



# Florida Department of Revenue Tax Information Publication

# TIP

No: **12B07-04**

Date Issued:  
**May 23, 2012**

## Mature Field Recovery Oil

Effective July 1, 2012, "mature field recovery oil" will be subject to severance tax at the same tiered rate as oil recovered using tertiary methods. The term "mature field recovery oil" means the barrels of oil recovered from new wells that begin production after July 1, 2012, in fields that were discovered prior to 1981.

Oil fields discovered prior to 1981 include: Sunniland (1943), West Felda (1966), Lake Trafford (1969), Jay (1970), Bear Island (1972), Blackjack Creek (1972), Lehigh Part (1974), Mid-Felda (1977), and Raccoon Point (1978). The following fields are currently plugged and abandoned, but were active for the period specified: Forty Mile Bend (1954-1955), Sunoco Felda (1964-1994), Mt Carmel (1971-1996), Seminole (1973-1978), Sweetwater Creek (1977-1980), Baxter Island (1977-1978), and Pepper Hammock (1978).

The tax rates for oil recovered from tertiary production or mature fields are:

- One percent is levied on the first \$60.00 of value.
- Seven percent is levied on a value greater than \$60.00 and less than \$80.00.
- Nine percent is levied on a value equal to or greater than \$80.00.

Tax due is determined by multiplying the total number of barrels produced, times the tiered value per barrel, times the tiered tax rate.

### Example 1

If 200 barrels of oil were produced and each barrel had a value of \$90.00 at the time of production, tax is calculated as follows:

- 200 barrels times \$60.00 times 1 percent equals \$120.00.
- 200 barrels times \$19.99 (amount greater than \$60.00 and less than \$80.00) times 7 percent equals \$279.86.
- 200 barrels times \$10.01 (amount equal to or greater than \$80.00) times 9 percent equals \$180.18.

Total tax due in this example equals \$580.04.

### Example 2

If 200 barrels of oil were produced and each barrel had a value of \$50.00 at the time of production, tax is calculated as follows:

- 200 barrels times \$50.00 times 1 percent equals \$100.00.

Total tax due in this example equals \$100.00.

**References: Section 211.02, Florida Statutes and Chapter 2012-32 (Section 6, HB 7087, 3<sup>rd</sup> Eng.)**

### **For More Information**

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For forms and other information, visit our Internet site at [www.myflorida.com/dor](http://www.myflorida.com/dor) or call Taxpayer Services, 8:00 a.m. to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, Mail Stop 3-2000, 5050 West Tennessee Street, Tallahassee, FL 32399-0112.

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