

K-39

(Rev. 9/13)

KANSAS CREDIT FOR PLUGGING AN ABANDONED OIL OR GAS WELL

For the taxable year beginning, _____, 20____; ending _____, 20____.

Name of taxpayer (as shown on return)	Social Security Number or Employer ID Number (EIN)
If partner, shareholder or member, enter name of partnership, S corporation, LLC or LLP	Employer ID Number (EIN)

PART A – ABANDONED OIL OR GAS WELL INFORMATION

1. API Number: _____
- Location of Well: _____
2. Is this well located on land owned by the above taxpayer?
 Yes No If no, you do not qualify for the credit.
3. Date drilling of this well began: _____ / _____
Month Year
- (If this date is after January 1, 1970, the well does not qualify for the credit.)

PART B – PLUGGING COSTS (C Corporations only)

4. Enter the KCC plugging fee for this abandoned well (enclose a copy of the KCC invoice). 4. _____
5. All other costs incurred this tax year to plug qualifying well(s). 5. _____
6. Total plugging costs eligible for the credit (add lines 4 and 5). 6. _____
7. Credit percentage allowed. 7. 50%
8. Credit (multiply line 6 by line 7). 8. _____

PART C – COMPUTATION OF THIS YEAR'S CREDIT

9. Amount of carry forward from prior year. Enter the amount from line 14 of the prior year's Schedule K-39. (Not applicable for first year credit is claimed.) 9. _____
10. Enter the amount of any prior year's credit in excess of statutory limitation. 10. _____
11. Total credit available this tax year (add lines 8, 9, and 10). 11. _____
12. Amount of your Kansas tax liability for this tax year after all credits other than this credit. 12. _____
13. Credit this tax year (enter the lesser of lines 11 or 12 here and on the appropriate line of Form K-40, Form K-120, or Form K-41). 13. _____

If line 13 is less than line 11, complete PART D.

PART D – COMPUTATION OF CREDIT CARRY FORWARD

14. Subtract line 13 from line 11. This is the amount of credit to carry forward to next year's return. Enter this amount on line 9 of next year's Schedule K-39. 14. _____

INSTRUCTIONS FOR SCHEDULE K-39

GENERAL INFORMATION

K.S.A. 79-32,207 provides for an income tax credit for taxpayers who make expenditures during the tax year to plug an abandoned oil or gas well on their land in accordance with the rules and regulations of the Kansas Corporation Commission (KCC). The credit is 50% of expenditures made during the tax year. If the credit exceeds the tax liability for the taxable year the expenditures are made, any unused credit may be carried forward until used. The total amount of credits taken by all taxpayers (including any carry over) may not exceed \$250,000 in any fiscal year.

NEW! For tax year 2013, and all tax years thereafter, new credits shall be available to only corporations that are subject to the Kansas corporate income tax (i.e., C corporations). New credits shall no longer be available to individuals, partnerships, S corporations, limited liability companies, and other pass-through entities.

Carry Forward of Unused Credits: If this credit was earned prior to tax year 2013 and a carry forward credit remains available to a taxpayer, that taxpayer may continue to claim that credit. However, that carry forward credit shall be subject to limitations and requirements in place at the time the credit was earned.

An **abandoned oil or gas well** is any well: 1) that the KCC has the authority to plug, replug, or repair because such well is polluting or is likely to pollute any usable water strata or supply, or causing the loss of usable water; 2) on which drilling began prior to January 1, 1970; and 3) that is located on land owned by the taxpayer claiming this credit.

Fiscal Year Credit Limitation. Qualifying taxpayers will receive the credit on a "first come, first serve" basis. The credit will be denied after the statutory fiscal year credit limit of \$250,000 has been reached. However, the amount of credit denied for this reason may be entered on line 10 of the subsequent year's Schedule K-39.

SPECIFIC LINE INSTRUCTIONS



IMPORTANT: If you incurred expenses to plug more than one qualifying abandoned oil or gas well this tax year as certified by the KCC, retain a schedule for your records showing the information in Part A for each well as it may be requested at a later date.

Complete all information at the top of the schedule.

PART A — ABANDONED WELL INFORMATION

LINE 1—Enter the API (American Petroleum Institute) number and physical location of the abandoned well.

LINE 2—Check one of the boxes. Only wells located on land owned by the taxpayer claiming the credit qualify for the credit.

LINE 3—Enter date drilling of this well began (only wells on which drilling began prior to January 1, 1970 qualify for the credit).

PART B — PLUGGING COSTS (C Corporations only)

LINE 4—Enter the KCC plugging fee for the abandoned well. Enclose a copy of KCC plugging invoice, even if the fee was waived by KCC.

LINE 5— Enter the total of other expenses incurred this tax year to plug the abandoned well. If you plugged more than one qualifying well, enter the total for all qualifying wells.

LINE 6—Enter the total of lines 4 and 5.

LINE 7—The amount of credit allowed is 50% of the total costs incurred this tax year.

LINE 8—Multiply line 6 by line 7. This is the amount of plugging expenditures available for credit this tax year.

PART C — COMPUTATION OF THIS YEAR'S CREDIT

LINE 9—Enter any carry forward from line 14 of your prior year's Schedule K-39.

LINE 10—Enter the amount of credit denied from the prior year's Schedule K-39 because the fiscal year credit limit had been reached.

LINE 11—Add lines 8, 9, and 10 and enter the result. This is your total credit available this tax year.

LINE 12—Enter amount of your Kansas tax liability after all credits other than the credit for plugging an abandoned well.

LINE 13—Enter the lesser of lines 11 or 12. Enter this amount on the appropriate line of Form K-40, Form K-41, or Form K-120.

PART D — COMPUTATION OF CREDIT CARRY FORWARD

LINE 14—Subtract line 13 from line 11. This is the amount of credit you will have available to enter on line 9 of your next year's Schedule K-39.



IMPORTANT: Do not send enclosures with this credit schedule. Retain copies of the following documents with your tax records as KDOR (Kansas Department of Revenue) reserves the right to request them as necessary to verify your tax credit.

- KCC Form CP-4.
- An itemized list of expenses with copies of invoices for plugging costs and the KCC invoice indicating that the Commission has verified the plugging. List the expenses of each well separately.
- If applicable, the KDOR letter of denied credit for line 10.

TAXPAYER ASSISTANCE

For information about plugging an abandoned oil or gas well or your certification, contact the:

Kansas Corporation Commission
Conservation Division
130 S. Market, Room 2078
Wichita, KS 67202-3802
Phone: (316) 337-6200

For assistance in completing this schedule contact KDOR:

Tax Operations
Docking State Office Building, 1st fl.
915 SW Harrison St.
Topeka, KS 66612-1588
Phone: (785) 368-8222
Fax: (785) 291-3614
Web site: ksrevenue.org