

**BOARD OF ASSESSMENT APPEALS,
STATE OF COLORADO**
1313 Sherman Street, Room 315
Denver, Colorado 80203

Petitioner:

PETRON DEVELOPMENT COMPANY,

v.

Respondent:

**WASHINGTON COUNTY BOARD OF
EQUALIZATION.**

Attorney or Party Without Attorney for the Petitioner:

Docket Number: 41842

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ORDER

THIS MATTER was heard by the Board of Assessment Appeals on September 21, 2004, Karen E. Hart and Sondra W. Mercier presiding. Petitioner was represented by Alan Poe, Esq. Respondent was represented by Josh Marks, Esq. Petitioner is protesting the fact that the 2003 Notices of Value were issued to Petron Development Company rather than to each individual personal property owner.

PROPERTY DESCRIPTION:

Subject property is described as follows:

**Personal Property: Producing Oil/Primary Equipment
(Washington County Schedule Nos.: Reference Exhibit A (attached))**

ISSUES:

Petitioner:

Petitioner contends that Petron Development Company, as operator but not the owner of oil wells in Washington County, was inappropriately issued 2003 Notices of Value for personal property, and that in fact, the notices should have been issued to the individual personal property owners. Petitioner further contends that without proper notification, the individual owners' rights of appeal are not protected.

Respondent:

Respondent contends that Petron Development Company, as operator of the wells, is responsible for taxation issues, including personal property. Historically, the Notices of Value have been issued to the operator rather than to the property owners. The Washington County Assessor does not have access to information regarding partial ownership interests in personal property located at individual oil wells.

FINDINGS OF FACT:

1. At the outset of the hearing for Docket No. 41842, the parties agreed to incorporate the record from Docket Nos. 41843 and 41844. By this reference, all Findings of Fact contained in the Board's Order on Docket Nos. 41843 and 41844 are hereby incorporated into this Order on Docket No. 41842.

2. Respondent's witness, Ms. Jan Huffaker, a Certified General Appraiser with the Washington County Assessor's Office, testified that Washington County typically followed the same procedures as Yuma County for issuing Notices of Value on personal property by relying on the information provided on Form DS-658.

3. Ms. Huffaker testified that she contacted Mr. Gene Neading with the Division of Property Taxation (DPT) in April 2003 regarding proper notification procedures. According to testimony, Mr. Neading responded that the DPT had no position on this issue. Ms. Huffaker interpreted that to mean that no changes were required to their notification procedures.

4. Ms. Huffaker testified that her understanding of the Unit Valuation Rule was the same as Mr. Laughlin's, that the Notice should be issued for 100 percent of the fee simple ownership for all properties.

5. In cross-examination, Ms. Huffaker testified that the difficulty of identifying ownership of the personal property of oil and gas wells is similar to that of identifying the ownership interest of other personal property. Ms. Huffaker further testified that, consistent with Mr. Hyde's testimony, the owner of record should receive the Notice of Value, and that the personal property owner should have the opportunity to protest the value.

CONCLUSIONS:

1. Petitioner presented sufficient probative evidence and testimony to prove that, with the exception of personal property wholly owned by Puckett-Warren Oil, the tax year 2003 Notices of Value were incorrectly issued to Petron Development Company.

2. Pursuant to § 39-5-121 (1.5) C.R.S., *"No later than June 15 in each year, the assessor shall mail to each person who owns taxable personal property a notice setting forth the valuation of such personal property."* In compliance with § 39-5-107 and § 39-5-108 C.R.S., Petron notified the Washington County Assessor's office of the owners' names, ownership interests, addresses, and Social Security Numbers or F.E.I.N.s. Once notified of ownership, the Washington County Assessor was required to send a Notice of Value for each fractional interest to the owner of the personal property. Further, based on testimony from both Mr. Hyde and Mr. Laughlin, appropriate notice to the owner would be required to preserve the right to appeal or apply for exemption pursuant to § 39-5-122 C.R.S.

3. The Board does not believe that § 39-10-106 C.R.S. can be applied to personal property associated with oil and gas wells. This statute appears to only address fractional interests in oil and gas real property.

4. The Board was not convinced that the Unit Assessment Rule is applicable, as this appeal specifically deals with partial interest ownership in personal property. The greater testimony would indicate that the Unit Assessment Rule more specifically deals with fee simple ownership in real property.

5. While the operating agreements require Petron to pay taxes on behalf of the partial interest owners, the agreements do not exempt the Assessor from properly notifying the owners of record.

ORDER:

The Washington County Assessor is ordered to issue the 2003 Notices of Value to the partial interest owners of the subject personal property as reported by Petron Development Company.

APPEAL:

Petitioner may petition the Court of Appeals for judicial review within 45 days from the date of this decision.

If Respondent alleges procedural errors or errors of law by this Board, Respondent may petition the Court of Appeals for judicial review within 30 days from the date of this decision.

DATED and MAILED this 26th day of February 2005.

BOARD OF ASSESSMENT APPEALS

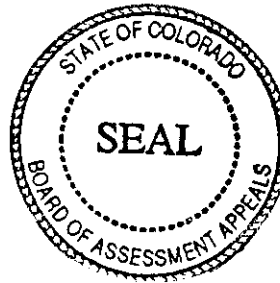
Karen E Hart
Karen E. Hart

Sondra W. Mercier
Sondra W. Mercier

This decision was put on the record

FEB 25 2005

I hereby certify that this is a true
and correct copy of the decision of
the Board of Assessment Appeals.



Penny S. Lowenthal
Penny S. Lowenthal