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The Daily Oklahoman

FAIRVIEW - County assessors have signed up new players in the tug-of-war over taxes, and oil companies already feeling the weight of a depressed industry aren't happy with the rules of the game.

Stakes are high, climbing into millions of dollars in disputed property valuations.

Roger Mills and Beckham counties hired Visual Lease Services Inc. of Holdenville last year to inventory and reassess oil-field property. Major, Woodward, Ellis and Blaine counties have hired the private assessment company this year.

Assessment for one company has doubled this year in Major County, where Visual co-owner Gary Mask helped assess property that oil field-related companies reported in their pipeline operations. If left in place, the increased valuation will mean a \$200,000 jump in the company's Major County tax bill, a company spokesman said.

"I know oil companies are hollering that they're in a depressed state - and they are," Major County Assessor Ralph Wilson said. "But they still have to pay fair market value."

There are plenty of tax dollars being lost somewhere between what companies report and what Visual Lease Services is setting out to find, Wilson said.

Roger Mills County agreed to pay Visual Lease Services \$212,000. County government, school districts and others who receive the tax dollars will pay part of the bill.

Major County's contract is for \$198,000 over two years. After the initial inventory, Mask said, the cost will drop to about \$35,000 annually in Roger Mills County for maintenance.

It's not just Visual Lease Services' methods that are drawing out the dollars. When a Texas company assessed two Major County plants last year, Wilson said, the combined difference in valuation exceeded \$10 million. Millages calculated from Major County's 11 percent property tax rate translated into thousands of dollars in added tax revenue. In Roger Mills County, where Mask's company has been on the job a year, county officials estimate newfound tax revenue at about \$500,000.

The revenue goes mostly to school districts but also funds county government and some emergency services. However, when companies pay tax assessments under protest, as historically is the case with disputed valuations, the dollars in question are withheld from schools and other recipients until the issue is resolved.

Major County's jump this year was based on Visual's assessment of property companies reported. Mask said companies and counties can expect even larger dollar jumps when he begins using the Global Positioning System and computer software to pinpoint and personally inventory oil-field properties.

Visual has done that in Roger Mills and Beckham counties.

Two companies have taken their complaints to district court in Roger Mills County - and lost. The most recent ruling last week against Senex involved property the company had omitted from its rendering to the county assessor, Mask said. The difference in what the company reported, he contends, and what Visual found and assessed at its own rates was more than \$1.3 million.

Roger Mills County Assessor Glenda Kirk solicited Mask's help after a 1997 pipeline tax protest settlement sent companies to counties for assessment at local 11 percent to 12 percent rates rather than the nearly 23 percent rate assessed at the state level.

Even though companies were seeing their tax bills cut in half by coming to the county level, they still weren't reporting all their property for assessment, Kirk said, compared with lists they submitted previously to the state.

"If I had not done anything at all, we would have continually lost," Kirk said. Oil industry property accounts for up to half her county's property valuation, she said.

Senex's court case was the second of two stemming from last year's higher Roger Mills County valuations. An earlier district court ruling against GPM was appealed. Mask's company valued GPM's Roger Mills County property at \$13 million - compared with the \$5 million figure the company reported.

Mask said his company values property on a schedule Visual Lease Services compiled after extensively researching products, equipment and replacement prices. In each instance, he said, Visual Services found oil-field property to be worth more than companies tell their county assessors.

There's a reason for that, said Arlen Allison, a tax handler for Phillips Petroleum and its subsidiaries, including GPM Gas Corp., Anadarko Gathering Co. and Panhandle Gathering Co., all of which have seen property valuations hiked.

Allison maintains that Mask's company applies values of more expensive transportation pipeline materials to those materials gas-gathering companies routinely use. Not only are their uses different, Allison said, but their components differ as well.

Transportation pipelines traditionally contain higher priced pipe with thicker walls and are required to handle much higher-pressure usage. But gathering lines like those that GPM has in counties across western and northwestern Oklahoma are generally less expensive to do lower pressure work.

The difference can be \$3 to \$4 per foot when it comes to pipe, Allison said. That's no piddling figure when dealing with pipelines. "When you have a thousand feet of pipe in one County, it very quickly multiplies," he said.

Oil companies also take exception with another of Visual Lease Services' assessment methods. While the Oklahoma Tax Commission changed last year from a 20-year life schedule to a 25-year life schedule for depreciation, Visual Lease Services uses a 30-year life schedule, Allison said, increasing property value further.

There's also dispute over whether companies should be taxed for right-of-way, which many companies see as a nontaxable intangible factor or for which property owners already are paying taxes.

Meanwhile, Mask said he has contracts pending with several other counties in which he predicts more tax dollars are to be pulled from buried pipelines.

Mask said, "We just want them to pay fair market value. We're just trying to be as fair with them as with every property owner in the county."

That could leave Allison wondering, for example, how many Major County property owners saw their property tax bills jump \$200,000 in one year.

"An example of the magnitude of this - in all of Major County in 1998, GPM was valued at \$27 million," Allison said. "Now in one school district in Major County, we're valued at \$27 million. It's a tremendous valuation

increase."