

**TITLE 3: TAXATION**  
**CHAPTER 18: OIL AND GAS TAXES (SEVERANCE TAX)**  
**PART 4: TAXES IMPOSED AND LEVIED**

**3.18.4.1 ISSUING AGENCY:** Taxation and Revenue Department, Joseph M. Montoya Building, 1100 South St. Francis Drive, P.O. Box 630, Santa Fe NM 87504-0630  
[11/15/96; 3.18.4.1 NMAC - Rn, 3 NMAC 18.4.1, 12/29/00]

**3.18.4.2 SCOPE:** This part applies to all persons severing or engaging in the business of severing oil, natural gas, liquid hydrocarbons other than oil and carbon dioxide, to all persons having an interest in the products severed, to all persons operating oil, natural gas or carbon dioxide leases and to all persons affiliated with such persons.  
[11/15/96; 3.18.4.2 NMAC - Rn, 3 NMAC 18.4.2, 12/29/00]

**3.18.4.3 STATUTORY AUTHORITY:** Section 9-11-6.2 NMSA 1978.  
[11/15/96; 3.18.4.3 NMAC - Rn, 3 NMAC 18.4.3, 12/29/00]

**3.18.4.4 DURATION:** Permanent.  
[11/15/96; 3.18.4.4 NMAC - Rn, 3 NMAC 18.4.4, 12/29/00]

**3.18.4.5 EFFECTIVE DATE:** 11/15/96, unless a later date is cited at the end of a section, in which case the later date is the effective date.  
[11/15/96; 3.18.4.5 NMAC - Rn & A, 3 NMAC 18.4.5, 12/29/00]

**3.18.4.6 OBJECTIVE:** The objective of this part is to interpret, exemplify, implement and enforce the provisions of the Oil and Gas Severance Tax Act, the Oil and Gas Conservation Tax Act, the Oil and Gas Emergency School Tax Act and the Oil and Gas Ad Valorem Production Tax Act.  
[11/15/96; 3.18.4.6 NMAC - Rn, 3 NMAC 18.4.6, 12/29/00]

**3.18.4.7 DEFINITIONS:** Definition of "sold": A product is sold when it is delivered, for a consideration, to another party.  
[5/24/91, 11/15/96; 3.18.4.7 NMAC - Rn & A, 3 NMAC 18.4.7, 12/29/00]

**3.18.4.8 TAX DUE FROM REDUCTION OF ROYALTIES:**  
A. When an agency of the United States of America, the state or New Mexico or any Indian nation, tribe or pueblo, a member of an Indian nation, tribe or pueblo who is a ward of the United States or any court approves a royalty reduction on products previously reported, the reduction in royalty shall be reported no later than the twenty-fifth day of the second month following the month in which approval was granted. The tax due New Mexico as a result of the reduction in royalty shall be computed by applying to the reduction the appropriate rates of the oil and gas severance, the oil and gas emergency school, the oil and gas conservation and the oil and gas ad valorem production taxes in effect for the month in which the product was severed. The tax due shall accompany or precede the return.  
B. Section 3.18.4.9 NMAC is retroactively applicable to orders issued on or after July 1, 1997.  
[6/15/98; 3.18.4.8 NMAC - Rn & A, 3 NMAC 18.4.8, 12/29/00]

**HISTORY OF 3.18.4 NMAC:**

Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center: TRD Rule OG-91, Regulations Pertaining to the Oil and Gas Tax Acts, filed 5/24/91.

History of Repealed Material: [RESERVED]

NMAC History:

3 NMAC 18.4, Oil and Gas Taxes (Severance Tax) - Taxes Imposed and Levied, filed 11/4/96.  
3.18.4 NMAC, Oil and Gas Taxes (Severance Tax) - Taxes Imposed and Levied, filed 12/13/00.