

The Hennessey Clipper
By: Barb Walter

Although the tax bill ExxonMobil went into the mail only this week, Hennessey and Dover School superintendent may already be doing the happy dance. Their schools will receive the lion's share of more than a half million dollars in negotiated ad Valorem taxes partly because most of the unreported pipelines and oil and gas equipment are located in those two school districts.

ExxonMobil owes \$591,624 -- \$416,357 in back taxes and late payment penalties for the past three years and their 2005 estimated taxes of \$176,267, said Kingfisher County Assessor Eloise McCully.

Hennessey Public School will receive \$143,433 and Dover \$134,231 when the taxes for the past three years are paid, according to figures released Tuesday by Kingfisher County Treasurer Karen Mueggenborg. But shares of ExxonMobil's 2005 tax bill is not known. See chart below showing how much the County and others will receive.

ExxonMobil protested the first tax figures. Mrs. McCully assisted by Visual Lease Services, negotiated the "omitted property tax" amounts with Exxon last week in an "informal protest hearing" at the courthouse.

The assessor declined to release the tax amount before they got "down" to the negotiated \$591,624. She said that was "confidential information" and not a public record.

She did say the oil company was charged a 20% penalty fee.

Mrs. McCully was told that after Monday night's Hennessey school board meeting that a member asked, "Where are the millions we were told we'd get?"

She said the taxation process is complicated. "The valuation amount is not the same as the taxes owed."

And she said ExxonMobil's valuation for 2002 was \$14.5 million; 2003 was \$15 million, and 2004, \$14 million. She estimated their 2005 valuation will be \$18.4 million.

Mrs. McCully said there are three other oil and gas companies who are protesting their "omitted" property taxes. She declined to give their names

and amounts but said they are in the hundreds of dollars, not thousands of dollars.

Mrs. McCully credits hiring Visual Lease Services for finding the “windfall” tax money. The Holdenville-based company was hired by the county last year for \$199,500 to find unreported oil and gas pipelines, compressors and meters. VLS, who boasts having contracts with 30 counties in Oklahoma, and uses a satellite navigation system to track pipe lines and compressors.

The county will receive a three-to-one return on their investment, Mrs. McCully wrote in a prepared statement.

She told The Clipper that she had been negotiating with ExxonMobil for about a month. “Exxon worked hard to get us that information... They were diligent... They had to go back to the Hennessey plant to find records,” she said.

“They provided a map showing abandoned lines and removed lines and we credited them for those,” the assessor said. “This complicated... and it was a matter of making sure that all of our allocations were correct.”

Note: The Clipper has been unable to confirm that Mustang Gas has purchased the ExxonMobil plant south of town but there are vehicles carrying Mustang’s name in the yard there.

In addition to the location of the unreported property, the tax return to public schools, vo-techs and the county is based on milleages. And those schools millages are also based on ADA (average daily attendance) numbers.

Hennessey’s shared of VLS’s almost \$200,000 fee was \$38,213 (19% of the bill) and Dover’s was \$9,415 (9%). The schools will also be required to pay their share of a \$31,000 maintenance agreement with VLS this fiscal year which started July 1.

Distribution of ExxonMobile "omitted Property" Tax Money*

| | 2002 | 2003 | 2004 | 2005 |
|------------------------------------|----------------------|----------------------|----------------------|---------------------|
| Kingfisher Co. General Fund | \$ 19,656.79 | \$ 20,334.61 | \$ 18,978.95 | \$ 58,970.35 |
| Kingfisher Co. Health Dept. | \$ 923.70 | \$ 4,059.00 | \$ 3,788.40 | \$ 11,771.10 |
| Logan Co. Ambulance | \$ 197.41 | \$ 206.33 | \$ 194.49 | \$ 598.23 |
| Covington School | \$ 2,519.67 | \$ 2,506.23 | \$ 2,374.53 | \$ 7,400.43 |
| Crescent School | \$ 3,649.29 | \$ 3,749.71 | \$ 2,451.47 | \$ 10,850.47 |
| Hennessey School | \$ 47,707.71 | \$ 50,070.97 | \$ 45,664.14 | \$ 143,442.82 |
| Kingfisher School | \$ 2,760.51 | \$ 2,856.40 | \$ 2,664.95 | \$ 8,281.86 |
| Okeene School | \$ 431.57 | \$ 483.17 | \$ 447.77 | \$ 1,362.51 |
| Cashlon School | \$ 993.40 | \$ 1,027.91 | \$ 959.01 | \$ 2,980.32 |
| Dover School | \$ 37,646.20 | \$ 52,634.25 | \$ 43,950.78 | \$ 134,231.23 |
| Lomega School | \$ 8,098.20 | \$ 8,260.23 | \$ 7,593.49 | \$ 23,951.92 |
| Okarche School | \$ 745.24 | \$ 771.12 | \$ 719.44 | \$ 2,235.80 |
| Chisholm Trail Vo-Tech | \$ 1,812.49 | \$ 1,824.19 | \$ 1,701.34 | \$ 5,337.02 |
| Autry Vo-Tech | \$ 687.75 | \$ 700.07 | \$ 653.61 | \$ 2,041.43 |
| Francis Tuttle Vo-Tech | \$ 943.27 | \$ 985.85 | \$ 971.84 | \$ 2,900.96 |
| Total | \$ 130,775.20 | \$ 152,473.04 | \$ 135,118.21 | \$ 36,467.13 |

***This does not include 2005 taxes which are estimated at \$175,267.42**