

UIC - 999

**STATE
TAX & REVENUE
DEPARTMENT**

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, May 04, 2010 4:57 PM
To: Severson, Valdean H., TRD
Subject: FW: Taxation of Geothermal Heat Extraction

Mr. Severson:

We'll try again. I thought I had forwarded the regulations to him.... Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau 1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/oed/index.htm>
(Pollution Prevention Guidance is under "Publications")

-----Original Message-----

From: Brooks, David K., EMNRD
Sent: Tuesday, May 04, 2010 4:52 PM
To: Chavez, Carl J, EMNRD
Subject: RE: Taxation of Geothermal Heat Extraction

No. Evidently I missed that. Sorry!

David

-----Original Message-----

From: Chavez, Carl J, EMNRD
Sent: Tuesday, May 04, 2010 4:51 PM
To: Brooks, David K., EMNRD
Cc: Severson, Valdean H., TRD
Subject: FW: Taxation of Geothermal Heat Extraction

David:

Did you look over:

Oil & Gas Conservation Tax Act, Section 7-30, 7-30-2 (E) which includes geothermal energy in the definition of products and
7-30-5 (D) which identifies how "Taxable Value" of geothermal energy is established for taxation under this act.

Thanks.

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-----Original Message-----

From: Severson, Valdean H., TRD
Sent: Tuesday, May 04, 2010 4:37 PM
To: Chavez, Carl J, EMNRD; Severson, Valdean H., TRD
Cc: Brooks, David K., EMNRD
Subject: RE: Taxation of Geothermal Heat Extraction

Did he look at the statute I previously identified?

Valdean

-----Original Message-----

From: "Chavez, Carl J, EMNRD" <CarlJ.Chavez@state.nm.us>
Sent: 5/4/10 4:23:18 PM
To: "Severson, Valdean H., TRD" <valdean.severson@state.nm.us>
Cc: "Brooks, David K., EMNRD" <david.brooks@state.nm.us>
Subject: FW: Taxation of Geothermal Heat Extraction

Mr. Severson:

Could you please confirm Mr. Brook's (OCD Attorney) observation on taxation on geothermal extraction of heat in NM?
Thank you.

Carl J. Chavez, CHMM

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From: Brooks, David K., EMNRD
Sent: Tuesday, May 04, 2010 4:09 PM
To: Chavez, Carl J, EMNRD
Subject: Taxation of Geothermal Heat Extraction

Carl

So far as I can find, there is no provision in New Mexico's tax code for taxation of extraction of geothermal heat, either by means of water production or otherwise.

David

Chavez, Carl J, EMNRD

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Sent: 5/4/10 4:23:18 PM
To: "Severson, Valdean H., TRD" <valdean.severson@state.nm.us>
Cc: "Brooks, David K., EMNRD" <david.brooks@state.nm.us>
Subject: FW: Taxation of Geothermal Heat Extraction

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Subject: Taxation of Geothermal Heat Extraction

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David

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, May 04, 2010 10:54 AM
To: Brooks, David K., EMNRD
Subject: OCD Tax and Royalty Handout for tomorrow's meeting
Attachments: image001.gif

David:

The link to the document is at <L:\ENVIRONM\WORD\COMMON\OCD Training\OCD PROGRAMS\UIC PROGRAM\UIC WELLS\UIC Class V Geothermal Well Application Process\Royalty and Tax Provisions>

Thanks.

Carl J. Chavez, CHMM
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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, April 30, 2010 8:09 AM
To: Severson, Valdean H., TRD
Cc: Fesmire, Mark, EMNRD; Fergeson, David M., TRD; Simpson, Carolyn, TRD; Altomare, Mikal, EMNRD; Brooks, David K., EMNRD
Subject: RE: Geothermal Who Does What 4-29-2010mma.docx

Mr. Valdean:

OCD will review the sections that you provided.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
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Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
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From: Severson, Valdean H., TRD
Sent: Friday, April 30, 2010 7:52 AM
To: Chavez, Carl J, EMNRD
Cc: Fesmire, Mark, EMNRD; Fergeson, David M., TRD; Simpson, Carolyn, TRD; Severson, Valdean H., TRD
Subject: RE: Geothermal Who Does What 4-29-2010mma.docx

Mr. Chavez:

If you need information concerning the taxation of Geothermal Energy, I refer you to the Oil and Gas Conservation Tax Act, Section 7-30, 7-30-2 (E) which includes geothermal energy in the definition of products and 7-30-5 (D) which identifies how "Taxable Value" of geothermal energy is established for taxation under this act.

Valdean Severson
Taxation and Revenue Department

From: Chavez, Carl J, EMNRD
Sent: Friday, April 30, 2010 7:27 AM
To: Hall, John, NMENV; Johnson, Mike S., OSE; Heber, David, OSE; Altomare, Mikal, EMNRD; Lucero, Stephen A., EMNRD; Olson, Bill, NMENV; Fesmire, Mark, EMNRD; 'Mike_Smith@blm.gov'; Martinez, Lisa, RLD; 'Adrienne.Brumley@blm.gov'; Brooks, David K., EMNRD; Dalmy, Andy., RLD; Baca, Jerome T., RLD; Pacheco, Rem, RLD; Aragon, Fermin, RLD; VonGonten, Glenn, EMNRD; Chavez, Carl J, EMNRD; Rappuhn, Doug H., OSE; 'rcerdlac@cleansed.net'
Cc: robert.prael@mms.gov; Bailey, Jami C.; Kessler, Gale M., TRD; Severson, Valdean H., TRD
Subject: FW: Geothermal Who Does What 4-29-2010mma.docx

Here's OCD's final draft going into next week's meeting at CID.

OCD hopes that you will discuss the attached Draft with your management in advance of the meeting, since this lays out the group's position on the geothermal program(s) in New Mexico. I will note that CID/RLD is not represented in the "Who Does What" and I think you guys fit in there somewhere..... Please help.. Also, a resource link to CID/RLD should probably be added into this future web page.... I think OCD is focused on direct use and royalty and taxation issues associated with power generation and direct use applications of the heat for heating buildings under CID/RLD, etc., since we've had little experience with issues in this area. The recent survey shared with the group from OSE provides key

insight into the type of direct heat applications with environmental concerns for possible development by OCD/OSE/CID/RLD into a Form for direct use applications. What should permit fees be for direct use applications..... Should royalties be assessed on direct heat applications for heating residences, office buildings and/or commercial buildings.....?

Please note that representative from the NM State Land Office, Tax & Revenue Division & Federal Department of Interior (Minerals Management Services) have been copied, since they were notified of the New Mexico push to become the No. 1 Leader in Renewable Energy by the Governor of NM, and on a separate issue OCD's recent findings (February 2010) that it is indeed responsible for all aspects of geothermal use under its Geothermal Regulations. The attached DRAFT resource page serves to update stakeholders (fed & state) involved with geothermal through links to OCD Regulations and other agency resource pages and/or programs moving forward with the Governor of NM.

Thank you in advance.....

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