



LASALLE PARISH ASSESSOR

TOM KENDRICK, CLA - ASSESSOR

P.O. BOX 400 • 1050 COURTHOUSE ST. • JENA, LA 71342

PHONE: 318-992-8256 • FAX: 318-992-8257

To Louisiana Oil & Gas Operators:

Please find attached a blank LAT 12 form (Personal Property Report – Oil and Gas Property) for operators to complete and return to the assessor(s) for the parish(s) where your property is located. Beginning tax year 2023, the Louisiana Tax Commission (LTC) has promulgated a **new LAT 12** to more closely correspond to the changes adopted for Chapter 9 (Oil and Gas Properties) of the LTC Rules and Regulations – Real and Personal Property.

NOTE: Per Louisiana RS 47:2324, this report, along with attachments, if any, is to be filed by April 1st or within 45 days after receipt, whichever is later.

Please be advised, **the changes to Chapter 9 are substantial** and pertain to the appraisal of oil and gas wells and directly associated personal property formerly appraised under the part of Chapter 9 dealing with surface equipment. The revised Chapter 9 is available for downloading from the LTC's website:

<https://www.latax.state.la.us/Menu RulesRegulations/Manuals/OG.pdf>

The biggest change to Chapter 9 is that, beginning in tax year 2023, oil and gas wells will be assessed (appraised) on the basis of **income, not cost**. Per §907.B, "The presence of oil or gas, or the production thereof, is to be included in the **year-by-year discounted cash flow (DCF) model**... to determine the fair market value of an oil or gas well and its associated leasehold equipment for ad valorem tax purposes in Louisiana."

Discounted cash flow (DCF) is a well-known and practiced technique of the income approach to value that discounts (reduces to present value) a reasonably forecasted future net income stream attributable to production and sale of oil and/or gas. It is **NOT** an income tax based on any previous year income, although previous income can be relevant to analyze for patterns or trends.

The other substantial change to Chapter 9 is that the value of leasehold equipment directly associated with the oil and gas well(s) (the "production train") will now be assumed to be embedded or captured within the result of the DCF. Accordingly, there is **no need to separately report this equipment** on the LAT 12 form. However, a minimum schedule-based value will still be assessed for any well that has no discernable or economic cash flow, including wells grouped within an otherwise active or productive LUW (Lease/Unit/Well) code. (See the back)

This change regarding the reporting and assessing of leasehold equipment is the major difference in the new LAT 12 form vs. the form previously used.

The production train includes all the leasehold equipment **on site** required for the production of oil, gas, and related water assets. Simply identified, it is all the tangible equipment from the lowest active completion through the first sales meter before gathering or pipeline entry. The production train can include inactive equipment, but not ancillary equipment not directly related to the production of the oil and gas wells being appraised.

In addition to the LAT 12 form, the operator should provide the following items to assessor's office to assist in the successful completion of a relevant and accurate assessment:

- **What is the Primary product (oil or gas)**
- **The total working interest (WI) decimal (net revenue interest)**
- **Total number of wells included in the LUW code being appraised.**
- **The average depth of wells being appraised in the LUW code.**
- **Prior year average price received (average of 12 prior year monthly averages)**
- **Direct operating expenses for prior year of the LUW.**
- **Any Capital expenses, if any, anticipated to maintain or enhance production**
- **The production rate as of January 1st (bopd or mcfpd)**
- **Production decline rate anticipated for the well(s) after January 1st**
- **Any data to support time or reserve limitations, if any, for the asset's production**

The assessor may ask for additional supporting documentation, such as decline curves that were the basis for the operator's forecasted production volume(s).

Lastly, operators should be advised that §903.C now requires operators to provide the assessor a **detailed statement of the prior year lease operating expenses**. This provision was previously in the Rules and Regulations; however, it was only made active at the assessor's request to the operator. The LTC has removed the obligation for the assessor to make a request for this information.

In closing, the assessor's office thanks you for your cooperation and assistance regarding the appraisal of oil and gas wells for this tax year. Please feel free to contact us if you have any questions regarding Chapter 9 of the Rules and Regulations or the LAT 12 form attached.

PERSONAL PROPERTY NOT INCLUDED IN PRODUCTION TRAIN ON LOCATION

YEAR OF ACQUISITION	ACQUISITION COST	PROPERTY DESCRIPTION	CATEGORY	DEPRECIATION	FAIR MARKET VALUE
TOTAL FAIR MARKET VALUE:					
ASSESSED VALUE:					

CONSIGNED GOODS, LEASE, LOANED, OR RENTED EQUIPMENT, FURNITURE, ETC.

NAME AND ADDRESS	PROPERTY DESCRIPTION	AGE	MONTHLY RENTAL	PRESENT SELLING PRICE	FAIR MARKET VALUE
TOTAL FAIR MARKET VALUE:					
ASSESSED VALUE:					

PENALTIES FOR FAILURE TO FILE THIS FORM INCLUDE WAIVER OF RIGHTS TO APPEAL YOUR ASSESSMENT AND MAY INCLUDE A MONETARY PENALTY (RS 47:1992 & 2330)

NEED ASSISTANCE? AFTER YOU REVIEW THE ENCLOSED TAX FORM AND YOU FEEL YOU NEED ASSISTANCE, PLEASE CALL YOUR ASSESSOR LISTED ABOVE.

SIGNATURE AND VERIFICATION

"I declare under the penalties for filing false reports (R.S. 14:125; up to \$500.00 fine or imprisonment for one year or both, plus additional penalties defined in Act 2330B of the 1989 Regular Session) that this return has been examined by me and to the best of my knowledge and belief is a true, correct and complete return." If this return is prepared by someone other than the taxpayer, authorized officer, or partner, this form must be notarized.

SIGNATURE OF TAXPAYER		SIGNATURE OF PREPARER	
DATE		DATE	
PRINTED/TYPED NAME OF TAXPAYER		PRINTED/TYPED NAME OF PREPARER	

LAT 12 --- ATTACHMENT A

PRODUCTION DATA

Year/Month	Oil Wells	
	BBLS Oil	MCF Gas
2020		
2021		
2022/01		
/02		
/03		
/04		
/05		
/06		
/07		
/08		
/09		
/10		
/11		
/12		

Gas Wells	
MCF Gas	BBLS Condensate

	Yes	No
Is casinghead gas being sold?		
Is this LUW completely shut-in?		

