

INSTRUCTIONS

Each operator desiring to claim a tax credit for workover or recompletion work performed must submit this form within 90 days after the workover or recompletion work is completed. Upon determination and notification by the division that the described work qualifies for a tax credit, the operator may claim the tax credit on reports submitted to the Utah State Tax Commission during the third quarter after completion of the work.

NOTIFICATION REQUIREMENTS

In accordance with the Utah Oil and Gas Conservation General Rules, a notice of intent to perform the described workover or recompletion must be submitted to and be approved by the division prior to performing the work. A subsequent report giving detail of the actual work performed must be submitted within 30 days of the completion of the workover or recompletion operations. The intent and subsequent reports shall be submitted on Form 9, Sundry Notices and Reports on Wells.

QUALIFYING WORK

A workover is defined as “any downhole operation that is: (i) conducted to sustain, restore, or increase the producibility or serviceability of a well in the geologic intervals in which the well is currently completed; and (ii) approved by the division as a workover. Workover does not include operations that are conducted primarily as routine maintenance or to replace worn or damaged equipment.” A recompletion is defined as “any downhole operation that is: (i) conducted to reestablish the producibility or serviceability of a well in any geologic interval; and (ii) approved by the division as a recompletion.

The following workover and recompletion operations qualify for a tax credit:

- Perforating
- Stimulation (e.g., acid jobs, frac jobs, solvent treatments, nitrogen cleanouts)
- Sand control
- Water control or shut-off
- Wellbore cleanout
- Casing or liner repair
- Well deepening
- Initiation of enhanced recovery for board approved projects (excluding surface equipment and associated costs)
- Change of lift system (excluding surface equipment and associated costs)
- Gas well tubing changes
- Thief zone identification and elimination

The following workover and recompletion operations do not qualify for a tax credit:

- Pump changes
- Rod string fishing and repair/replacement
- Tubing repair/replacement
- Surface equipment installation and repair
- Routine maintenance and repair

EXPENSES

List the expenses incurred as part of the workover or recompletion on the appropriate operation lines of the form. Use the “other” lines for those qualifying expenses not described by any of the other categories. Use separate attachments if necessary to adequately characterize the expenses as “qualifying.” Do not write in the column marked “Approved by State.” Division approval indicates approval of the particular operation and reasonableness of the expenses only. Division approval is conditional subject to audit, and submitted expenses may be disallowed if they are not appropriate workover or recompletion expenses.

WORKING INTEREST OWNERS TAKING PRODUCT IN KIND

List only the working interest owners who take product in kind. Provide name, addresses, and Utah account numbers (account numbers can be obtained by contacting the division). Show the percent of ownership to the seventh decimal place.

SUBMISSION

This is a sample form provided for reference only. Applications for workover tax credits are not accepted on this paper form. All applications must be submitted electronically via the Utah ePermit program, located under the “Electronic Reporting” tab on the Utah DOGM website.

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