

General Information

Who Files: Form AP-217 must be filed by taxpayers seeking an exemption for wells certified by the Texas Railroad Commission (RRC) for oil, gas well gas or casinghead gas produced from two-year inactive wells, and flared/released casinghead gas from oil wells; qualifying low-producing gas from gas wells; or crude oil wells with enhanced efficiency equipment.

What is Needed: Additional documentation is required to be submitted with Form AP-217, as shown below.

Type of Well Exemption	Type of Documentation Needed
Two-Year Inactive Well (This exemption applies for oil, gas well gas or casinghead gas produced from a two-year inactive well).	RRC Certification letter.
Flared/Released Casinghead Gas from Oil Wells (Type 04)	RRC Certification Letter, and official documentation from the RRC approving the Statewide Rule 3.32 (Gas Well Gas and Casinghead Gas Shall Be Utilized for Legal Purposes) exemption and showing the amounts allowed to be flared thereunder.
Qualifying Low-Producing Gas Produced from Gas Wells	See Texas Administrative Rule 3.23 (Credits for Qualifying Low Producing Wells).
Crude Oil Wells with Enhanced Efficiency Equipment	See Texas Administrative Rule 3.40 (Tax Credit for Enhanced Efficiency Equipment).

When to File: To recoup credits for previously paid tax on all approved well exemptions indicated above, credit-amended tax reports must be filed within four years from the due date of a production period.

Information for Crude Oil: www.comptroller.texas.gov/taxes/crude-oil.

Information for Natural Gas: www.comptroller.texas.gov/taxes/natural-gas.

For Assistance: If you have any questions concerning this application, filing tax returns or any other crude oil or natural gas tax-related matter, call 800-531-5441 ext. 3-4455.

Instructions

Complete Items "a" Through "k" for All Types of Well Exemptions

Item e: Name of lease and well

Enter the lease or well name as reported to the RRC.

Item f: County of production

Enter the county name and Comptroller's county code of the lease or well as reported to the RRC.

Item g: RRC district number

Enter the district number of the lease as reported to the RRC.

Item h: RRC lease number

Enter the lease identification number assigned by the RRC.

Item i: American Petroleum Institute (API) number

Enter the API number assigned to the well/lease by the RRC.

Item j: Well completion date

Enter the completion date (mm/dd/yyyy) of the well as shown on RRC records.

Item k: Certification effective year and month (If applying for a qualifying low-producing well exemption, do not enter this information.)

Enter the certification year and month (yy/mm) as shown on the RRC Certification Letter for the lease.

Item l: RRC certification date (If applying for a qualifying low-producing well exemption, do not enter this information.)

Enter the date (mm/dd/yyyy) as shown on the RRC Certification Letter for the lease.

Qualifying Low-Producing Gas Well

Item m: Three-month period used

Enter the three months that were prior to the beginning date of the exemption. Example : January 2021, February 2021, and March 2021 are the three months used to qualify April 2021.

Crude Oil Well with Enhanced Efficiency Equipment

Item n: Date equipment purchased and installed

Enter the date (mm/dd/yyyy) the efficiency equipment was purchased and installed.

Item o: Average well production for the month prior to equipment installation

Enter the average well production for the month prior to installation of the enhanced efficiency equipment. The enhanced efficiency equipment installed in a qualifying marginal well must have been purchased and installed not earlier than September 1, 2005, or later than September 1, 2013.

Item p: Total cost of equipment and installation

Enter the total cost of the enhanced efficiency equipment and installation. Enter whole dollars.

Item q: Severance tax credit (10% of total cost, cannot exceed \$1,000.00 per marginal well)

Enter 10 percent of the total cost.