



Dave Hardy
Secretary of Revenue

Matthew Irby
State Tax Commissioner

STATE TAX DIVISION

ADMINISTRATIVE NOTICE 2023-02

**ADMINISTRATION OF WEST VIRGINIA TAX LAW
WITH REFERENCE TO THE BALANCE IN THE OIL AND GAS ABANDONED WELL
PLUGGING FUND AS OF JUNE 1, 2023, AND NOTIFICATION OF THE RATE OF
TAX IMPOSED IN W. VA. CODE §11-13A-3A(B)(2) FOR TAXABLE YEAR 2024**

The creation of the Oil and Gas Abandoned Well Plugging Fund is set forth in W. Va. Code §22-6-29a. This fund is to be used by the Secretary of the Department of Environmental Protection to plug abandoned oil and gas wells where there is no responsible operator, and to reclaim the property disturbed by the plugging.

After county and municipal distributions have been made in accordance with W. Va. Code §11-13A-5a, the remaining severance tax imposed in W. Va. Code §11-13A-3a(b)(2) is deposited into the Oil and Gas Abandoned Well Plugging Fund pursuant to W. Va. Code §11-13A-3a(e). This tax is imposed upon producers of all wells which produced either:

1. An average between 5,000 and 60,000 cubic feet of natural gas per day during the calendar year immediately preceding the first day of the taxable year, or,
2. An average between one-half and 10 barrels of oil per day during the calendar year immediately preceding the first day of the taxable year.

The severance tax imposed in W. Va. Code §11-13A-3a(b)(2) does not apply to horizontal wells targeting shale formations.

Pursuant to W. Va. Code §11-13A-3a(e), the State Tax Commissioner is required to issue an annual Administrative Notice by July 1 indicating the balance in the Oil and Gas Abandoned Well Plugging Fund as of the immediately preceding June 1. This subsection also provides that the rate of tax imposed in W. Va. Code §11-13A-3a(b)(2) changes from 2.5% to 0% of the gross value of the natural gas or oil produced for the following taxable year when the balance of the Oil and Gas Abandoned Well Plugging Fund equals or exceeds \$6 million.

As of June 1, 2023, the balance in the Oil and Gas Abandoned Well Plugging Fund was \$3,585,247.69. This amount is less than the threshold balance of \$6 million, therefore the rate of tax imposed in W. Va. Code §11-13A-3a(b)(2) will be 2.5% of the gross value of gas or oil produced for taxable year 2024.

Notice of this determination will be filed in the West Virginia Register.

Issued: June 27, 2023



Matthew Irby
State Tax Commissioner