



**STATE BOARD OF EQUALIZATION**

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No. 81/95

August 25, 1981

TO COUNTY ASSESSORS:

VALUATION OF WELLS UNDER CONSTRUCTION ON THE LIEN DATE

The drilling of oil, water, gas, and geothermal wells on the lien date should be valued the same as any other project under construction as of the lien date. This cost (including prorated research and administrative costs) represents value as of that date. If after completion the well is incapable of producing, is uneconomic, or is unusable for the purpose for which it was drilled, its value should be recalculated to reflect this lack of economic viability.

In this same regard, drilling rigs and related equipment utilized in the well drilling process should be enrolled per Property Tax Rule 205, Movable Property.

Information relative to well drilling activity, drilling rig locations, and start/completion dates is available from "The Scouting Reports" such as, Munger's Oilgram, which is published each weekday and is available at the State Division of Oil and Gas district offices throughout the state.

If you have any questions regarding this letter, please contact Mr. Ray Rothermel, Assessment Standards Division, at (916) 445-4982.

Sincerely,

Verne Walton, Chief  
Assessment Standards Division

VW:bjb