Form DS 658A-61-20

State of Colorado

DS 658 – Oil and Gas Real and Personal Property Declaration Schedule and Instructions

This Schedule Must Be Filed Every Year Regardless If Any Additions Or Deletions Were Made. DUE DATE APRIL 15, 2020

FOR ASSESSMENT YEAR BEGINNING JANUARY 1, 2020

General Information

(Declaration Schedules and Attachments Are Confidential And Private Documents By Law.)

For these instructions, please refer to the following statutes: §§ 39-3-118.5, 39-3-119.5, 39-5-104.5, 39-5-104.7, 39-5-107, 39-5-108, 39-5-110, 39-5-113 through 117, 39-5-120, and 39-21-113(7), C.R.S.

In accordance with § 39-3-119.5, C.R.S., you are not required to file this declaration if the total actual value of your personal property per county is \$7,700 or less.

If you are a first time filer or are unsure as to whether the total actual value of your personal property per county exceeds \$7,700, please contact the county assessor.

WHO FILES A DECLARATION SCHEDULE? All owners and/or operators of oil and/or gas wells that have production and sale of oil and gas during the prior calendar year must file this schedule. In addition, the owner, owner's agent, or person in control of all personal property as of January 1 must file a declaration schedule. All personal property, such as a business/organization's: ■Equipment ■Security Devices ■Machinery, and ■other personal property not otherwise exempt by law, must be listed on this schedule.

IS YOUR BUSINESS NEW? ARE YOU A NEW OWNER? If you answer, "yes" to either question or you have never filed with the county assessor, you are required to provide a complete detailed listing of all machinery, equipment, and other personal property with an original installed cost over <u>\$350</u> used in the business. Please include: \blacksquare Item ID Number \blacksquare Property Description \blacksquare Model Number \blacksquare Year Acquired \blacksquare Original Installed Cost To You, and \blacksquare If the Property Was Not Put Into Use as of January 1 of the current year. Whether or not you file a declaration schedule, the assessor may select your account for an audit.

PRORATION OF PERSONAL PROPERTY VALUE IS GENERALLY NOT ALLOWED: As of January 1, 1996, the only proration of personal property value allowed is for Works of Art loaned to and used for charitable purposes by an exempt organization. If other taxable personal property was located in Colorado on the assessment date, it is taxable for the entire assessment year, providing that, if it was newly acquired, it was put into use as of the assessment date (January 1). If it was not located in the state on the assessment date, or if it was newly acquired, but was <u>not</u> put into use as of the assessment date, it cannot be taxed until the <u>next</u> assessment year. Except for works of art, <u>personal property that is exempt on the assessment date retains its exempt status for the entire assessment date</u>. These requirements do not affect the proration of real property.

WHEN DO YOU FILE? This form must be received by the county assessor by the April 15 deadline EVERY YEAR.

HOW DO YOU FILE FOR AN EXTENSION AND WHAT HAPPENS IF YOU FAIL TO FILE?

For real property: At the discretion of the assessor, the operator or owner may be granted an extension of time for filing the declaration schedule. No extension fee payment is required. As required by § 39-7-101(2), C.R.S., if the owner or operator fails to deliver, or fails to mail this declaration schedule with a postmark on or before April 15th of each year, the assessor may impose a late filing penalty on the owner or operator of \$100 per calendar day past April 15 that the declaration schedule has not been received, not to exceed \$3,000 in any calendar year.

For personal property: You may extend the deadline if, by April 15, the assessor receives your written request AND \$20 for a 10-day extension, or \$40 for a 20-day extension. This extension applies to all personal property schedules (single or multiple), which a person is required to file in the county. The late filing penalty is \$50 or 15% of the taxes due, whichever is less. If you fail to file a schedule, the assessor shall determine a valuation based upon the BEST INFORMATION AVAILABLE and shall add a penalty of up to 25% of assessed value for any omitted property discovered and valued later.

<u>NOTE:</u> <u>Failure to properly file a declaration schedule may prevent you from receiving an abatement per Colorado case law.</u> <u>Property Tax</u> <u>Adm'r v. Production Geophysical, 860 P.2d 514 (Colo. 1993)</u>

<u>WHY IS THE DECLARATION FORM IMPORTANT</u>? Assessors use this information to help calculate the property's actual value. This value is based on the property's use and condition as of January 1 of each assessment year.

WHAT HAPPENS AFTER YOU SUBMIT THIS FORM? The assessor may request more information or conduct a physical inventory inspection of your personal property at your business location. As permitted by § 39-7-101(3), C.R.S., the assessor may require the owner or operator to submit written documentation supporting the information provided in this declaration schedule. The assessor must receive this requested documentation within 30 days after the date of the postmark on the assessor's written request for the documentation, but no earlier than April 15. Any owner or operator who willfully fails or refuses to comply with the assessor's request for this written documentation may be assessed a fine of \$100 for each day of such willful failure or refusal, not to exceed a total of \$3,000 assessed to any one owner or operator for any one calendar year.

Notices of Valuation are mailed on June 15 to the address listed on this schedule.

INSTRUCTIONS FOR COMPLETING THE OIL AND GAS REAL AND PERSONAL PROPERTY DECLARATION SCHEDULE DS 658

Use one schedule for each wellsite. If your information is combined by field or unit, your information must be segregated by well and accompanied by a signed DS 658. Attach required additional information, as described below, to this declaration schedule. Refer to ARL Volume 3, Chapter 6 for additional information.

A. <u>NAME AND ADDRESS</u>: Write any corrections to the preprinted name/address and the Colorado Oil and Gas Conservation Commission (COGCC) number, and as necessary, the property's PHYSICAL LOCATION/LEGAL DESCRIPTION information.

A1. <u>NEW OWNER(S)</u>: If you are not the current owner, please list the name and address of the new owner in the appropriate box. Also, list the date that the property sold to the new owner.

B. PROPERTY STATUS: Check the boxes that best describe your property's status. Write the American Petroleum Institute (API) number and the well name and number. Enter the date that the well was completed.

(Instructions continued on Page 2)

C. <u>PRODUCTION REPORT FOR PREVIOUS YEAR</u>:

- Check the box if you have completed the NERF Spreadsheet. Please attach the NERF and any additional required forms and skip to Section H. Otherwise, complete all remaining sections of this declaration schedule.

- Check the box that describes the method used to value the leasehold interest associated with this wellsite. Note that "Actual Wellhead Price" means gross lease revenues, minus allowable deductions for gathering, transportation, manufacturing, and processing costs borne by the taxpayer that occur between the physical wellhead and the first point of sale, under § 39-7-101(1)(d), C.R.S.

C1. <u>PRIMARY</u> and C2. <u>SECONDARY PRODUCTION</u>: Operators of producing oil and gas properties must report the prior year's primary and/or secondary production volume, including total oil produced (BBLs), gas produced (MCF at 14.73 psi), water produced (BBLs), and/or natural gas liquids (BBLs or GALs) produced and the product volume sold or transported from the lease during the previous year, § 39-7-101(1), C.R.S. In the left column of Box B (Gross), list the previous year's total gross lease revenues received for production sold at the first point of sale. In the right column of Box B (Net), list the total net value received for the production sold, after allowable deductions, as defined in § 39-7-101(1)(d), C.R.S., and in Division of Property Taxation's procedures. The Gross and Net amounts listed must be the same as those reported on the Netback Expense Report Form/Supplemental Information Report Form {NERF/SIRF}, if provided to the assessor. The Net amount listed is equal to Gross Revenues minus allowable lease operating expenses, ROI and RofI, if taken. <u>Do NOT deduct royalties to get the NET amount</u>. List the DAYS CAPABLE OF PRODUCTION, which means 365 days minus the number of days the well was inoperable for repairs or maintenance. Please provide the appropriate Million British Thermal Units (MMBTU) factor for the gas sold. Filers claiming secondary production must be on record with the Colorado Oil and Gas Conservation Commission (COGCC) as approved for secondary production.

As required by § 39-7-101(1.5), C.R.S., any non-operating interest owner may submit to the operator, on or before March 15th, a report by certified mail of the actual net taxable revenues and the actual exempt revenues received, but netted back to the wellhead, by the non-operating interest owner for production taken-in-kind (TIK) during the preceding calendar year. Operators shall use this reported information to establish the selling price at the wellhead for taxable TIK production. If any non-operating interest owner fails to timely provide this information to the operator, the operator shall report the operator's weighted average selling price at the wellhead, during the preceding calendar year, as the non-operating interest owner's selling price at the wellhead for the entire TIK production.

- D. EXCLUDABLE ROYALTIES: Royalties actually paid to the United States or any agency thereof, the State of Colorado or any agency or political subdivision thereof, or any Indian tribe, are excludable from the gross value of the oil and gas sold prior to determination of the taxable value. No other royalty deductions are allowable. Please list the name of the governmental entity and the dollar amount paid as royalty during the prior calendar year. The royalty percentage exempt from taxation should be the result of dividing the actual dollar amount paid in royalties by the gross lease revenues. If the royalty amount is being paid as product taken-in-kind, you must determine the market value of the product taken-in-kind and list this value as the amount paid as royalty in the appropriate column.
- E. EQUIPMENT INVENTORY LISTING: The assessor uses this information to value oil and gas personal property located at the wellsite. Since wellsite and tank battery equipment are valued by the assessor using market value-based equipment lists found in ARL Volume 5, Chapter 6, published by the Division of Property Taxation, you should complete this inventory listing section. In accordance with § 39-3-119.5, C.R.S., your property is exempt from ad valorem taxation if the total actual value (market value) of all taxable well equipment (personal property) owned by you per county is \$7,700 or less. If you are a first time filer or are unsure as to whether the total actual value of your personal property per county exceeds \$7,700, please contact the county assessor. Whether or not you file a declaration schedule, the assessor may select your account for an audit. For boxes E1 through E5, check the appropriate boxes or fill in the applicable blanks. If information in boxes E1, E2, E3, E4, E5, F, and G has not changed since last year's filing, please check the NO CHANGE box. If you have questions about this section, contact the county assessor or refer to ARL Volume 5 (Personal Property Manual), Chapter 6, Oil and Gas Equipment.
 - E1. WELL CHARACTERISTICS: Please provide the requested data: Basin name, well's depth, and correct well class (oil, gas, or coal seams gas).
 - E2. METHOD OF PRODUCTION: This is needed to determine correct Basic Equipment List (BEL). Please check the applicable box.

E3. INSTALLED EQUIPMENT: If the equipment inventory for the well has changed since last year's filing, fill in the blanks with numbers of all equipment items installed at the wellsite. Please check the appropriate overall equipment condition box and provide the average age based on year of manufacture. Include sizes for separators. Include size and type of water tank, i.e., poly, steel, concrete. Please attach a separate listing of any equipment that has undergone major overhaul, describe the overhaul, and estimate the number of years of productive life added to the overhauled equipment.

E4. <u>ADDITIONAL INSTALLED EQUIPMENT</u>: Fill in blanks with numbers of additional equipment items installed at the wellsite. Please indicate the type and number of wellheads on the well. A Combo wellhead has a threaded casinghead and a flanged tubinghead. Include sizes for chemical tanks, separators, fuel tanks, and free water knockouts. If there are Environmental Control Devices on the leasehold to capture or flare flash emissions, select either "Vapor Recovery System" or "Vapor Flare System (Enclosed Stack). If you have sound wall panels around or on your wellsite please list the .square feet of surface area covered. It may be necessary to attach a full description of equipment, if there is insufficient space on the form. Check the condition box to indicate the condition of the equipment.

E5. STORED EQUIPMENT: Provide the following information for equipment stored at the wellsite: Item ID Number Property Description and Model or Capacity, and Year Acquired. In general, stored equipment is taxable unless it is held for resale and you no longer plan to use this equipment in your operation. To receive an exemption from taxation for stored equipment you must supply an itemized listing of the equipment to the assessor along with the location of the items. Check appropriate overall condition box. Refer to ARL 5, Chapter 6 regarding items held for resale.

F. LEASED, LOANED OR RENTED PERSONAL PROPERTY: All personal property leased, loaned, or rented to the operator must be listed in this section or on a separate sheet(s). Property rented for 30 days at a time or less, returned at the renter's option, and for which sales/use tax is collected before it is finally sold is considered exempt and should <u>NOT</u> be reported. You must identify each item of leased personal property as follows: ■Owner/Lessor's Name, Address, and Telephone Number ■Model and Serial Number ■Lease Number ■Lease Term (From-To), and ■Total Amount of Annual Rent. Also, if purchase or maintenance options are included in the lease, provide details of these options on a separate sheet(s).

"CONSUMABLE" PERSONAL PROPERTY EXEMPT FROM TAXATION: Pursuant to § 39-3-119, C.R.S., personal property items that are classified as "consumable" as defined in ARL Volume 5, Chapter 2, are exempt from taxation and should NOT be listed on this declaration. "Consumable" personal property is defined as any item having a life of one (1) year or less regardless of cost, and any item with a life longer than one year that has a reasonable original installed cost or market value in use of \$350 or less at the time of acquisition. The \$350 limitation applies to personal property that is completely assembled and ready to perform the end user's intended purpose(s) and it includes all acquisition costs, installation costs, sales/use taxes, and freight expenses.

- G. <u>LISTING OF REAL PROPERTY IMPROVEMENTS</u>: Describe by location all buildings, fixtures, and leasehold improvements, including dates original installed costs.
- H. <u>DECLARATION AND SIGNATURE</u>: Print the personal property owner's Federal Employer Identification Number (FEIN) or Social Security Number (SSN). Print name of owner, name of person signing, phone number, and e-mail address. Then sign, date, and return this form to assessor by <u>April 15th</u>. § 39-5-107, C.R.S.

Form DS 658-	61-20						State o	f Colora	ado						2	20 DPT-AS		
					DS 658 – 0					onal Proper	y							
						D	eclaratio <i>Confi</i>	on Scheo <i>idential</i>	aule	Oil I	PIN Nun	nber	Pe	ers. Pro	p. PIN	Number		
					~		ne well p	er schee	dule)									
B.A. Cod	e	T.A Co	de		Schedu	le/Acc	:t#			DO	NOT US	E – FOR AS	SESSO	OR ONI	LY			
		D (DET					Co	de	Description		Actual Val		%	Asse	ssed Value		
Assessment		ue Date	KEI	UKN .	FO COUN	IYAS		71		Primary Prod. Secondary Prod				87.5 75				
1/1/2020	-	15/2020					Count	ty 72		Improvements				29				
A. NAME, AI (Indicate any c			C Opera	ator's	Number:			74		Equipment, Fur & Machinery	n.			29				
(indicate any c	indinges, corre	(0113)									OTALS							
								Re	eceive	d		Approved			LATE	PENALTY?		
								Со	mplete	ed	A	bstr. Chgs.			Y	□N□		
PHYSICAL L	OCATION/	LEGAL	DESCRI	PTIO	N OF THE]		If you a	are n	ot the current	busine	ss owner pl	ease lis	st the n	ame an	d		
PROPERTY A	S OF JANU	ARY 1, 20)20:					address	s of tl	he new owne	r below	·	Date	Sold:				
B. STATUS C	DF PROPER	CTY:	Is this Y	Your I	First Retur	n?	API #				D	ate Well Co	omplet	ed (mo	o/yr)			
□New Well?	? □New Ow	ner?	[□ Yes	s 🗆 No		Well Na	me and	Nun	nber								
C. PRODUC																		
Check here			d the NI	ERF S	preadsheet	t. Plea	se attach	the NE	RF a	and any add	itional	required fo	orms to	o this E	Declara	<u>tion</u>		
Schedule and s Check one box			ised:															
□ Actual Well					elated Party					e Price Used								
C.R.S. 39-7-10													cluding	g take-	in-kind	interests.		
TAKE-IN-KIN					-	-		-					onal in	terest				
	Name							Ado	dress	5				Frac	tional l	Interest		
C1. PRIMAR	Y PRODUC	TION -	Attach T	IK R	eport, See I	Instru	ctions					FOR AS	SESSC	DR'S U	JSE ON	NLY		
TYPE	UNIT	Total	Produce	d:	A. Sold		B.	Total Va	alue l	Received		ALLOWE	D		АСТ	UAL		
			d Reconc		Transpor From Lea		G	ross		n Not		Not		ROYALTY		VALUE		
		to CO	GC Form	7)	1 Iolii Ee	use		1088		Inet		EXCLUSIC	DN		, , , ,			
OIL	BBL						\$		\$		\$			\$				
GAS	MCF				_	-	\$	_	\$	_	\$		_	\$	_			
WATER	BBL			_			\$		\$		\$	_	-	\$	-			
NGLs	GAL BBL						\$		\$		\$			\$				
DAYS CAPAR		ODUCTI	ON:						<u> </u>	TOTALS	\$			\$				
(365 Days, less	actual down	time) =			Days						" B "	(Net) /" A " =	=		•	Bbls		
MMBTU Facto	or:				-						"В"	(Net) /" A " =	=			Mcf		
C2. SECOND	ARY PROD	UCTION	J – Attac	h TIF	K Report. S	See Ins	struction	s				FOR AS	SESSO)R'S I	JSE ON	NLY		
TYPE	UNIT		Produce		A. Sold				alue I	Received		ALLOWEI						
			d Reconc		Transpor	rted						ROYALTY				'UAL		
		to CO	GC Form	7)	From Lea	ase	Gr	ross		Net	1	EXCLUSIO	DN		VA	LUE		
OIL	BBL						\$		\$		\$			\$				
GAS	MCF						\$		\$		\$			\$				
WATER	BBL						¢		-		¢			•				
NGLs	GAL						\$ \$		\$ \$		\$ ¢			\$				
DAYS CAPAE	BBL		ON•				φ		Э	TOTALS	\$ \$			\$	-			
(365 Days, less					Days					TOTALS		(Net) /" A " =	=	φ		Bbls		
MMBTU Facto					Duys							(Net) / A'' = (Net) / (A'')				Mcf		
			1									, ,						

D. EXCLUDABLE ROYALTIES

Excludable royalty amounts are limited to the fractional interest owned by the U.S. Government, a Government Agency, the State of Colorado, any agency or political subdivision of the State of Colorado, or any Indian Tribe. <u>The taxpayer must list the dollar amount</u> of royalties actually paid. The "Royalty % Exempt from Taxation" is based on the dollar amount actually paid.

Name of Agency	Royalty \$ Exempt from Taxation	Royalty % Exempt from
		Taxation
	\$	%
	\$	%
	\$	%
	\$	%

E. EQUIPMENT INVENTORY LISTING

Since wellsite equipment and tank battery equipment are valued by the assessor from an oil and gas equipment market value manual published by the Division of Property Taxation, you should complete this section. In accordance with § 39-3-119.5, C.R.S., your property is exempt from ad valorem taxation if the total actual value (market value) of all well equipment (personal property) owned by you per county is \$7,700 or less. If you are a first time filer or are unsure as to whether the total actual value of your personal property per county exceeds \$7,700, please contact the county assessor. Whether or not you file a declaration schedule, the assessor may select your business for an audit.

Check here if there is **NO CHANGE** to boxes **E1** through **E5**, **F**, and **G**.

E1. WELL CHARACTERISTICS

BASIN NAME:			WELL DEPTH:	
CLASS (check one):	GAS	□COAL SEAMS GAS		

E2. METHOD OF PRODUCTION – Check where applicable.

METHOD OF LIFT:	□ FLOWING	□ PUMPING	□ PLUNGER LIFT	□ HYDRAULIC UNIT	D PROG	RESSIVE CAVITY
MOTOR TYPE:	\Box GAS	□ ELECTRIC	ESP (Electric Sub	nersible Pump)		
TANKS INSTALLED:	□ ON SITE	COMMON TA	ANK BATTERY			
SECONDARY WELL TYPE:	□ SUPPLY	□ DISPOSAL	\Box INJECTION: (I	f Injection Well)-	CO2	□ WATER

E3. INSTALLED EQUIPMENT – Indicate quantity of each on location. (Please attach a separate listing of equipment that has been overhauled)

# TANKS (AT WELL SITE):		# TANKS IN COMM	ON TANK BATT	TERY:			
# PRODUCTION UNIT(S):		# DEHYDRATOR(S)	□<5 □>6 mmsc	cf/day:			
# SKIMMING TANKS:		# WATER TANKS:		(size)		(type)	
# HEATER TREATER(S):		# SEPARATOR(S):		(size)			
OVERALL EQUIPMENT CONDITION (check one): □ VERY GOOD □ A					VERAGE	□ MINIMUM	
Based on year of manufacture, indicate the average age of installed wellsite equipment: Years							

E4. ADDITIONAL INSTALLED EQUIPMENT – Indicate quantity of each on location.

						ENVIRONMENTAL CONTROL SYSTEM DEVICES				VICES		
MEASUREMENT EQUIPME	CATHODIC PROTECTION UNIT			#Vapor Flare System(s) (Encl. Stk.)								
2" 4"	6"	#w/Recti	fier	er #w/Solar Panels			#Vapor Re	covery	#	ŧVapor ٦	Cower(s)	
#WELLHEAD(S):	□F.	langed 🗆 Thread	ed 🗆 Combo	#SEPA	RATORS:	(siz	e)	Wate	erflowline	□Stl	□Poly	(ft)
# IN-LINE HEATER:		#CIRCULAT	TON PUMP U	UNITS:		#GAS BO	OSTER LIN	VE COM	IPRESSO	R:		hp
#METER HOUSE:		# RECYCLE	PUMP:			#FILTER	LTER VESSELS (avg. all sizes):					
#PIT TANKS:		#CHEMICAI	L TANKS:			#IMMERS	SION TANI	K HEAT	TERS:			
#LACT UNIT:		# CHEMICA	# CHEMICAL PMP/TNK:			#FREE W	ATER KNO	OCKOU	TS:			(size)
#COMBUSTORS:		#SMALL CO	MBUSTERS	:		SOUND F	ANELS (su	rface sc	1. ft.):			
OVERALL EQUIPMENT	CONDITION	(check one):			ERY GOOD		AVERAG	Ξ	□ MI	NIMUN	1	

E5. STORED EQUIPMENT – Attach additional itemized listing if needed.

Item ID Number	Description	/Model or Capacity	Check box if item is being held for resale.				
			\Box Item is being held for resale				
			\Box Item is being held for resale				
			\Box Item is being held for resale				
			\Box Item is being held for resale				
OVERALL STORED EQUIPMENT C	ONDITION (check one):	□ VERY GOOD	□ AVERAGE □ MINIMUM				

F. LEASED, LOANED, OR RENTED PROPERTY (Declare personal property owned by others or attach separate sheet.)

Owner/Lessor's Name, Address, Telephone Number	Description	Model/ Serial Number	Lease Number	Term From -To	Annual Rent
					\$
					\$

G. LISTING OF REAL PROPERTY IMPROVEMENTS (Attach separate sheet if necessary.)

	Location	Description	Date Installed	Original Installed Cost
Addition?	\Box Yes \Box No			
Addition?	\Box Yes \Box No			

H. DECLARATION: (THIS RETURN IS SUBJECT TO AUDIT)

"I declare, under penalty of perjury in the second degree, that this schedule, together with any accompanying exhibits or statements, has been examined by me and to the best of my knowledge, information, and belief sets forth a full and complete list of all taxable personal property owned by me, or in my possession, or under my control, located in this county, Colorado, on the assessment date of this year; that such property has been reasonably described and its value fairly represented; and that no attempt has been made to mislead the assessor as to its age, quality, quantity, or value." § 39-5-107(2), C.R.S.

I further declare that I have personally examined the information contained within this schedule and that this schedule sets forth the information requested to the best of my knowledge and belief. However, "no representations are made as to the accuracy of the value of any portion of the production from subject property that is taken in kind by any owner other than the undersigned." § 39-7-101(1)(f), C.R.S.

PROPERTY OWNER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN)/SOCIAL SECURITY NUMBER (SSN)_____

NAME OF OWN	ER					
PRINT NAME O	F PERSON SIG	GNING			PHONE NUMBER	
E-MAIL ADDRE	ESS				FAX NUMBER	
SIGNATURE* _					DATE	
	*Signing as:	□ Owner	\Box Operator	□ Agent	\Box Person in control of wellsit	e and equipment
PL	LEASE COMP	LETE, SIGN	NAND RETU	RN TO THE	ASSESSOR ON OR BEFOR	RE APRIL 15, 2020.