



Bear Chaney
Director

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ASSESSMENT COORDINATION DEPARTMENT
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M E M O R A N D U M

TO: County Assessors
FROM: Bear Chaney, Director
DATE: May 3, 2016
RE: Final Oil, Gas & Minerals Guidelines

Enclosed in this memorandum are the Oil, Gas & Minerals Guidelines that are to be used in the assessment of oil and gas Real Property and Personal Property for the year 2016. There are some additions to the Guidelines this year. ACD encourages everyone to read through the Guidelines in full.

Additions include:

- Expansion of the Terminology and Definitions to include more subjects that you deal with every day and to add clarity for everyone for many that have been in practice for decades.
- Addition of Arkansas statutes in several places to help guide everyone to the relevant sections of the code for informational purposes.
- Newly recommended methodology for dealing with Unitized oil fields, Business Personal Property, and Marginal Well Discount for Business Personal Property.
- Added back in, the Mineral Production File Specification and Division of Interest File Specification that ACD had published but had neglected to republish annually as originally agreed.

ACD hopes this overhaul provides clarity and helps you better explain our laws, rules, and guidelines to the taxpayers you encounter every day. We will be continuing to work towards improving these as we move forward.

ACD and the industry understands that this may make it difficult to get portions of the valuation done in time. Please contact your producers directly to help expedite any work that results from the new Guidelines. Please keep ACD apprised of any issues or delays that you may experience.

As a reminder; While calculating the factors for this year it came to our attention that an error was made in the calculation of the gas factor for last year (2015). The average price for gas in 2014 was actually \$4.26 not \$3.26 as was used in the formula. This error caused the factor to be published as \$3.15 instead of the correct \$3.49. We have corrected the error for the current year calculation. We apologize for any inconvenience this may cause. Please feel free to direct any inquiries about this to our office.

Values and factors provided in these guidelines should be used by all counties and applied to all producing mineral interests in the county each year. You will receive new values each year forward that you will use in valuation for that year.

I would like to directly apologize for the delay in publishing the Guidelines. A lot of hard work was being done with the industry, Assessors, AOGC, and ACD to help complete the biggest update since the Guidelines original publication. I believe all of the changes have added clarity and will help provide a fair and equitable valuation for everyone. Please let us know if you have any suggestions or questions about anything.

If you have any questions concerning the Oil, Gas & Minerals Guidelines, please contact Robert McGee 501-324-9114, Robert.McGee@acd.state.ar.us for Real Property, or Bill Long 501-324-8548, Bill.Long@acd.state.ar.us for Business Personal Property

Sincerely,

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Incl. Final Oil, Gas & Minerals Guidelines for 2016