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DUE DATE APRIL 15, 2012

**THIS SCHEDULE MUST BE FILED EVERY YEAR
REGARDLESS IF ANY ADDITIONS OR DELETIONS WERE MADE**

DRILL RIG DECLARATION SCHEDULE

IMPORTANT DOCUMENT – PLEASE READ

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- DS 656 - OIL AND GAS ROTARY DRILLING RIG
DECLARATION SCHEDULE**
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FOR ASSESSMENT YEAR BEGINNING JANUARY 1, 2012

State of Colorado
OIL AND GAS ROTARY DRILLING RIG
DECLARATION SCHEDULE

(CONFIDENTIAL DATA)

Assessment Date
January 1,
2012

Due Date
April 15,
2012

COUNTY _____

RETURN TO COUNTY ASSESSOR

| | | | | |
|--|-----------|-----------------|---|---|
| B.A. CODE | T.A. CODE | SCHEDULE NUMBER | If you are not the current business owner please list the name and address of the new owner below. Date Sold _____ | |
| DRILLING RIG NUMBER: | | | DO NOT USE – FOR ASSESSOR ONLY CONDITION <input type="checkbox"/> Poor/Stacked <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> V.Gd. RECEIVED COMPLETED LATE FILING PENALTY APPLIED: <input type="checkbox"/> YES <input type="checkbox"/> NO | |
| A. NAME AND ADDRESS (INDICATE ANY CHANGES OR CORRECTIONS) | | | | |
| LEGAL DESCRIPTION OF THE LOCATION OF THE SKID-MOUNTED ROTARY DRILLING RIG AS OF JANUARY 1, 2012 OR THE DATE THE RIG FIRST ENTERED A COLORADO COUNTY: County: _____ Section: _____ Twnshp: _____ Range: _____ Qtrr.Sect: _____ Note: Drilling Log must be attached to this declaration. | | | | |
| C. COUNTY OF ORIGIN: _____ Number of Days in Colorado: _____ Number of Days in County: _____ Depth Capacity of Rig: _____ Number of Drill Collars: _____ Linear Feet of Drill Pipe: _____ Condition of Rig: <input type="checkbox"/> Poor/Stacked <input type="checkbox"/> Fair <input type="checkbox"/> Good <input type="checkbox"/> Very Good Is Drilling Rig licensed with Colorado SMM tags or decals? If so, please attach copies <input type="checkbox"/> YES <input type="checkbox"/> NO | | | Names of other counties where the rig operated in 2010 (including current county) | Number of days the rig was in each county |
| D. NEW HIGH-TECHNOLOGY RIGS | | | Date in Service | Max Depth Rating |
| <input type="checkbox"/> Over-top Drive Coil Rig (without wheels) | | | | \$ |
| <input type="checkbox"/> Flex Rig (adjustable platform and drilling depths – without wheels) | | | | \$ |

E. LEASED, LOANED, OR RENTED EQUIPMENT:

| Owner's/Lessor's Name | Owner's/Lessor's Address | Description of Equipment: | | | Lease | | | Total Rent |
|-----------------------|--------------------------|---------------------------|---------|----------|---------|------|------|------------|
| | | Type | Model # | Serial # | Lease # | Term | Cost | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

F. DECLARATION

THIS RETURN IS SUBJECT TO AUDIT

"I declare, under penalty of perjury in the second degree, that this schedule, together with any accompanying exhibits or statements, has been examined by me and to the best of my knowledge, information, and belief sets forth a full and complete list of all taxable personal property owned by me, or in my possession, or under my control, located in this county, Colorado, on the assessment date of this year; that such property has been reasonably described and its value fairly represented; and that no attempt has been made to mislead the assessor as to its age, quality, quantity, or value." § 39-5-107(2), C.R.S.

FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN)/SOCIAL SECURITY NUMBER (SSN) _____

NAME OF OWNER _____

PRINT NAME OF PERSON SIGNING _____ PHONE NUMBER _____

E-MAIL ADDRESS _____ FAX NUMBER _____

SIGNATURE OF OWNER OR AGENT _____ DATE _____

Check here if new agent. If new agent, submit a letter of authorization when filing this form.

PLEASE COMPLETE, SIGN AND RETURN THIS FORM TO THE ASSESSOR ON OR BEFORE APRIL 15, 2012.

MAKE A COPY FOR YOUR RECORDS.

STATE OF COLORADO
GENERAL INFORMATION

[Declaration Schedules and Attachments Are Confidential And Private Documents By Law.]

NOTE: THIS SCHEDULE IS NOT TO BE USED FOR DECLARING TRUCK-MOUNTED DRILLING RIGS.

For these instructions, please refer to the following statutes: §§ 39-3-118.5, 39-3-119.5, 39-5-104.5, 39-5-104.7, 39-5-107, 39-5-108, 39-5-110, 39-5-113 through 117, 39-5-120, and 39-21-113(7), C.R.S.

WHO FILES A DECLARATION SCHEDULE? All owners and/or operators of oil or gas skid-mounted rotary drilling rigs that have been operated, stored (stacked), or maintained in a Colorado county during the prior calendar year must file this schedule. In addition, the owner of all personal property as of January 1 must file a declaration schedule. All taxable personal property, such as leased or owned equipment that accompanies the drilling rig, must be listed on this schedule. Use one declaration schedule per drilling rig.

ARE YOU A NEW OWNER? If you answer "yes" to this question or you have never filed with the county assessor, you are required to provide a complete listing of the drilling rig, any auxiliary equipment, and any other personal property used in conjunction with the drilling rig in Colorado. For auxiliary or leased personal property, please include:
■ Item ID Number ■ Property Description ■ Model Number ■ Year Acquired ■ Original Installed Cost To You, and ■ If the Property Was Not Put Into Use as of January 1 of the current year.

APPORTIONMENT OF DRILLING RIG VALUES

Drilling Rigs can only be valued for the days they were traveling in, were operated or maintained within, or were stored (stacked) in Colorado. The assessor in the county of original assessment (COA) values the rig and apportions the value among the counties listed on the drilling log. This apportionment is accomplished by multiplying the calculated total actual value per day by the number of days the rig was located in each county during the previous calendar year. On or before June 15, the assessor of the COA furnishes a copy of the actual valuation of the rig, the apportionment working papers, and the Notice of Valuation (NOV) for the COA-apportioned actual value to the owner or operator. The assessor of the COA also sends the actual valuation, apportionment working papers, and copies of the drilling log to every county assessor involved. These assessors send their NOV's for their apportioned actual values to the taxpayer on or before June 15.

WHEN DO YOU FILE? This form must be received by the county assessor by the April 15 deadline EVERY YEAR that the rig is operated, stored (stacked), or maintained in Colorado.

HOW DO YOU FILE FOR AN EXTENSION AND WHAT HAPPENS IF YOU FAIL TO FILE? You may extend the deadline if, prior to April 15, the assessor receives your written request AND \$20 for a 10-day extension, or \$40 for a 20-day extension. This extension applies to all drilling rig schedules that a person is required to file in the county. **The late filing penalty is \$50, or 15% of the taxes due, whichever is less.** If you fail to file a schedule, the assessor may determine a valuation based upon the BEST INFORMATION AVAILABLE and may add a penalty of up to 25% of assessed value for any omitted property discovered and valued later.

NOTE: Failure to properly file a declaration schedule may prevent you from receiving an abatement per Colorado case law. Property Tax Adm'r v. Production Geophysical, 860 P.2d 514 (Colo. 1993)

WHY IS THE DECLARATION FORM IMPORTANT? Assessors use this information to help calculate the skid-mounted rotary drilling rig's actual value. This value is based on the rig's use and condition as of January 1 of the previous calendar year, or as of the date that the drilling rig first was operated, stored (stacked), or maintained in a Colorado county during prior assessment year.

WHAT HAPPENS AFTER YOU SUBMIT THIS FORM? The assessor may request more information or conduct a physical inventory inspection of the drilling rig at its location.

Notices of Valuation are mailed on June 15 to the address listed on this schedule.

INSTRUCTIONS FOR COMPLETING THE OIL AND GAS ROTARY DRILLING RIG DECLARATION SCHEDULE, DS 656

- A. NAME AND ADDRESS:** Write any corrections to the preprinted name/address information under Change of Name or Address. If you are not the current business owner, please list the name and address of the new owner in the appropriate box. Also, list the date that the property was sold to the new owner. Provide the legal description (including name of county, section, range, township, and quarter section) of the physical location of the drilling rig on January 1, 2012, or on the date the drilling rig first entered a Colorado county where the rig was operated, stored (stacked), or maintained. Drilling rigs are assessed if they were operated, stored, or maintained in any Colorado county during the year 2012. **A copy of the drilling log that accompanies the drilling rig must be attached to this declaration, § 39-5-113.3(1), C.R.S.**
- B. LOCATION ON FILING DATE:** Provide the legal description (including name of county, section, range, township, and quarter section) of the physical location of the drilling rig at the time of filing this declaration.
- C. COUNTY OF ORIGINAL ASSESSMENT (COA):** This section pertains to the Colorado County where the drilling rig first began drilling in 2012. As of January 1, 2012, or as of the date the drilling rig first entered a Colorado county where the rig was operated, stored (stacked), or maintained, please list the following:
■ Depth Capacity or drilling depth for which the rig is rated.
■ Number of drill collars accompanying the rig.
■ Number of linear feet of drill pipe accompanying the rig.
■ Condition of Rig according to the criteria listed below:
 Poor/Stacked: Has seen very hard and long hours of service. Requires rebuild, repair, or overhaul before it can be used. Not operational or functional. Stacked rigs are those rigs that have been dismantled, the components have been stacked together over a year, and are in poor condition. Because of stacking, these rigs show additional physical deterioration that will require repairs and/or maintenance to begin operation.
 Fair: Has very high hours indicating extended use. Defects are obvious and will require repair or general rebuilding soon. Not 100% functional or efficient, may be operational or functional, but questionable as to how long this will continue.
 Good: Operating condition is 100%. No known or obvious mechanical defects, but the rig may have some minor worn parts that will need repair or replacement in the near future. May have high hours of use, but no defects are obvious.
 Very Good: The rig is like new or is nearly new with only minimal hours of operation. There is no need of repair or replacement of parts. This may include rebuilt rigs that have been completely refurbished to top operating condition.
- D. HIGH-TECHNOLOGY DRILLING RIGS:** Check type of rig and include the date placed in service, maximum depth rating, and original cost. List auxiliary equipment on a separate sheet.
(DO NOT COMPLETE THIS FORM FOR RIGS THAT HAVE BEEN GIVEN "SPECIAL MOBILE MACHINERY" (SMM) TAGS OR LICENSES.)
- E. LEASED, LOANED, OR RENTED EQUIPMENT:** You must identify any leased, loaned, or rented equipment accompanying the drilling rig, as follows:
■ Owner's/Lessor's Name, Address, and Telephone Number
■ Description of Equipment, Including Type, Model Number, and Serial Number
■ Lease:
 Total Cost of the Lease to You
 Lease Number
 Lease Term (From-To)
 Total Amount of Annual Rent
If any of the leased equipment listed is capitalized on your books and records, please check the box at the beginning of the line corresponding with the name of the Lessor. Also, if purchase or maintenance options are included in the lease, check this box and provide details of these options on a separate sheet. Property rented 30 days at a time or less, returned at the renter's option, and for which sales/use tax is collected before it is finally sold is considered exempt and should **NOT** be reported.
- F. DECLARATION AND SIGNATURE:** Print the personal property owner's Federal Employer Identification Number (FEIN) or Social Security Number (SSN). Print name of owner, name of person signing, phone number, and e-mail address. Then sign, date, and return this form to the assessor by **April 15th**. §39-5-107, C.R.S.