

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