

NOVEMBER 27, 2010

NOTICE

TO ALL OIL AND GAS PRODUCERS WITHIN THE COMANCHE NATION JURISDICTION:

INCLUDES: COMANCHE, KIOWA, CADDO, GRADY, STEPHENS, JEFFERSON, TILLMAN, COTTON.

The Comanche Nation requires an oil or gas Lessee or Operator to obtain a License prior to conducting or continuing any such oil or gas production activities within Comanche jurisdiction. The relevant parts of the **COMANCHE NATION GENERAL REVENUE & TAXATION ACT OF 1995**, Section 714 of the Act read as follows:

Section 714 – Requirement to Obtain a License

Every Lessee desiring to lease mineral rights from an Indian or tribal Lessor . . . [and] every Operator desiring to engage in oil or gas production . . . within the Comanche Nation jurisdiction must apply for and receive from the Comanche Tax Commission a Leasing License . . . [or] an Oil and Gas Production License prior to entering into . . . establishing or continuing [such activity].

YOU MUST HAVE A LICENSE IN ORDER TO LEASE OR PRODUCE OIL OR GAS.

The fee for such a license is \$100.00 (one hundred dollars) **EACH LEASE**, and is valid for one year from issuance.

YOU MUST DEPOSIT A CASH OR POST A SURETY BOND WITH THE TAX COMMISSION;

The cash or surety bond will not be more than the previous 12 month period of taxes due on the each lease.

YOU MUST PAY OIL AND GAS PRODUCTION TAXES MONTHLY.

The Comanche Nation levies a severance tax on the value of oil and gas produced from within Comanche jurisdiction pursuant to Part Seven of the **General Revenue and Taxation Act of 1995 ("Act")**. The relevant parts of Sections 702 and 703 of the Act read as follows:

Section 702 & 703 – Tax Levied on Oil [or] Gas (as the case may be):

There is hereby levied a tax equal to eight percent (8%) of the taxable value of all petroleum or other crude, condensate, or mineral oil, . . . [and] all gas, natural gas, casinghead gas, associated natural gas liquids, and other valuable hydrocarbon substances . . . produced, severed, saved, or removed from any land within the jurisdiction of the Comanche Nation.

The severance tax is in lieu of any other Comanche sales taxes. Stripper wells are **not exempted** from this tax. However, **no tax is due on the production attributable to the royalty interest of an Indian or tribal Lessor of trust or restricted land.** The **Lessee is responsible for reporting the value of the production and paying the tax every month.** Our office will supply you with the forms upon which to report your production to the Comanche Nation Tax Commission.

FAILURE TO PAY OIL OR GAS TAXES MAY CAUSE FORECLOSURE OF THE LEASE.

Commission representatives may conduct field inspections and view any records concerning production activities within Comanche jurisdiction. You must keep records of your production activities for at least **five (5) years**. **Failure to pay oil or gas taxes could result in foreclosure proceedings against the Lessee's interest which may be sold to pay for delinquent taxes.** In addition, the Commission may revoke a Lessee's license to maintain production activities.

TAXES PAY FOR COMANCHE NATION HEALTH, EDUCATION, SOCIAL SERVICE, PROGRAMS, AND POLICE PROTECTION. THE COMANCHE NATION MUST PAY FOR THOSE PROGRAMS AND SERVICES WHICH THE FEDERAL GOVERNMENT HAS FAILED TO FUND.

If you have any questions, please call (580) 595-3313, 595-3314 OR EMAIL cntn@fidmail.com

COMANCHE NATION TAX COMMISSION
P.O. BOX 1917
1915 E. GORE BLVD.
LAWTON, OK 73502
10/27/10

For Office Use Only

APPLICATION FOR OIL & GAS
LESSEE LICENSE

PLEASE TYPE OR PRINT

Name of Lessee _____ (Area Code) Phone No. _____

Lessee Address _____

EMAIL ADDRESS _____

License No. Issued _____
Application Approved _____
Application Rejected _____
Application Fee Paid _____
Check Number _____
Date License Issued _____

_____ Tax Commission Staff Signature

PLEASE ANSWER QUESTIONS FULLY:

1. In what counties (within the Comanche Nation's jurisdiction) will the Lessee be producing oil and gas?

2. Have you previously been issued a Oil & Gas Lessee License? If so provide:

4. Name Leased Under _____ Address _____ Tax/License Number _____
Indicate in proper space the type of ownership. Individual _____ Partnership _____ Corporation _____
Other _____

(If a Corporation, an Oil & Gas Lessee License will not be issued until Articles of Incorporation have been filed with Secretary, Comanche Nation, P.O. Box 1917, Lawton, OK 73502. If a partnership, an Oil & Gas Lessee License will not be issued until the Partnership Agreement has been filed with Secretary, Comanche Nation, P.O. Box 1917, Lawton, OK 73502. If the partnership has no formal Partnership Agreement, an affidavit indicating that there is no formal agreement shall be substituted for the filing of a formal agreement). All others must provide proof of ownership.

NOTE: Enter the Appropriate Date: Comanche Nation Corp., Date Corporate Charter Granted ____/____/____
Oklahoma Corp., Date Corporate Charter Granted ____/____/____
Foreign Corp., Date Domesticated in Oklahoma ____/____/____

Full name of directors, officers, partners, majority shareholders and/or controlling members _____ Address _____ Degree of interest _____
(use additional sheets as necessary)

5. If you are already engaged in oil and gas production within the Comanche Nation's jurisdiction, provide the **BIA lease numbers** for the leases and the **amount of acres leased on each lease & THE COMANCHE ALLOTTEE NUMBER AND NAME, AND THE OIL COMPANY NAME OF WELL.**

INSTRUCTIONS:

The following documentation must be submitted in full before a license is issued:

- 1. COPIES OF ORIGINAL BIA-APPROVED MINERAL LEASES WITHIN THE COMANCHE NATION'S JURISDICTION.**
- 2. PROOF OF AUTHORITY OF SERVICE AGENT TO ACCEPT SERVICE OF PROCESS ON BEHALF OF THE APPLICANT.**

AFFIRMATIONS:

The applicant hereby agrees to be bound by the following terms as a licensee of the Comanche Nation:

- 1. The applicant/licensee will abide by all applicable laws of the Comanche Nation.**
- 2. The applicant/licensee will file with the Tax Commission copies of those forms filed with the designated federal agencies as specified by the Tax Commission in its rules and regulations.**
- 3. The applicant/licensee will, stipulate, and consent to the civil jurisdiction of the Comanche Nation and to the jurisdiction of the Tribal Court, and the applicant/licensee agrees to accept service of process in matters arising from or related to the conduct of business.**
- 4. The applicant/licensee receives a summons to appear in any court on a matter relating to a lease within the Comanche Nation's jurisdiction, it will notify the Comanche Nation Tax Commission immediately, and provide the Tax Commission with a copy of the court document.**
- 5. The applicant/licensee will respond in a timely manner to requests by the Tax Commission for information sought for the purpose of establishing whether it is in compliance with the terms of the Comanche General Revenue and Taxation Act of 1995 ("Tax Act").**
- 6. The applicant/licensee authorizes the Tax Commission access to its federal and state tax filings as necessary for audit purposes or to determine compliance with the Tax Act.**
- 7. The applicant/licensee authorizes the Tax Commission to conduct an on-site audit of its facilities as necessary for audit purposes or to determine compliance with the Tax Act.**
- 8. The applicant/licensee authorizes the Tax Commission to access and obtain records within its control as necessary for audit purposes or to determine compliance with the Tax Act.**
- 9. The applicant/licensee authorizes the Tax Commission to access and obtain records submitted to or held by the Bureau of Land Management, the Bureau of Indian Affairs, the United States Geological Survey, the Oklahoma Tax Commission, and/or the Oklahoma Corporation Commission as necessary for audit purposes or to determine compliance with the Tax Act.**
- 10. The applicant/licensee authorizes tribal representatives to enter and inspect lease sites and records maintained thereon as necessary for audit purposes or to determine compliance with the Tax Act.**
- 11. The applicant/licensee will return its license to the Comanche Nation Tax Administrator immediately if it permanently ceases business operations and acknowledges that its license is nontransferable and non-assignable.**

The applicant/licensee further acknowledges that neither the Comanche Nation nor the Comanche Nation Tax Commission shall be responsible for defending any applicant in proceedings brought by federal, state, or local governments for the enforcement of tax or other laws.

PAGE 3 OF 3 COMANCHE NATION LESSEE LICENSE APPLICATION.

IMPROPERLY SIGNED OR INCOMPLETE APPLICATIONS WILL BE RETURNED FOR CORRECTION.

Sole Proprietorship- Owner must sign application.

Partnership/association - All partners or controlling members must sign application.

Corporation - List all officers and have the signature of one corporate officer on application.

Joint Venture - Authorized signatures of all persons and one officer of corporation organizing joint venture.

This application submitted on behalf of _____ has been examined by me, and under penalty of law, I hereby affirm, that to the best of my information, knowledge and belief, it is a true and accurate, and complete application.

Signature Title Date

Printed Signature

Comanche Nation Tax Administrator Signature Title Date

Printed Signature

NOTARY PUBLIC SIGNATURE _____

My COMMISSION EXPIRES ON _____

PRINTED NAME _____

DATE _____

SEAL

COMANCHE NATION TAX COMMISSION
P.O. BOX 1917
1915 EAST GORE BLVD.
LAWTON, OK 73502
10/27/10

For Office Use Only

APPLICATION FOR OIL & GAS
OPERATOR LICENSE

PLEASE TYPE OR PRINT

Name of Operator (Area Code) Phone No.

<p>_____</p> <p>License No. Issued _____</p> <p>Application Approved _____</p> <p>Application Rejected _____</p> <p>Application Fee Paid _____</p> <p>Check Number _____</p> <p>Date License Issued _____</p>

Operator Address

Tax Commission Staff Signature

EMAIL ADDRESS

PLEASE ANSWER QUESTIONS FULLY:

1. In what counties (within the Comanche Nation's jurisdiction) will the Operator be producing oil and gas?

2. Have you previously been issued a Oil & Gas Operator License? If so provide:

Name Operated Under	Address	Tax/License Number
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4. Indicate in proper space the type of ownership. Individual _____ Partnership _____ Corporation _____ Other _____
 (If a Corporation, an Oil & Gas Operator License will not be issued until Articles of Incorporation have been filed with Secretary, Comanche Nation, P.O. Box 1917, Lawton, OK 73502. If a partnership, an Oil & Gas Operator License will not be issued until the Partnership Agreement has been filed with Secretary, Comanche Nation, P.O. Box 1917, Lawton, OK 73502. If the partnership has no formal Partnership Agreement, an affidavit indicating that there is no formal agreement shall be substituted for the filing of a formal agreement). All others must provide proof of ownership.

NOTE: Enter the Appropriate Date: Comanche Nation Corp., Date Corporate Charter Granted _____/_____/_____
 Oklahoma Corp., Date Corporate Charter Granted _____/_____/_____
 Foreign Corp., Date Domesticated in Oklahoma _____/_____/_____

Full name of directors, officers, partners, majority shareholders and/or controlling members (use additional sheets as necessary)	Address	Degree of interest
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5. If you are already engaged in oil and gas production within the Comanche Nation's jurisdiction, provide the **BIA lease numbers** for the leases and the **amount of acres leased on each lease** & THE **COMANCHE ALLOTTEE NUMBER AND NAME**, AND THE **OIL COMPANY NAME FOR THE WELL**.

ATTACH ADDITIONAL SHEET AS NEEDED

PAGE 2 OF 3 COMANCHE NATION OPERATOR LICENSE APPLICATION.

INSTRUCTIONS:

The following documentation must be submitted in full before a license is issued:

- 1. COPIES OF ALL BIA-APPROVED MINERAL LEASES WITHIN THE COMANCHE NATION'S JURISDICTION.**
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- 3. The applicant/licensee will stipulate, and consent to the civil jurisdiction of the Comanche Nation and to the jurisdiction of the Tribal Court, and the applicant/licensee agrees to accept service of process in matters arising from or related to the conduct of business.**
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- 8. The applicant/licensee authorizes the Tax Commission to access and obtain records within its control as necessary for audit purposes or to determine compliance with the Tax Act.**
- 9. The applicant/licensee authorizes the Tax Commission to access and obtain records submitted to or held by the Bureau of Land Management, the Bureau of Indian Affairs, the United States Geological Survey, the Oklahoma Tax Commission, and/or the Oklahoma Corporation Commission as necessary for audit purposes or to determine compliance with the Tax Act.**
- 10. The applicant/licensee authorizes tribal representatives to enter and inspect lease sites and records maintained thereon as necessary for audit purposes or to determine compliance with the Tax Act.**
- 11. The applicant/licensee will return its license to the Comanche Nation Tax Administrator immediately if it permanently ceases business operations and acknowledges that its license is nontransferable and non-assignable.**

The applicant/licensee further acknowledges that neither the Comanche Nation nor the Comanche Nation Tax Commission shall be responsible for defending any applicant in proceedings brought by federal, state, or local governments for the enforcement of tax or other laws.

PAGE 3 OF 3 COMANCHE NATION OPERATOR LICENSE APPLICATION.

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Sole Proprietorship- Owner must sign application.

Partnership/association - All partners or controlling members must sign application.

Corporation - List all officers and have the signature of one corporate officer on application.

Joint Venture - Authorized signatures of all persons and one officer of corporation organizing joint venture.

This application submitted on behalf of _____ has been examined by me, and under penalty of law, I hereby affirm, that to the best of my information, knowledge and belief, it is a true and accurate, and complete application.

Signature Title Date

Printed Signature

Comanche Nation Tax Administrator Signature Title Date

Printed Signature

NOTARY PUBLIC SIGNATURE _____

COMMISSION EXPIRES ON _____

PRINTED NAME _____

DATE _____

SEAL

MONTHLY REMITTANCE REPORT – OIL AND GAS SEVERANCE TAX

COMANCHE NATION TAX COMMISSION
P.O. BOX 1917
1915 E. GORE BLVD.
LAWTON, OKLAHOMA 73502

1. Reporting Period: _____, 20 ____
2. ____ Original Report ____ Amended Report
3. Lessee Information:
 - a. **Bureau of Indian Affairs Lease Number:** _____
 - b. **Comanche Nation Allotment Number:** _____ **Amount of acres leased** _____
 - c. **Lessee's Comanche Nation License Number:** _____
 - d. Lessee's Name and Address:

 - e. Date of Lease, Sublease, or Assignment (if applicable): _____
 - f. If Subleased or Assigned, Name of Original Lessee: _____
4. Legal Description of Producing Unit:

5. Operator Information:
 - a. Operator's Name and Address:

 - b. Operator's Comanche Nation License Number: _____
6. Date of Unitization Agreement (if applicable): _____
7. If Tax is to be Paid by Person Other than the Lessee:
 - a. Taxpayer's Name and Address:

 - b. Explain Relationship to Lessee:

FORM 700

PAGE 2 OF 2 OF MONTHLY REMITTANCE REPORT – OIL AND GAS SEV. TAX

c. Has the Comanche Tax Commission provided written authorization for the taxpayer to remit taxes: ____
yes ____ no

8. Taxpayer's Contact Information:

a. Name: _____

b. Phone Number: _____

9. Taxes:

a. Amount of Taxes Due (total of column 12 from computations table): _____

b. Amount of Taxes Paid: _____

10. Payment Information:

a. Paid by check number: _____

b. Drawn on Bank: _____

c. Bank's Address: _____

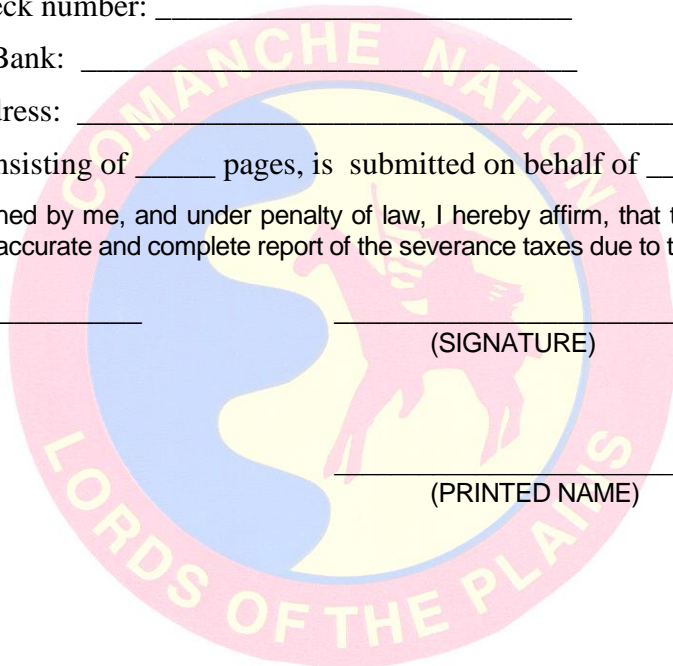
11. This report, consisting of ____ pages, is submitted on behalf of _____
(Company)

and has been examined by me, and under penalty of law, I hereby affirm, that to the best of my information, knowledge, and belief, it is a true and accurate and complete report of the severance taxes due to the Comanche Nation for this reporting period.

DATE

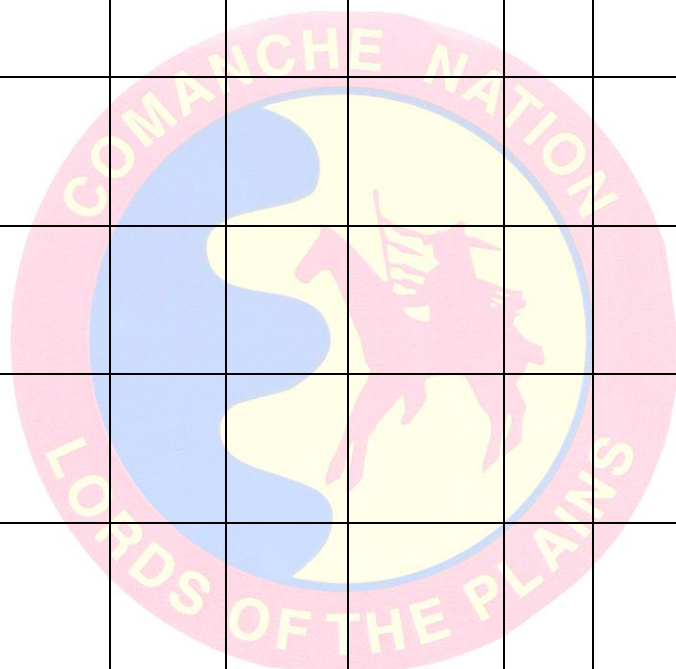
(SIGNATURE)

(PRINTED NAME)



12. OIL AND GAS SEVERANCE TAX COMPUTATION:

	1. WELL NAME & NUMBER BIA CONTRACT NUMBER	2. PRODUCTION PERIOD	Amount Of Tribal Acres leased	Cash Bonus Amount	3. PRODUCT	4. GROSS WELL PRODUCTION	5. PRICE PER UNIT	6. GROSS WELL VALUE	7. PERCENTAGE OF INDIAN INTEREST	8. VALUE OF INDIAN INTEREST	9. VALUE OF EXEMPT INDIAN INTEREST	10. TAXABLE VALUE	11. TAX RATE	12. TAXES DUE
A														
B														
C														
D														
E														
F														



(Use Supplemental sheets where necessary)

GENERAL INSTRUCTIONS

Production Period and Reporting Period:

For each production period, severance taxes shall be paid and Remittance Reports shall be filed on or before the last business day of the reporting period. Each Remittance Report shall indicate both the reporting period and the production period.

Who Must Report:

The Lessee must report monthly by filing the Remittance Report and is responsible for appropriate reporting and remittance of taxes. However, someone other than the Lessee (e.g., the Operator or Purchaser) may make reports and remit taxes upon application to and acceptance of the arrangement by the Tax Commission. The Tax Commission's approval of such arrangements does not relieve the Lessee from his liability for the taxes due or the filing of the Remittance Report.

What Wells Are Included In the Report:

Each lease must be reported on a separate form. However, all wells within a lease should, where practical, be included on the same report. Any well that is not in production during the reporting period should carry a notation explaining the status of the well, such as "shut in," "injection well," "salt water disposal," or "capped and abandoned."

Due Date of Report and Remittance:

Remittance Reports and accompanying remittances are due at the Comanche Nation Tax Commission, P.O. Box 1917, Lawton, OK 73502 on the last day of the reporting period, which is the first calendar month following the production period covered by the report. Late payments will result in a five percent (5%) penalty. Interest on past due amounts is computed at the daily rate of 21% per annum (0.0575% per day). FALSE OR FRAUDULENT REPORTS OR REFUSAL TO FILE REPORTS WITH THE INTENT TO EVADE TAXES MAY RESULT IN SEVERE PENALTIES INCLUDING FORFEITURE OF YOUR PRIVILEGE OF DOING BUSINESS WITHIN THE JURISDICTION OF THE COMANCHE NATION.

Objections and Claims for Refunds:

Every taxpayer has the right to a full hearing before the Tax Commission to challenge the amount of taxes, penalties, or interest assessed or to demand a refund of taxes paid under protest and to appeal the determination of the Tax Commission to the Tribal Court if he is aggrieved thereby. To apply for a refund or credit, the taxpayer should file an amended report and a petition for a refund with the Tax Commission, explaining the basis for the refund request. For more information, refer to Part Two of the Comanche General Revenue and Taxation Act of 1995 and the rules and regulations of the Tax Commission.

REPORTING FORM INSTRUCTIONS

Reporting Period:

The reporting period is a calendar month from its first to last day inclusive. Insert the name of the month reported and the applicable year.

Original or Amended Report

Indicate whether this Remittance Report is an original or an amended report.

PAGE 2 OF 4 OF FORM 700 GENERAL INSTRUCTIONS

Lessee Information:

Lease Number:

The lease number is the number assigned by the Bureau of Indian Affairs to the original lease from the Indian owners. Other identifying information may be included as appropriate.

Allotment Number:

Provide the Comanche Nation Allotment Number of the leased allotment.

License Number:

Provide the Lessee's Comanche Nation License Number.

Name and Address:

Provide the full name and address of the Lessee.

Date:

Insert the date of the Bureau of Indian Affairs' approval of the lease, sublease, or assignment to Lessee.

Name of Original Lessee:

If the Lessee holds its interest by virtue of a sublease or assignment, provide the name of the original lessee.

Legal Description:

Provide the legal description of the producing unit.

Operator Information:

Name and Address:

Provide the full name and address of the Operator.

License Number:

Provide the Operator's Comanche Nation License Number.

Date of Unitization Agreement:

If the leasehold is included in any approved common production unit or pool, provide the date of approval of the unitization agreement by the Bureau of Indian Affairs.

Taxpayer Other than Lessee:

This portion of the report is applicable if this Remittance Report is filed and taxes paid by someone other than the Lessee (e.g., if the Tax Commission has provided written authorization that the Operator or Purchaser may remit taxes).

Name and Address:

Provide the taxpayer's name and address.

Relationship:

Provide information regarding the taxpayer's relationship to the Lessee (e.g., taxpayer is Operator or Purchaser).

Authorization:

Indicate whether the Tax Commission has provided written authorization for the taxpayer to remit taxes for the Lessee.

Taxpayer's Contact Information:

Provide the name and phone number of the taxpayer's contact person.

PAGE 3 OF 4 OF FORM 700 GENERAL INSTRUCTIONS

Taxes:

Amount of Taxes Due:

Provide the total amount of taxes due; this will be the total of column 12 from computations table.

Amount of Taxes Paid:

Provide the total amount of taxes to be paid.

Check and Bank Information:

Provide the number of the check used to pay the tax, and the name and address of the bank on which the check is drawn.

Affirmation.

Provide all required information. The report must be signed by an officer of the reporting company who is authorized to bind the company. The Tax Commission must have on file proof that the signing officer is so authorized to bind the company (the Tax Commission will accept a memo or letter on company letterhead as authorization). Any report not properly signed shall not be considered as timely filed and will be returned for signature. Any penalties and interest incurred due to any delay will be assessed as provided by law.

Report Table:

Well Name and Number:

Indicate the name and number of the well used for completion, production, or other reports to the Bureau of Indian Affairs and the Bureau of Land Management. Describe each well as clearly as possible.

Amount of Acres leased:

Indicate the amount of acres leased i.e. 20, 40, 60, etc. according to the first page of the BIA OIL AND GAS MINING LEASE-ALLOTTED INDIANS after the land description section. (Form AAO)

Cash bonus amount:

Indicate the Cash bonus amount is found on the first page of the U.S. Department Of the Interior Bureau Of Indian Affairs, OIL AND GAS MINING LEASE – ALLOTTED INDIAN LANDS page of original Lease form. (Form AAO)

Production Period:

Indicate the period during which production occurred. The production period is a calendar month from its first to last day inclusive. Insert the name of the month reported and the applicable year.

Product:

Indicate oil, condensate, gas, natural gas liquid, or other substance produced.

Gross Well Production:

Indicate the gross well production of barrels of oil or MCF of gas at the reporting parameters required by the Bureau of Land Management as described in 43 C.F.R. Part 3162.

Price Per Unit:

Indicate the actual sales price for all sales for each product in each production period.

Gross Well Value:

Indicate the total of the individual sales for the well.

Percentage of Indian Interest:

Indicate the percentage of the lease that falls within the Comanche Nation's jurisdiction (for example, if this lease is for 80 acres of land owned by Comanche tribal members or the Comanche Nation, and the production unit is 640 acres, then the percentage of Indian interest for this lease would be 80/640 or 12.5%).

Value of Indian Interest:

The value of Indian interest is the percentage of Indian interest multiplied by the gross well value (for example, if the gross well value in the above example were \$4,000.00, then the value of Indian interest would be 12.5% x \$4,000.00 or \$500.00).

PAGE 4 OF 4 OF FORM 700 GENERAL INSTRUCTIONS

Value of Exempt Indian Interest:

The value of exempt Indian interest is the value of the royalties paid on the Indian interest. Calculate the exempt Indian interest by multiplying the royalty rate paid under the lease by the value of Indian interest (for example, if the royalty rate in the above example were 20%, then the value of exempt Indian interest would be 20% x \$500.00 or \$100.00).

Taxable Value:

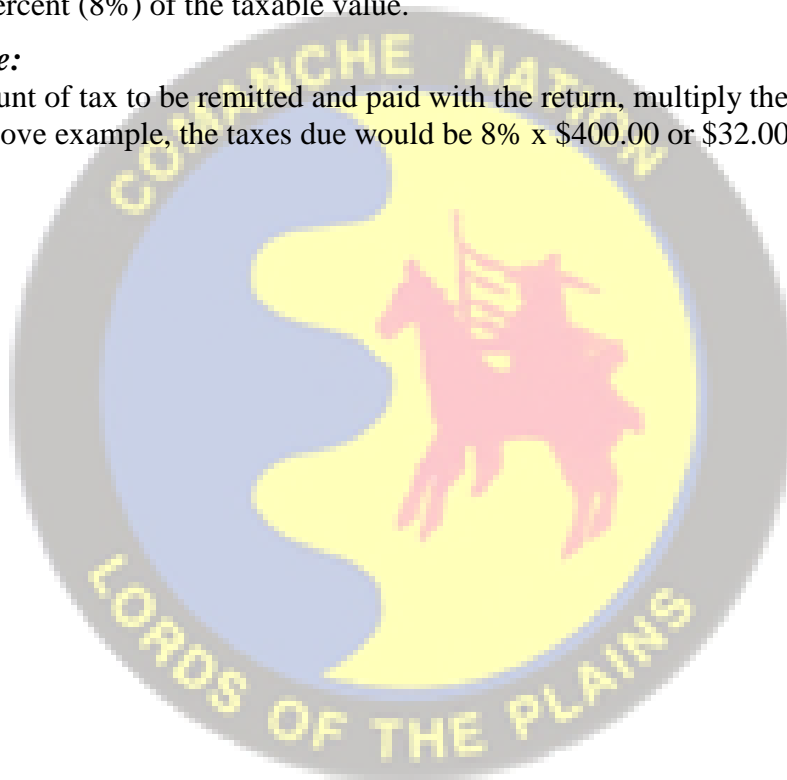
The taxable value is the value of Indian interest less the value of exempt Indian interest (for instance, in the above example, the taxable production would be the value of Indian interest (\$500.00) less the value of exempt Indian interest (\$100.00) or \$400.00).

Tax Rate:

The tax rate is eight percent (8%) of the taxable value.

Taxes Due:

To determine the amount of tax to be remitted and paid with the return, multiply the taxable value by 8% (for instance, in the above example, the taxes due would be 8% x \$400.00 or \$32.00).



PART 7

OIL AND GAS SEVERANCE TAX

[History: Added by PUBLIC LAW #03-96, January 06, 1996; as amended by PUBLIC LAW #29-03, March 8, 2003]

Section 701 - Definitions:

- (a) "Gross well value" means the total of the individual sales for an individual well.
- (b) "Lessee" means any person holding record title or owning operating rights in a lease issued or approved by the United States.
- (c) "Lessor" means any person holding legal or beneficial title to the mineral estate in the leased lands.
- (d) "Oil and gas production" means all oil, gas, natural gas, casinghead gas, and other valuable hydrocarbon substances produced, severed, saved, or removed from any land within the jurisdiction of the Comanche Nation.
- (e) "Operator" means any person or entity who is an operator for the purposes of 43 C.F.R. Part 3160 (i.e., any person, including but not limited to the lessee, who has stated in writing to the authorized officer that it is responsible under the terms and conditions of the lease for the operations conducted on the leased lands or a portion thereof).
- (f) "Percentage of Indian interest" means the percentage of the lease that falls within the Comanche Nation's jurisdiction.
- (g) "Person" means any individual, firm, corporation, association, partnership, consortium, joint venture, trust, or estate.
- (h) "Production period" is the calendar month in which production occurred.
- (i) "Purchaser" means any person who is the first purchaser of products after severance from a production unit.
- (j) "Reporting period" is the calendar month following the production period.
- (k) "Stripper well" means the final state in the life of a producing well.
- (l) "Taxable value" means the value of Indian interest less the value of exempt Indian interest.
- (m) "Value of exempt Indian interest" means the value of the royalties paid on the Indian interest. Calculate the exempt Indian interest by multiplying the royalty rate paid under the lease by the value of Indian interest.
- (n) "Value of Indian interest" means the percentage of gross well value attributable to leases within the Comanche Nation's jurisdiction. Calculate the value of Indian interest by multiplying the percentage of Indian interest by the gross well value.

Section 702 - Tax Levied on Oil:

There is hereby levied a tax equal to eight percent (8%) of the taxable value of all petroleum or other crude, condensate, or mineral oil produced, severed, saved, or removed from any land within the jurisdiction of the Comanche Nation.

Section 703 - Tax Levied on Gas:

There is hereby levied a tax equal to eight percent (8%) of the taxable value of all gas, natural gas, casinghead gas, associated natural gas liquids, and other valuable hydrocarbon substances produced, severed, saved, or removed from any land within the jurisdiction of the Comanche Nation.

Section 704 - Liability of Taxpayer:

The Lessee shall be liable for all taxes herein imposed. The Lessee shall be responsible for the remittance of said taxes and for the filing of a monthly Remittance Report as set forth in Section 708. As set forth in Section 705, the Tax Commission may, in its sole discretion, authorize a substitute taxpayer; provided that such authorization shall not relieve the Lessee of the ultimate responsibility of ensuring that the monthly reporting obligation is met and that the monthly taxes are paid in the correct amount and in a timely fashion.

Section 705 - Substitute Taxpayer:

Upon written approval of the agreement by the Tax Commission, the Lessee may enter into an agreement with a third party, including but not limited to the Operator, the Purchaser, or sublessee, whereby the third party agrees to file the Remittance Report and remit taxes due.

Section 706 - Due Date of Tax:

The taxes imposed by this Part shall be due at the time the taxed substances are produced, severed, saved or removed from the land and shall be payable monthly as provided by Section 707.

Section 707 - Payment of Tax:

(a) Payment of severance taxes herein imposed shall be made monthly on or before the last business day of the reporting period.

(b) Any payment not made when payable as provided herein shall be considered late and incur a late penalty as set forth in the rules and regulations of the Tax Commission.

(c) In addition to any penalty incurred, any payment not made when payable as provided herein shall be considered late and interest shall accrue on the amount of tax due as set forth in the rules and regulations of the Tax Commission.

(d) A payment may be made late without incurring a penalty or accruing interest only if the Tax Commission has provided a written extension of time for payment.

Section 708 - Required Reporting:

(a) Taxpayers are required to submit a monthly Remittance Report on a form authorized by the Tax Commission and available from the Tax Commission.

(b) All information requested on the form must be completed and accurate for the form to be regarded as properly filed.

(c) Remittance Reports are to be filed monthly on or before the last business day of the reporting period and are to be filed in conjunction with the taxes due as set forth in Section 707.

(d) Any Remittance Report not properly and timely filed shall be considered late and incur a late penalty as set forth in the rules and regulations of the Tax Commission.

(e) A Remittance Report may be filed late without incurring a penalty only if the Tax Commission has provided a written extension of time for payment.

Section 709 - Incidence of Tax; Forfeiture for Nonpayment:

(a) The incidence of the tax herein imposed shall be upon the Lessee and the taxes herein imposed shall be a lien upon the interest of such Lessee in the lease from which the taxable substances were produced. Such lien may be foreclosed and the interest of the Lessee may be forfeited and sold for nonpayment of taxes when such taxes remain unpaid in excess of sixty (60) days after the due date for filing of the taxes as required in this Part

(b) At least thirty (30) days prior to commencement of any forfeiture proceedings, the Tax Commission will serve notice to all persons known from tribal, Bureau of Indian Affairs, Bureau of Land Management, Minerals Management Service, or United States Geological Survey records to have an interest in such leasehold of the amount of the taxes due and unpaid, the intent of the Tax Commission to institute forfeiture proceedings, and the right of any of such persons to pay the taxes due on behalf of the Lessee and recover such payment from him by civil suit. Such notice will be served personally by the tribal or Bureau of Indian Affairs police, or by certified United States mail, deliverable to addressee only, return receipt requested, or in any other manner in which a summons may be served. Publication notice may be held upon order of the Tribal Court for good cause shown. Publication notice will be published at least once each full calendar week during the thirty (30) day waiting period in a newspaper in general circulation in Comanche County, Oklahoma and as may be further ordered by the Tribal Court.

Section 710 - Payment Bonds:

(a) The Tax Commission shall require any person responsible for remitting taxes under this Part to post a cash or surety bond to guarantee payment of taxes due. The posting of such bond does not negate the taxpayer's responsibility for timely payment of taxes due or operate as an extension of time for payment of the taxpayer's taxes. In the event that the Tax Commission has authorized a taxpayer other than the Lessee as set forth in Section 705, such authorization shall not relieve the Lessee of the ultimate responsibility of ensuring that the payment bond is posted.

(b) Such bond shall be in an amount determined by the Tax Commission, provided that the amount of such bond shall not exceed the total estimated taxes that will be due in the twelve (12) month period immediately following the giving of such bond.

(c) If the total estimated taxes that will be due in the twelve (12) month period immediately following the giving of such bond is less than \$1,000.00, the taxpayer may request a waiver from the Tax Commission for the required bond payment. Such waiver may be granted in the sole discretion of the Tax Commission.

Section 711 - Tax Commission May Determine Value of Products:

(a) The Tax Commission may determine the value of products herein subject to taxation when the Operator and Purchaser are affiliated or related persons; the sale and purchase of products is not an arm's length transaction; or products are severed and removed from the lease site and a price is not established for such products.

(b) The value determined by the Tax Commission shall be commensurate with the actual price received for products of like quality, character, and use which are severed in the same area. If there are no sales of products of like quality, character, or use severed in the same area, then the Tax Commission shall establish a reasonable value based upon the best information available.

Section 712 - Tax Commission May Audit, Correct, and File Reports:

The Tax Commission shall have the power and authority to ascertain and determine whether or not any report herein required to be filed is a true and correct report of any and all information contained therein. If any person has made a false or incorrect report of any information, or has failed or refused to make a required report, the Tax Commission shall, under rules and regulations prescribed by it, ascertain the correct information and compute said tax. In exercise of this authority, the Tax Commission is specifically authorized to conduct an on-site audit of the Lessee's or Operator's facilities; to obtain such records as may be available from the Lessee or Operator; or to obtain such records as may be available from the Bureau of Land Management, the Bureau of Indian Affairs, the United States Geological Survey, the Oklahoma Tax Commission, and/or the Oklahoma Corporation Commission and to consider reputable trade journals of the oil and gas industry in determining the market value of produced substances.

Section 713 - Requirement to Provide Information:

- (a) Every Operator must file with the Tax Commission copies of those forms filed with the designated federal agencies as specified by the Tax Commission in its rules and regulations.
- (b) Whenever a change in Operator occurs, the Tax Commission shall be notified promptly in writing.

Section 714 - Requirement to Obtain License:

(a) Every Lessee desiring to lease mineral rights from an Indian or tribal lessor within the Comanche Nation's jurisdiction must apply for and receive from the Comanche Tax Commission a "Leasing License" prior to entering into or continuing any such lease. A Leasing License shall be required for all leases of mineral rights from an Indian or tribal lessor occurring within the Comanche Nation's jurisdiction, regardless of other business-specific licensure requirements. Forms for such application and license shall be provided by the Tax Commission.

(b) Every Operator desiring to engage in oil and gas production within the Comanche Nation's jurisdiction must apply for and receive from the Comanche Tax Commission an "Oil and Gas Production License" prior to establishing or continuing any oil and gas production. An Oil and Gas Production License shall be required for all oil and gas production occurring within the Comanche Nation's jurisdiction, regardless of other business-specific licensure requirements. Forms for such application and license shall be provided by the Tax Commission.

Section 715 - Application for License:

(a) The Tax Administrator, subject to the appeal process provided by Part 2 of this Act, shall determine whether to grant or renew an application for a Leasing License or for an Oil and Gas Production License.

(b) Failure of the Tax Administrator to grant or renew a license within ten business days of an application's submission to the Tax Commission shall be considered a denial of the application. The Tax Administrator's denial of a license, whether by action or inaction, shall entitle the applicant to the appeal process provided by Part 2 of this Act.

Section 716 - License Fee:

A license fee of one hundred dollars (\$100.00) shall be paid for each new or renewal license issued. In the event that the application for a license is denied, the applicant shall receive a full refund of the license fee unless he or she is delinquent on any outstanding taxes, in which case the license fee shall be applied to those taxes.

Section 717 - License Duration; License Non-transferable and Non-assignable:

A Leasing License and an Oil and Gas Production License shall each be valid for one calendar year from the date of issuance and shall be non-transferrable and non-refundable.

Section 718 - Requirement to Permit Inspection:

Every Lessee and/or Operator shall permit properly identified authorized tribal representatives to enter upon, travel across and inspect the lease sites and records normally kept on the lease pertinent thereto without advance notice. Inspections normally will be conducted during those hours when responsible persons are expected to be present at the operation being inspected. Such permission shall include access to secured facilities on such lease sites for the purpose of making any inspection, determination, or audit for determining whether there is compliance with this Part, the regulations related thereto, and/or any applicable orders, notices, or directives.

Section 719 - Requirement to Maintain Records:

Any records generated under this Part shall be maintained for a period of five (5) years from the date they were generated or, if notified by the Tax Commission that such records are involved in an audit or investigation, the records shall be maintained until the record holder is released by the Tax Commission from the obligation to maintain them.

Section 720 - Severance in Lieu of Other Taxes:

The taxes levied by Sections 702 and 703 on oil and gas, respectively, shall be in lieu of all sales taxes on the first sale of such oil and gas imposed by law, and of any possessory interest taxes on said leasehold attributable to the period during which the oil and gas lease is in production.

Section 721 - Exclusion From Taxation:

There shall be excluded from the provisions of this Part the production attributable to the royalty interest of an Indian or tribal lessor of trust or restricted land.

The production attributable to the royalty interest of an Indian or tribal lessor of trust or restricted land shall be accounted for in all Remittance Reports but, pursuant to federal law and the tribal Constitution, no taxes shall be due or imposed on that portion of the production attributable to the royalty interest of an Indian or tribal lessor of trust or restricted land.

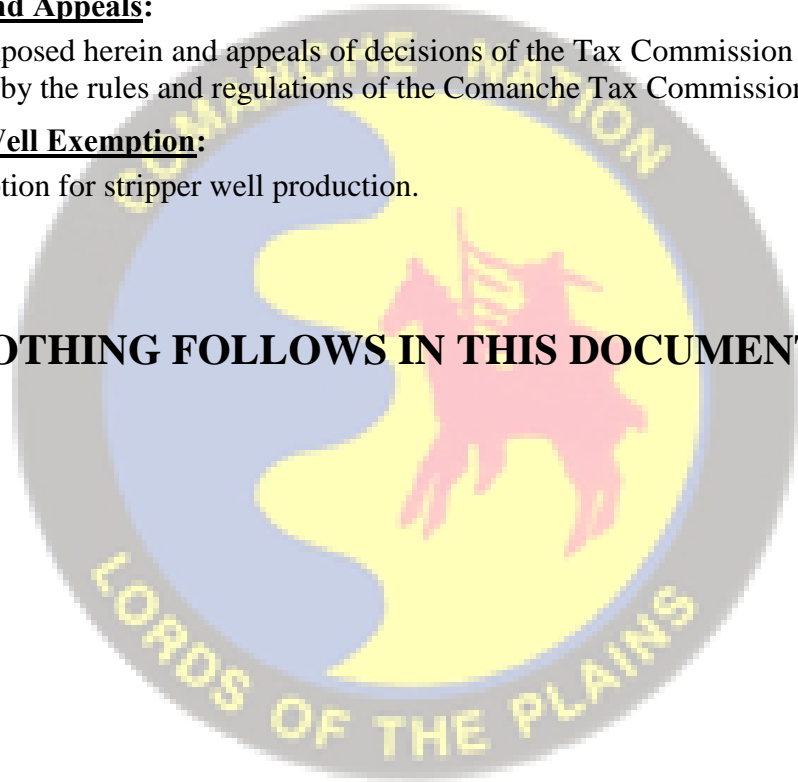
Section 722 - Refunds and Appeals:

Refunds of the taxes imposed herein and appeals of decisions of the Tax Commission shall be governed by Part 2 of the Tax Act and by the rules and regulations of the Comanche Tax Commission.

Section 723 - Stripper Well Exemption:

There will be no exemption for stripper well production.

NOTHING FOLLOWS IN THIS DOCUMENT



RULES OF THE COMANCHE TAX COMMISSION
CHAPTER 7 OIL AND GAS TAXATION RULES

Rule 7.1 Definitions

The definitions contained in Section 701 of the Tax Act shall be applicable to this Chapter.

Rule 7.2 Tax Imposed

A tax imposed at the statutory rate on oil and gas production within the jurisdiction of the Comanche Nation is due at the time taxed substances are produced, severed, saved, or removed from the land, and shall be payable as provided in Rule 7.5.

Rule 7.3 Liability of Taxpayer

The Lessee is liable for all taxes assessed and is responsible for the remittance of said taxes and for the filing of a Remittance Report, Form 700.

Rule 7.4 Substitute Taxpayers

The Lessee may enter into an agreement with a third party, including but not limited to the Operator, the Purchaser, or sublessee, whereby the third party agrees to file the monthly Remittance Report and remit taxes due. Such agreement must be submitted to the Tax Commission with a request that the Tax Commission approve the third party as the Lessee's substitute taxpayer. Approval of the agreement authorizes the substitute taxpayer to remit taxes and file a monthly Remittance Report, but does not relieve the Lessee of the ultimate liability and responsibility therefor. Approval or disapproval of the agreement is within the discretion of the Tax Commission and is not subject to appeal.

Rule 7.5 Payment of Tax and Filing of Remittance Report:

Severance taxes shall be paid and Remittance Reports shall be filed monthly on or before the last business day of the reporting period. A tax shall be considered paid and a Remittance Report shall be considered filed on date either is received at the Comanche Nation Tax Commission or two days after either is post-marked, whichever is earlier.

Rule 7.6 Remittance and Form of Reports:

- (a) The Remittance Report shall be submitted by the taxpayer for each lease on Form 700, which is available upon written request to the address set forth in subsection (b) of this Section.
- (b) The Remittance Report shall be submitted by the taxpayer for each lease to:
Comanche Nation Tax Commission
P.O. Box 1917
Lawton, Oklahoma 73502.
- (c) All severance tax payments shall be submitted to the address set forth in subsection (b) of this Section and checks shall be made payable to "Comanche Nation Tax Commission."

Rule 7.7 Measurement of Oil and Gas

- (d) All crude oil and liquid hydrocarbon substances normally measured in liquid form shall be measured and reported in units either of barrels of 42 U.S. gallons or 231 cubic inches per gallon corrected to standard temperature of 60° F, regardless of the temperature at which the oil is actually measured.
- (e) All natural gas and other vaporous hydrocarbon substances normally measured in gaseous form shall be

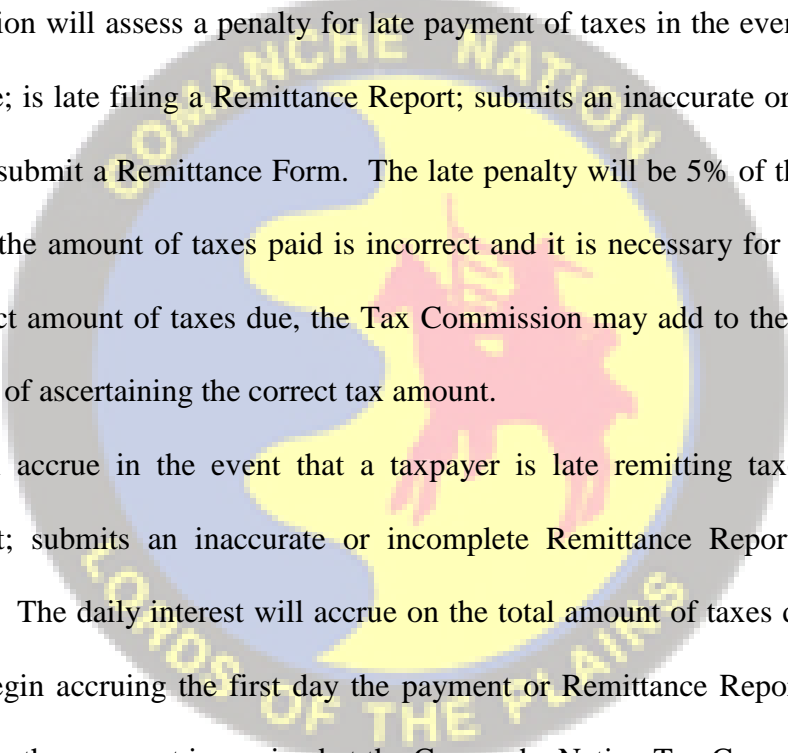
measured and reported in units of one thousand cubic feet (MCF) corrected to standard pressure and
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temperature of 14.73 psia and 60° F, regardless of the pressure and temperature at which the gas is actually measured.

Rule 7.8 Extension of Time for Payment of Taxes or Filing Reports

A payment may be made and/or a Remittance Report may be filed late without incurring a penalty and accruing interest only if the Tax Commission provides written approval of a request for an extension of time. A request for extension of time must be received by the Tax Commission at least 10 days prior to the last day of the reporting period and the Tax Commission shall issue a decision on the request no later than 5 days after receipt thereof. An extension of time for the payment of taxes or filing of a Remittance Report shall not exceed 60 days. Approval or disapproval of a request for extension of time is within the discretion of the Tax Commission and is not subject to appeal.

Rule 7.9 Late Payment and Reports

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- (a) The Tax Commission will assess a penalty for late payment of taxes in the event that a taxpayer is late remitting taxes due; is late filing a Remittance Report; submits an inaccurate or incomplete Remittance Report; or fails to submit a Remittance Form. The late penalty will be 5% of the total amount of taxes due. In the event the amount of taxes paid is incorrect and it is necessary for the Tax Commission to ascertain the correct amount of taxes due, the Tax Commission may add to the 5% penalty all accrued costs and expenses of ascertaining the correct tax amount.
- (b) Daily interest will accrue in the event that a taxpayer is late remitting taxes due; is late filing a Remittance Report; submits an inaccurate or incomplete Remittance Report; or fails to submit a Remittance Form. The daily interest will accrue on the total amount of taxes due at a rate of 21% per annum and will begin accruing the first day the payment or Remittance Report is late and will cease accruing on the date the payment is received at the Comanche Nation Tax Commission or two days after the payment is post-marked, whichever is earlier.
- (c) The Tax Commission will issue an invoice to the taxpayer for late penalties and/or interest due.

Rule 7.10 Amended Reports

- (a) A taxpayer may file an amended Remittance Report anytime within three (3) years of filing the original report. An amended Remittance Report shall be filed on Form 700 and the taxpayer shall indicate that such report is amended.
- (b) In the event that the originally-filed Remittance Report indicated a greater amount of tax due than the amended Remittance Report, the taxpayer shall may either seek a refund or credit from the Tax

Commission. To apply for a refund or credit, the taxpayer should petition for a refund, explaining the basis for the refund request.

Rule 7.11 Forfeiture for Nonpayment

- (c) The incidence of tax is upon the Lessee and the taxes will be a lien upon the interest of the Lessee in the lease from which the taxable substances were produced. Such lien may be foreclosed and the interest of the Lessee forfeited and sold for nonpayment of taxes when such taxes remain unpaid in excess of sixty (60) days after the due date for filing of the taxes.
- (d) At least thirty (30) days prior to commencement of any forfeiture proceedings, the Tax Commission will serve notice to all persons known from tribal, Bureau of Indian Affairs, Bureau of Land Management, Minerals Management Service, or United States Geological Survey records to have an interest in such leasehold of the amount of the taxes due and unpaid, the intent of the Tax Commission to institute forfeiture proceedings, and the right of any of such persons to pay the taxes due on behalf of the Lessee and recover such payment from him by civil suit. Such notice will be served personally by the tribal or Bureau of Indian Affairs police, or by certified United States mail, deliverable to addressee only, return receipt requested, or in any other manner in which a summons may be served. Publication notice may be held upon order of the Tribal Court for good cause shown. Publication notice will be published at least once each full calendar week during the thirty (30) day waiting period in a newspaper in general circulation in Comanche County, Oklahoma and as may be further ordered by the Tribal Court.

Rule 7.12 Tax Commission Process for Auditing, Correcting and Filing of Reports

- (e) When the Tax Commission has reasonable basis for finding that an incorrect amount of tax has been paid or that a Remittance Report does not include all necessary information, has reported incorrect or incomplete information, or has not been filed, the Tax Commission has the authority to request and review records from the Bureau of Indian Affairs, the Bureau of Land Management, the Minerals Management Service, the United States Geological Survey, the Oklahoma Tax Commission, and the Oklahoma Corporation Commission. The Tax Commission also has the authority to conduct an on-site audit of the Lessee's or Operator's facilities.

- (f) Based on information gathered from the above-named sources, the Tax Commission shall determine the amount of oil and gas production for a lease. If the Tax Commission is unable to determine the amount of oil and gas production based on the information gathered from the above-named sources, the Tax Commission may rely on the oil and gas production during the preceding four months to determine the appropriate level of produced substances for purposes of assessing taxes for the production period. In determining the amount of oil and gas production for a lease, the Tax Commission may also rely on other reasonable and reliable information regardless of its source.
- (g) Once the Tax Commission has determined the amount of the oil and gas production for the production period, it will then ascertain the value of that oil and gas production. The value determined by the Tax Commission shall be commensurate with the actual price received for products of like quality, character, and use which are severed in the same area. If there are no sales of products of like quality, character, or use severed in the same area, then the Tax Commission shall establish a reasonable value based upon the best information available.
- (h) The Tax Commission will calculate the amount of tax owed and will then send an invoice to the taxpayer of the amount of tax due after this calculation is completed. The invoice will reflect late penalties and accrued interest as appropriate.
- (i) Payment of interest and penalties will be calculated for a due date thirty (30) days from the date the bill is issued. Additional interest and penalties will continue to accrue beyond the due date if the tax remains unpaid. In the event that the tax, interest, and penalties are paid prior to the thirtieth day, the taxpayer may deduct the amount of interest and penalties calculated for the remainder of the thirty-day period, provided that the taxpayer includes a clear showing of such calculation and deduction with its payment.

Rule 7.13 Tax Commission May Determine Value of Products

- (a) The Tax Commission may determine the value of products herein subject to taxation when the Operator and Purchaser are affiliated or related persons; the sale and purchase of products is not an arm's length transaction; or products are severed and removed from the lease site and a price is not established for such products.

- (b) The value determined by the Tax Commission shall be commensurate with the actual price received for products of like quality, character, and use which are severed in the same area. If there are no sales of products of like quality, character, or use severed in the same area, then the Tax Commission shall establish a reasonable value based upon the best information available.
- (c) Utilizing the value of products that it has determined, the Tax Commission will calculate the amount of tax owed and will then send an invoice to the taxpayer of the amount of tax due after this calculation is completed.

Rule 7.14 Refunds and Appeals

Refunds of the taxes imposed by Part 7 of the Tax Act and appeals of decisions of the Tax Commission shall be governed by Part 2 of the Tax Act and by Chapter 1 of the Rules of the Comanche Tax Commission, Administrative Appeals.

Rule 7.15 Posting of Cash or Surety Bond

- (a) The Tax Commission shall require any person responsible for remitting taxes under this Part to post a cash or surety bond to guarantee payment of taxes due. The posting of such bond does not negate the taxpayer's responsibility for timely payment of taxes due or operate as an extension of time for payment of the taxpayer's taxes.
- (b) Such bond shall be in an amount determined by the Tax Commission, provided that the amount of such bond shall not exceed the total estimated taxes that will be due in the twelve (12) month period immediately following the giving of such bond.
- (c) If the total estimated taxes that will be due in the twelve (12) month period immediately following the giving of such bond is less than \$1000.00, the taxpayer may request a waiver from the Tax Commission for the required bond payment. Approval or disapproval of a request for waiver is within the discretion of the Tax Commission and is not subject to appeal.

Rule 7.16 Forms to Be Filed

Every Operator must file with the Tax Commission copies of the following forms at the time they are filed with the Bureau of Land Management or the Minerals Management Service:

- (1) Bureau of Land Management Form 3160-3 and required attachments (Application for Permit to Drill or Reenter);
- (2) Bureau of Land Management Form 3160-4 (Well Completion or Recompletion Report and Log);

- (3) Bureau of Land Management Form 3160-5 (Sundry Notices and Reports on Wells);
- (4) Minerals Management Service Oil and Gas Operations Report (all parts);
- (5) Bureau of Land Management site security plan as described in 43 C.F.R. § 3162.7-5(c);
- (6) Bureau of Land Management Form 3000-3 (Assignment of Record Title Interest in a Lease for Oil and Gas or Geothermal Resources); and
- (7) Bureau of Land Management Form 3000-3a (Transfer of Operating Rights (Sublease) in a Lease for Oil and Gas or Geothermal Resources).

Rule 7.17 Change in Operator

Whenever a change in Operator occurs, the Tax Commission shall be notified promptly in writing.

Rule 7.18 Requirement to Obtain License:

- (a) Every Lessee desiring to lease mineral rights from an Indian or tribal lessor within the Comanche Nation's jurisdiction must apply for and receive from the Comanche Tax Commission a "Leasing License" prior to entering into or continuing any such lease. A Leasing License shall be required for all leases of mineral rights from an Indian or tribal lessor occurring within the Comanche Nation's jurisdiction, regardless of other business-specific licensure requirements.
- (b) Every Operator desiring to engage in oil and gas production within the Comanche Nation's jurisdiction must apply for and receive from the Comanche Tax Commission an "Oil and Gas Production License" prior to establishing or continuing any oil and gas production. An Oil and Gas Production License shall be required for all oil and gas production occurring within the Comanche Nation's jurisdiction, regardless of other business-specific licensure requirements.

Rule 7.19 Requirement to Permit Inspection:

Every Lessee and/or Operator shall permit properly identified authorized tribal representatives to enter upon, travel across and inspect the lease sites and records normally kept on the lease pertinent thereto without advance notice. Inspections normally will be conducted during those hours when responsible persons are expected to be present at the operation being inspected. Such permission shall include access to secured facilities on such lease sites for the purpose of making any inspection, determination, or audit for determining whether there is compliance with this Part, the regulations related thereto, and/or any applicable orders, notices, or directives.

Rule 7.20 Requirement to Maintain Records:

Any records generated under this Part shall be maintained for a period of five (5) years from the date they were generated or, if notified by the Tax Commission that such records are involved in an audit or investigation,

the records shall be maintained until the recordholder is released by the Tax Commission from the obligation to maintain them.

NOTHING FOLLOWS IN THIS PART OF THE TAX CODE.

