



LASALLE PARISH ASSESSOR

TOM KENDRICK, CLA - ASSESSOR

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January 30, 2024

LaSalle Parish Producers,

As you are aware, the valuation process for oil and gas wells was radically changed in Louisiana in 2023. This year we are including one LAT 12 per company. It is obvious the LAT 12 Form does not ask for the information required to make an accurate assessment. The following list is the basic information we need to accurately value your property:

- Assessment Number
- LUW
- Serial Numbers and Well Names and Number included in LUW
- Total Depth
- 2023 Production
- 2023 Average Price – Total dollars received divided by number of barrels. Gas if applicable.
- Total Working Interest (Net Revenue Interest)
- Direct Operating Expenses
- Capital Expenses
- Severance %
- Decline Curve (If known)
- Contact person, email address, and phone number

Included in your packet is a spreadsheet which lists your wells along with the corresponding LUW. Please make any additions or deletions as necessary. Let us know if there are any other mitigating factors that need to be considered. We will provide spreadsheets in digital format if requested. Please visit our website, <https://www.lasalleassessor.com/forms-resources>, for additional resources.

Thank you for working with us through this change as we strive to bring you more accurate assessments. If requested, I will be happy to discuss the assessments, spreadsheets, and what we can do to reduce your tax burden.

Sincerely,

Tom Kendrick
LaSalle Parish Assessor

To LaSalle Parish 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, and now extending into this year, 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 beginning tax year 2023 were 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. We encourage you to carefully study **§903 (Instructions for Reporting Oil and Gas Properties)** and **§905 (Reporting Procedures)** to aid you in accurately and thoroughly completing this new LAT 12 form. Chapter 9 for tax year 2024 is available for downloading from the LTC's website:

<https://www.latax.state.la.us/Menu RulesRegulations/Manuals/OG%20to%20POST.pdf>

The biggest change to Chapter 9, beginning 2023, was that 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." The new 2024 DCF Excel file model can also be downloaded from the Assessor's website, under the "Oil & Gas Forms" near the bottom of the page.

<https://www.lasalleassessor.com/forms-resources>

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.

For tax year 2024, the DCF Excel file has been amended to add two more available exponential production decline (forecast) segments, and also a hyperbolic production decline (forecast) option that can be used in lieu of the exponential production decline (forecast) segments.

The other substantial change to Chapter 9, beginning tax year 2023, 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. 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 production of the oil and gas wells being appraised. A more detailed explanation of "production train" can be found in §901.C of the Rules and Regulations.

A review of the DCF Excel file model will reveal that, in addition to the LAT 12 form, the operator should provide the following items to the assessor to assist in the successful completion of a relevant and accurate DCF result:

- Primary product (oil or gas)
- total working interest (WI) decimal (net revenue interest)
- total number of wells included in LUW code being appraised by the DCF
- average depth of wells being appraised by the DCF
- prior year average price received (average of 12 prior year monthly averages)
- direct operating expense for prior year
- capital expense, if any, anticipated to maintain or enhance production
- production rate as of January 1 (bopd or mcfpd)
- production decline rate anticipated for the well(s) after January 1
- Any data to support time or reserve limitations, if any, for the asset's production

Operators can perform these DCF evaluations themselves using the LTC's Excel file model and provide the resulting reports for the assessor's consideration. 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 aware that §903.C requires operators to provide the assessor a **detailed statement of previous year lease operating expenses** for each lease or facility corresponding to the LAT 12 forms. These statements should be in sufficient enough detail to indicate the extent (amount by month) of various major categories of expense such as labor, power & fuel, salt-water disposal, chemicals, materials and supplies, repair and maintenance, workovers, and district overhead.

The assessor's office thanks you for your cooperation and assistance regarding the appraisal of oil and gas wells for tax year 2024. Please feel free to contact us if you have any questions regarding Chapter 9 of the Rules and Regulations, the promulgated DCF Excel file, or the LAT 12 form attached.

*** If additional lines are required, please attach more pages ***

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:					

CONSIGNEE 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	DATE	SIGNATURE OF PREPARER	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

Is casinghead gas being sold?
Is this LUW completely shut-in?

Yes	No