

**40-6-14 Fee on oil and gas -- Payment of fee -- Collection -- Penalty and interest on delinquencies -- Payment when product taken in-kind -- Interests exempt.**

- (1)
  - (a) There is levied a fee as provided in Subsection (1)(b) for oil and gas:
    - (i) produced; and
    - (ii)
      - (A) saved;
      - (B) sold; or
      - (C) transported from the field in Utah where the oil or gas is produced.
  - (b) The fee imposed under this Subsection (1) is equal to the product of:
    - (i) .002; and
    - (ii) the value of the oil or gas determined in accordance with Section 59-5-103.1.
- (2)
  - (a) The State Tax Commission shall administer the collection of the fee, including any penalties and interest.
  - (b) The money collected shall be deposited in the Oil and Gas Conservation Account created in Section 40-6-14.5.
  - (c) Time periods for the State Tax Commission to allow a refund or assess the fee shall be determined in accordance with Section 59-5-114.
- (3)
  - (a) Each person having an ownership interest in oil or gas at the time of production shall be liable for a proportionate share of the fee equivalent to that person's ownership interest.
  - (b) As used in this section "ownership interest" means any:
    - (i) working interest;
    - (ii) royalty interest;
    - (iii) interest in payments out of production; or
    - (iv) any other interest in the oil or gas, or in the proceeds of the oil or gas, subject to the fee.
- (4)
  - (a) The operator, on behalf of the operator and any person having an ownership interest in the oil or gas, shall pay the fee to the State Tax Commission:
    - (i) quarterly; and
    - (ii) as provided in Subsections (4)(b) and (c).
  - (b) For purposes of Subsection (4)(a), the quarterly fee payments are due as follows:
    - (i) for the quarter beginning on January 1 and ending on March 31, on or before June 1;
    - (ii) for the quarter beginning on April 1 and ending on June 30, on or before September 1;
    - (iii) for the quarter beginning on July 1 and ending on September 30, on or before December 1; and
    - (iv) for the quarter beginning on October 1 and ending on December 31, on or before March 1 of the next year.
  - (c) The fee required by this section shall be reported to the State Tax Commission on forms provided by the State Tax Commission.
- (5)
  - (a) Any fee not paid within the time specified shall:
    - (i) carry a penalty as provided in Section 59-1-401; and
    - (ii) bear interest at the rate and in the manner prescribed in Section 59-1-402.
  - (b)
    - (i) The fee, together with the interest, shall be a lien upon the oil or gas against which the fee and interest are levied.

- (ii) The operator shall deduct from any amounts due to the persons owning an interest in the oil or gas, or in the proceeds at the time of production, a proportionate amount of the charge before making payment to the persons.
- (6)
- (a) When product is taken in-kind by an interest owner who is not the operator and the operator cannot determine the value of the in-kind product, the operator shall:
    - (i) report 100% of the production;
    - (ii) deduct the product taken in-kind; and
    - (iii) pay the levy on the difference.
  - (b) The interest owner who takes the product in-kind shall file a report and pay the levy on the interest owner's share of production excluded from the operator's report.
- (7) This section shall apply to any interest in oil or gas produced in the state except:
- (a) any interest of the United States;
  - (b) any interest of the state or a political subdivision of the state in any oil or gas or in the proceeds of the oil or gas;
  - (c) any interest of any Indian or Indian tribe in any oil or gas or in the proceeds produced from land subject to the supervision of the United States; or
  - (d) oil or gas used in producing or drilling operations or for repressuring or recycling purposes.

Amended by Chapter 244, 2004 General Session