

GENERAL REPORTING INSTRUCTIONS

WHO MUST REPORT: Every person, firm, association or corporation licensed to operate a reclaiming plant or water disposal system, or any person, firm, association or corporation who engages in the treating of tank bottoms, pit oil, water or other substance for the recovery of petroleum, crude oil or other liquid hydrocarbons, unless such product is reported and the tax paid thereon as a part of the volume of the well from whence it was produced.

REPORTING PERIOD: Each calendar month shall be a reporting period.

DUE DATE OF REPORT AND REMITTANCE: The operators of reclaiming plants, including disposal facilities, shall be required to remit the Gross Production and Petroleum Excise Taxes on all oil coming into their possession except where such taxes have previously been paid or when it can be shown that such oil was not subject to tax for reason of being exempt by law or having been produced in another state. Taxes shall be due on oil purchased by a claimer on the first day of the month following the month of purchase. Taxes shall be due on oil recovered from water at a disposal facility the first day of the month following the month it was sold by the claimer who recovered it. The tax shall become delinquent if not received by the Tax Commission on or before the twenty-fifth day of the second calendar month following the month of production. Reclaimer's Monthly Gross Production Tax Report, and the Reclaimers and Transporters Monthly Reports of Oil Transported and Stored are due on the same date as the tax and shall be delinquent if not received by the twenty-fifth day of the second calendar month following the month in which they become due.

INSTRUCTIONS FOR PREPARING FORM 323

A. Check/Tracer Number:

1) Check Payment - Enter the last seven digits of the check number associated with the payment of taxes. If the check number is less than seven digits, precede the number with zeroes (i.e. 0000123).

Note: When an underpayment of taxes occurs and a supplemental check is required, use the original check number for all reports.

2) EFT Payments - Enter 77777 plus the two digits of the most current production month (i.e. 7777701 for January production reports).

3) Wire Transfer Payments - Enter 44444 plus the two digits of the most current production month (i.e. 4444401 for January production reports).

4) Claim for Refund - Enter 9999999 as the trace number.

5) Zero Tax Due or Offsetting Reports - Enter 8888888 as the trace number.

Note: Offsetting reports are amended reports where taxes net to exactly zero (i.e. changing product codes, production unit numbers, months, and/or county numbers).

Enter 1. Your Federal Employers Identification Number or Social Security Number.

2. Your Tax Commission assigned company reporting number.

3. Your company name and mailing address.

4. Refiner's license number(s) under which you operate.

5. Month and year of recovery or sales. Separate report must be made for each month.

6. (a) Number each page consecutively.

(b) Type of report.

Code 1. Current report.

Code 3. Delinquent report and/or amended report to correct type 1 report. Show only debit or credit figures necessary to make original report correct.

B. Enter 1. The three digit code of the county from which the oil was produced. Separate report must be made for each county.

2. The Tax Commission assigned plant or disposal well number.

3. Merge number.

C. 1. This will be the amount of oil purchased during the month and/or the amount of oil recovered and sold during the month.

2. Gross Value: This will be the amount of monies paid for the oil purchased and/or the amount of monies received for the oil recovered and sold during the month.

D. You may deduct the cost of treating (boiler fuel, chemicals used and salaries paid for actual treating) and trucking the oil from your plant to the purchaser. You cannot deduct any cost relating to oil purchased or of any oil upon which you do not pay the tax.

E. Enter 1. The number of barrels.

2. The value of any oil reported upon which taxes have previously been paid. It is the responsibility of the reporting party to provide proof of such previous payment if asked by the Tax Commission to do so.

F. Enter 1. The volume (Column C1 minus Column E1) and

2. The value of oil upon which tax is due (Column C2 minus Column D and E2).

G. Enter 1. Gross Production Tax due for each entry (.07 of value in column F2).

2. Petroleum Excise Tax due for each entry (.00095 of value in Column F2).

3. Totals of Columns G1 and G2.

H. Enter totals of each column on the page.

I. If more than one page, enter total of each column of all pages.

J. If tax is thirty (30) days delinquent, enter 10% of the total amount of tax due.

K. If tax is delinquent, enter 1 1/4% of total amount of tax due for each month or part thereof.

L. Enter total amount of Tax, Penalty and Interest remitted with this report.

NOTICE: Failure to complete reports as instructed or failure to attach a properly completed OTC Form 323 will result in reports being returned for completion and/or correction which may cause assessment of penalties for delinquent reporting. Check all entries carefully and enclose remittance with Form 300-C.