



Larry Pack
Secretary of Revenue

Matthew Irby
State Tax Commissioner

STATE TAX DEPARTMENT

**ADMINISTRATIVE NOTICE 2024-02
NOTIFICATION OF THE RATE OF TAX IMPOSED UNDER
W. VA. CODE §11-13A-3A(B)(2) FOR TAXABLE YEAR 2025**

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, remaining severance tax imposed under 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 under 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 under 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 in the Oil and Gas Abandoned Well Plugging Fund equals or exceeds \$6 million.

As of June 1, 2024, the balance in the Oil and Gas Abandoned Well Plugging Fund was \$7,090,544. This amount is greater than the \$6 million statutory threshold. Therefore, the rate of tax imposed under W. Va. Code §11-13A-3a(b)(2) will be 0% of the gross value of gas or oil produced for taxable year 2025 (January 1, 2025 through December 31, 2025).

The tax rate for taxable year 2026 (beginning January 1, 2026) will be set by future notice based upon the balance in the Oil and Gas Abandoned Well Plugging Fund as of June 1, 2025.

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

Issued: July 9, 2024

Matthew Irby
State Tax Commissioner