

WELL DRILLING RIG OPERATOR INSTRUCTIONS

- A. Drilling Rig Operators must report all rotary-drilling rigs on CAB-D1 Form. Rotary drilling rigs are to be valued using a "schedule value" as defined in Section 7-36-33(B) (4) NMSA 1978 based on depth capacity or rig class to determine similar or like units. The schedule applicable to rotary drilling rigs is listed in item G of these instructions.

NOTE: A copy of the daily work order log for January 1st or the first day a rotary drilling rig is located in New Mexico must accompany the annual rendition.

B. CAB-08 Form, Leased or Rented Real and Personal Property

Use to list all leased or rented property where the tax liability rests with the lessor (See General Instruction G-8).

C. CAB-05 Form, Report of Personal Property

(See Multi-County Construction Companies Instruction B).

D. ALL REAL ESTATE AND IMPROVEMENTS ARE TO BE REPORTED TO THE COUNTY ASSESSOR OF THE COUNTY WHERE THE PROPERTY IS LOCATED.

E. CAB-D1 Form, Well Drilling Rig Property Valuation Schedule

List all rotary drilling rigs that are located in the State of New Mexico as of January 1st and all rotary drilling rigs that you expect will be located in New Mexico for a period of 20 days or more during the tax year.

Generally, all out of state drilling contractors must report to the State Assessed Property Bureau. In-state contractors that are engaged in drilling with rotary drilling rigs must also report to the SAPB. Generally, all personal property owned and used in the drilling activity that you have claimed a deduction for depreciation for federal income tax purposes during any federal income taxable year occurring in whole or in part during the twelve months preceding the first day of the property tax year must be reported. Use **Percentage Good Table 6** to determine the property value of all personal property other than rotary drilling rigs. Use the Schedule on Instruction G-3 to determine the property value of the rotary drilling rigs.

Column 1 - List the school district where the well drilling rig was located on January 1 of the tax year.

Column 2 - CAB USE ONLY - no entry required.

Column 3 - List the location of the well drilling rigs by section, township and range.

Column 4 - List the rig class, number and the manufacturer of the well drilling rig. Use the company name(s) and/or numbers to identify the well drilling unit(s).

Column 5 - Enter the "Depth Capacity" in feet for each respective well drilling rig.

Columns 6 - Using the schedule in Instruction G-3 enter the value of each respective well drilling rig. The property values determined in Column 6 are then posted to the CAB-D2 Form, Drilling Equipment Allocation/Distribution.

F. OUT OF STATE DRILLING CONTRACTORS ONLY - USE CAB-D2 Forms, Drilling Equipment Allocation/Distribution

Use to allocate the property value arrived at on all schedule CAB-05's. On Column 1, you must report the county or counties in which you expect your rotary drilling rigs and equipment to be located for a time period of 20 days or more. On Column 2, fill in the school district (See General Instruction D). On Column 3, you must enter the actual or estimated number of days that the equipment will be located in a particular county in New Mexico. Even if you overestimate the time, you will be subject to the reported valuation. If you underestimate the time, you will be subject to an additional assessment with penalties. **BE AS ACCURATE AS POSSIBLE.** (See General Instruction G-5). Column 4 is always 365 Calendar Days. On Column 5, enter the product of the division of the number entered on Column 3, divided by 365. This is the percentage of time allocated to New Mexico. On Column 6, enter the total from all Schedules CAB-05's. On Column 7, multiply Column 6 by the percentage calculated in Column 5. Carry the total Allocated Property Value by county and school district to the Schedule CAB-03's.

G. DEFINITIONS

1. "**Depth Capacity**" as that phrase is used in this schedule means the maximum depth of well that the rig unit is capable of drilling without exceeding its safe operating design limits.
2. A "**rotary drilling rig unit**" means all of the component parts of a unit that normally are transported to a site and set up to make a complete rig that is to be used for drilling a well for Oil, Gas, Carbon Dioxide, Water, Geothermal or other minerals. A "rig unit" includes, but is not limited to: derrick and substructure, crown block, traveling block, drilling line, sand line, rotary hose and standpipe, hook, tongs and swivel, elevators, kelly, rotary table, draw works, engine, instruments, slush, and mud pumps, generators, electric lines and accessories, fuel tanks, mud tanks, boilers, feed pump, blowout preventer, tools and supplies, water pumps and lines, drill bits, stairs, railings, dog house, tool joints and miscellaneous equipment.
3. "**Rig Class**" means a manufacturer's designation by letter and number of name and number commonly understood within the drilling industry as indicative of depth capacity.

ROTARY DRILLING RIGS SCHEDULED VALUE:

<u>Depth Capacity in Feet</u>	<u>Property Value</u>
2,000 - 4,999	55,840
5,000 - 7,499	111,607
7,500 - 9,999	167,412
10,000 - 12,499	223,215
12,500 - 14,999	279,019
15,000 - 17,999	334,824
18,000 - 19,999	379,466
20,000 - 24,999	491,071
25,000 - 29,999	580,355

***All out-of-state drilling contractors are asked to pay special notice to Instruction F above.**