

Severance Tax Relief Program

The Severance Tax Relief Program (STRP) allows the suspension or reduction of severance taxes due on production from a qualifying well for a variable time period depending on the category. To review the origin and history of the STRP, please follow [this link to our Archives page](#).

In addition to the incentives below, the Louisiana Department of Revenue also manages other severance tax certifications. Please visit the [Department of Revenue website](#), select "Forms," "Businesses," then "Severance Tax." Information regarding the Department of Revenue's programs are included in the instructions of the downloadable forms.

Beginning July 1, 2018 in accordance with Act 421 of the 2017 Legislative Session, the Office of Conservation will begin accepting applications for the new [Inactive Well](#) and [Orphan Well](#).

The Office of Conservation currently certifies applications under this program in two (2) categories:

1. **Deep Well**
2. **Horizontal Well**
3. **Inactive Well**
4. **Orphan Well**

DEEP WELL REQUIREMENTS

Eligible for a two year exemption from the date of first production or until payout of qualified costs, whichever comes first.

Well must be drilled to a true vertical depth (TVD) of 15,000 feet or greater. First production must commence after July 31, 1994.

Wells sidetracked below 15,000 feet TVD from which production commenced after July 31, 1994 in the sidetrack hole are also eligible; however, the only costs allowed are those associated with the sidetrack.

HORIZONTAL WELL REQUIREMENTS

Eligible for a two year exemption from the date of first production or until payout of qualified costs, whichever comes first.

Well must be horizontally drilled or recompleted with 80° deviation from the vertical and at least a 50 foot penetration into the sand.

First production must commence after July 31, 1994.

Applications received on or after August 1, 2015 will be charged a \$504 fee. The fee will be for each qualifying period of the wellbore, not per application.

INACTIVE WELL WITH SIMILAR PERFORATIONS REQUIREMENTS

Eligible for a 50% reduction in severance tax for a period of ten years within the qualified producing interval. The reduced inactive severance tax rate will begin on the date of first production after the qualifying period or 90 days after the application is received in the Office of Conservation, whichever comes first.

The well must have thirty (30) days or less production for two consecutive years during the qualifying period.

Production qualifying for the reduced inactive severance tax rate must be from the same or within 100' of the top or bottom perforations of the last producing interval for lease wells, and from the defined interval of the last producing interval for unit wells.

Return to production date must be after August 1, 2017.

ORPHAN WELL WITH SIMILAR PERFORATIONS REQUIREMENTS

Eligible for a 75% reduction in severance tax for a period of ten (10) years within the qualified producing interval. The reduced orphan severance tax rate will begin on the date of first production after the qualifying period or 90 days after the application is received in the Office of Conservation, whichever comes first.

Well must be designated as an orphaned well continuously for a period of five (5) years or more, ending between August 1, 2017 and June 30, 2023.

Production qualifying for the reduced orphan severance tax rate must be from the same or within 100' of the top or bottom perforations of the last producing interval for lease wells, and from the defined interval of the last producing interval for unit wells.

Restored production date must be after August 1, 2017.

For More Information Contact:

Office of Conservation (225) 342-5540

Go to our Website:

www.dnr.louisian.gov

Mailing Address:

Department of Natural Resources

P.O. Box 94396, Baton Rouge, LA 70804-9396

Physical Address:

LaSalle Building

617 North Third Street, Baton Rouge, LA 70802

