

**ST-1:** Application for Texas Severance Tax  
Incentive Certification

**INSTRUCTIONS**  
(Rev. 11-2011)

Use the ST-1 when applying for the following incentive programs: High-Cost Gas, Marketing of Previously Flared or Vented Casinghead Gas. Use the H-12 to apply for the Enhanced Oil Recovery (EOR) Reduced Tax Rate. File the ST-1 and any required attachments with the Railroad Commission in Austin. Particular requirements for the individual incentives are given below. For information on the two incentives, call 512-463-6785.

**Section II. High-Cost Gas.** Gas that is defined as high-cost gas under 16 Texas Administrative Code 3.101, relating to Certification for Severance Tax Reduction for Gas Produced from High-Cost Gas Wells, (Statewide Rule 101), may be eligible for a state severance tax reduction. High-cost gas includes gas produced from designated tight formations, completions below 15000 TVD, Devonian Shale, Coal Seams, or geopressured brine. In order to receive the reduction, the well must be spudded or completed after August 31, 1996. Attach a copy of the Form G-1 completion report with all applications. Additionally, for a tight formations application, provide the area designation docket number and attach a copy of a map outlining the designated tight formation area with the respective well's location shown. Section 110 of House Bill 2425 (78<sup>th</sup> Legislature, 2003, Regular Session) amended Texas Tax Code §201.057, effective June 20, 2003, relating to the high-cost gas tax incentive, by changing the filing procedures and dates. For any application for certification submitted to the Commission after January 1, 2004, the total allowable credit for taxes paid for reporting periods before the date the application is filed may not exceed the total tax paid on the gas that otherwise qualified for the tax reduction and that was produced during the 24 consecutive calendar months immediately preceding the month in which the application for certification was filed with the Commission. In addition, there is a penalty for filing with the Comptroller of Public Accounts later than the 180<sup>th</sup> day after the date of the first production or the 45<sup>th</sup> day after the date of the well's certification by the Commission.

**Section IV. Marketing Previously Flared or Vented Casinghead Gas.** If casinghead gas that has been flared or vented pursuant to Commission Statewide 32 rules for 12 months or more is marketed, it is eligible for permanent exemption from state severance taxes. Application to the Commission must be made within 120 days of when the gas is first marketed.