

Oil Severance Tax Return

Issued under authority of P.A. 48 of 1929, as amended. Filing is mandatory.

PART 1: IDENTIFICATION AND TAX COMPUTATION

C. ESTIMATE ACTUAL ADJUSTED

A. Name	B. Tax Identification Number (Required)	D. Reporting Operations For: M M YYY
E. Address		City, State, ZIP Code

	COLUMN 1 BARRELS	COLUMN 2 VALUE	COLUMN 3 TAXES AND FEES
(Enter All Negative Values In Brackets)			
PART 2:			
REGULAR PRODUCER WELLS - OIL			
1. Gross barrels and value of oil produced from regular producer wells.....	1.		
2. Exempt barrels and value of oil produced from regular producer wells	2.		
3. Taxable oil produced from regular producer wells (subtract line 2 from line 1).....	3.		
4. Severance tax due on regular producer wells: 6.6% (.066) of line 3, column 2)	4.		
COL. 1 - BARRELS			
REGULAR PRODUCER WELLS - CONDENSATE			
5. Gross barrels and value of condensate produced from regular producer wells.....	5.		
6. Exempt barrels and value of condensate produced	6.		
7. Taxable barrels and value of condensate produced (subtract line 6 from line 5).....	7.		
8. Severance Tax due on condensate produced: 6.6% (.066) of line 7, column 2)	8.		
COL. 1 - BARRELS			
MARGINAL/STRIPPER WELLS - OIL			
9. Gross barrels and value of oil produced from marginal and stripper wells	9.		
10. Exempt barrels & value of oil produced from marginal and stripper wells	10.		
11. Taxable oil produced from marginal and stripper wells (subtract line 10 from line 9)	11.		
12. Severance Tax due on marginal and stripper wells: 4% (.04) of line 11, column 2)	12.		
COL. 1 - BARRELS			
MARGINAL/STRIPPER WELLS - CONDENSATE			
13. Gross barrels and value of condensate produced	13.		
14. Exempt barrels and value of condensate produced	14.		
15. Taxable barrels and value of condensate produced (subtract line 14 from line 13)	15.		
16. Severance Tax due on condensate produced: 4% (.04) of line 15, column 2)	16.		
PART 3:			
17. Total Severance Tax due. Add column 3, lines 4, 8, 12 and 16.	17.		
18. Total Value Reported. Add column 2, lines 3, 7, 11 and 15.	18.		
19. Total Oil and Gas Fee due: 75/100% (.0075) of line 18.....	19.		
20. Total Tax Due for this return. Add lines 17 and 19.	20.		
21. Previous Estimated Payment	21.		
22. Subtract line 21 from line 20	22.		
23. Penalty (see instructions)	23.		
24. Interest (see instructions)	24.		
25. Total Payment Due. Add lines 22, 23 and 24. (Make checks payable to State of Michigan - Severance Tax).....	25.		

TAXPAYER'S AND PREPARER'S CERTIFICATION

I declare under penalty of perjury that the information in this return and attachments is true and complete to the best of my knowledge. I authorize Treasury to discuss my return with my preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No		I declare under penalty of perjury that this return is based on all information of which I have any knowledge.	
Signature of Taxpayer	Date	Signature of Preparer Other Than Taxpayer	Date
Title	Telephone Number	Business Name, Address and Identification Number	Telephone Number

MAIL REPORT TO: Michigan Department of Treasury; P.O. Box 30474; Lansing, MI 48909-7974.
If you have questions, call (517) 636-4600.

Definitions

STRIPPER WELL CRUDE OIL - Oil produced and sold from a property whose maximum daily average production of crude oil per well during any consecutive 12-month period does not exceed 10 barrels.

MARGINAL PROPERTY CRUDE OIL - A "property" whose daily average production (excluding condensate recovered in non-associated production) per well during any preceding consecutive 12-month period that did not exceed the number of barrels shown in the following table for the average completion depth.

Average Completion Depth in Feet	Barrels Per Day
2,000 or more, but less than 4,000.....	20 or less
4,000 or more, but less than 6,000.....	25 or less
6,000 or more, but less than 8,000.....	30 or less
8,000 or more	35 or less

To receive approval for "Marginal/Stripper" status, provide the Michigan Department of Treasury with production figures and copies of original returns for 12 consecutive months. We will respond in writing.

Oil and Gas Fee Rates by Calendar Year	
<u>Calendar Year</u>	<u>Fee</u>
20040024
20050051
20060045
20070065

ESTIMATED RETURN - A return that includes an estimated payment.

ACTUAL RETURN - A return that reports actual production figures for the filing period.

ADJUSTED RETURN - A return that reports additional figures not reported on an ACTUAL return. You may NOT file an ADJUSTED return unless you have filed an ACTUAL return for the return period. Report only the net changes to the return period.

CONDENSATE - Condensate, as generally defined by fifteen states of the United States of America, is the liquid hydrocarbons recovered at the surface that result from condensation due to reduced pressure or temperature of petroleum hydrocarbons existing initially in a gaseous phase in the reservoir.

For severance tax purposes, the taxation of production of condensate will depend on the classification of the well as determined by the Supervisor of Wells. A well classified as an oil well, shall be taxed as oil if the production is liquid phase hydrocarbons and the production shall be taxed as gas if the production is associated vapor phase hydrocarbons. A well classified as a gas well by the Supervisor of Wells, shall be taxed at the gas rate, including the non-associated gas condensate production.

Instructions for Completing Form 381, *Oil Severance Tax Return*

WHO MUST FILE

This report must be filed by all common purchasers or producers of oil and gas severed in Michigan. The completed return, together with payment of the tax due, must be filed with the Michigan Department of Treasury on or before the 25th day of each month, covering purchases or production for the preceding month.

This form must appear as the first sheet of every return. A completed Form 383, *Production Report* must be included with each return. Form 384, *Exempt Production and Value Report*, must be completed if you are requesting an exemption for the interest share of federal, state and other government entities.

The Michigan Department of Treasury may need more information, and must have access to all books and records relating to purchases or production, unit price and severance tax. All leases on which reports of purchases or production typically are made must be included in the monthly report during the life of the lease, even if no production or purchases occurred in the month being reported. Leases on which the last producing well is plugged or abandoned must be reported for the month the last activity occurs. The lease then may be omitted from future reports.

PART 1

Box A.) Enter the legal individual filer or business name.

Box B.) Enter the nine digit Tax Identification Number. This is the Federal Employer Identification Number, ME number, or TR number assigned to the legal business entity. **This field is required.**

Box C.) Check only one box for return type. See definitions below.

ESTIMATED - A return which includes an estimated payment.

ACTUAL - A return that reports actual production figures for the filing period.

ADJUSTED RETURN - A return that reports figures not included on the *ACTUAL* return. You may **NOT** file an *ADJUSTED* return unless you have filed an *ACTUAL* return for the same filing period. The *ADJUSTED* return should only report the **net change** to the *ACTUAL* return.

Box D.) Enter the filing period reported on this return in MM-YYYY format.

Box E.) Enter the street address, city, state and zip code.

PART 2 (Enter all negative values in brackets)

REGULAR PRODUCER WELLS - OIL

Line 1- Enter on Line 1, Column 1, the grand total of barrels of OIL from column 6 of Form 383.

Enter on Line 1, Column 2, the grand total of value of OIL from Column 8 of Form 383.

Line 2- Enter on Line 2, Column 1, the grand total of barrels of OIL from column 7 of Form 384.

Enter on Line 2, Column 2, the grand total of value of OIL from Column 9 of Form 384.

Line 3- Subtract Line 2 from Line 1. Enter the total taxable barrels of OIL on Line 3, Column 1.

Enter the total taxable value of oil on Line 3, Column 2.

Line 4- Multiply the figure on Line 3, Column 2 by 6.6% (.066)

Enter the total Severance tax due for OIL on Line 4, Column 3.

REGULAR PRODUCER WELLS – CONDENSATE

* Report CONDENSATE in Barrels.

Lines 5-8: For the reporting of CONDENSATE from regular producing oil wells, complete the designated lines, referring to the directions above for lines 1-4.

MARGINAL/STRIPPER WELLS- OIL

- Line 9- Enter the total gross barrels of Oil from the grand total in Column 6 of Form 383 on line 9, column 1. Enter the total value of OIL from the grand total in Column 8 of Form 383 on line 9, column 2.
- Line 10- Enter the total exempt barrels of OIL from the grand total in Column 7 of Form 384 on line 10, column 1. Enter the total exempt value of OIL from the grand total in Column 9 of Form 384 on line 10, column 2.
- Line 11- Subtract Line 10 from Line 9. Enter the total taxable barrels of OIL on Line 10, Column 1. Enter the total taxable value of oil on Line 10, Column 2.
- Line 12- Multiply the figure in Line 11, Column 2 by 4% (.04). Enter the total Severance tax due for OIL on Line 12, Column 3.

MARGINAL/STRIPPER WELLS-CONDENSATE

* Report CONDENSATE in Barrels.

Lines 13-16: For the reporting of CONDENSATE from a marginal or stripper well, complete the designated lines, referring to the directions above for lines 9-12.

PART 3

Line 17- Total Severance Tax Due: Add Lines 4, 8, 12 and 16, Column 3

Line 18- Total Value Reported: Add Lines 3, 7, 11 and 15, Column 2

Line 19- Oil and Gas Fee Due: Multiply the figure in Line 18 by the Oil and Gas Fee rate indicated on line 19.

Line 20- Total Tax Due: Add lines 17 and 19, Column 3.

Line 21- **Enter any Previous Estimated Payment for the file period reported.**

Line 22- Subtract line 21 from line 20

Line 23 & 24- Penalty and interest may be due for late filing and/or payment of Severance Tax. Charges are issued in accordance with MCL 205.23-24. Go to www.michigan.gov/taxes to use the Penalty and Interest calculator.

Line 25- Total Payment Due: Add lines 22, 23, and 24 from Column 3.

The return must be signed by an authorized officer of the corporation or association. Mail all completed, signed returns along with payment to:

Michigan Department of Treasury
P.O. Box 30474
Lansing, MI 48909-7974.

Make checks payable to the “**State of Michigan - Severance Tax**”.

Additional forms are available on Treasury’s web site at www.michigan.gov/taxes