume in units _____ MCF

Gross Market Value per unit \$ _____

Indian Royalty Deduction \$ _____

Deduction Percentage Used:
_____ %

Total Taxable Amount \$ _____ x 8% Tax Rate = \$ _____ **Tax Due**

(B) **Oil Volume** Total Oil Volume in units _____ Barrels

Gross Market Value per unit \$ _____

Indian Royalty Deduction \$ _____

Deduction Percentage Used:

_____ %

= Total Taxable Amount \$ _____ x 8% Tax Rate = \$ _____ **Tax Due**

Total Taxes Due (A + B) \$ _____ *

* Attach Supporting Documents

I declare under the penalties of law pursuant to the provisions of the Licensing and Tax Code, that this return is a true, correct and complete return. Willful failure to pay taxes due will result in an additional penalty of fifty percent (50%) of taxes owed.

Signature

Title

Date

**ABSENTEE SHAWNEE TRIBE OF OKLAHOMA
TAX COMMISSION
2025 S. GORDON COOPER DRIVE
SHAWNEE, OK 74801**

[Date]

Re: Notice of Delinquent Severance Taxes

Dear Taxpayer:

Your tax payment for the tax period _____ in the amount of \$ _____ was due on _____ . To date, the Tax Commission has not received your payment.

You are now _____ days delinquent in the payment of these taxes. Pursuant to Chapter Six, Section 7 of the Absentee Shawnee Licensing and Tax Code, the Tax Commission is empowered to claim a lien for the entire amount due, including applicable interest, addition and penalty. This lien will attach to your interest in the lease from which the taxable substances were produced.

Taxes past due for tax period _____ = \$ _____

Late Payment Penalty = \$ _____

Interest on past due taxes (___ % per month x ___ months) = \$ _____

TOTAL AMOUNT DUE TO DATE = \$ _____

Additional interest will continue to accrue until full payment of the taxes due has been made. Please remit the total amount due within _____ days of the date of this letter. If the Tax Commission has not received your payment by that date, the Commission will file a tax lien against your property.

Sincerely yours,

ABSENTEE SHAWNEE TAX COMMISSION

Tax Administrator

**ABSENTEE SHAWNEE TRIBE OF OKLAHOMA
TAX COMMISSION
2025 S. GORDON COOPER DRIVE
SHAWNEE, OK 74801**

NOTICE OF TAX LIEN

Taxpayer: _____

Date: _____

Lien No. : _____

The Absentee Shawnee Tribe of Oklahoma Tax Commission, with an address of 2025 S. Gordon Cooper Drive, Shawnee, OK 74801 (“Lien Holder”), has filed a tax lien on the lease of _____, of [address] (“Operator”). This lien was recorded on [date], on [list where lien was recorded].

The above lien secures claims of the Lien Holder against the Operator to satisfy payment of taxes, interest, addition and penalty due to the Lien Holder pursuant to provisions of the Absentee Shawnee Licensing and Tax Code.

The above lien attaches to all property and rights to property belonging to the Operator, whether real or personal, wherever it may be located.

The person executing this Notice of Tax Lien on behalf of the Lien Holder is duly authorized to execute this document.

ABSENTEE SHAWNEE TAX COMMISSION

Tax Administrator