

**SOUTHERN UTE INDIAN TRIBAL CODE**

**TITLE 21**

**SEVERANCE TAX CODE**

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**TITLE 21**  
**SOUTHERN UTE INDIAN TRIBAL CODE**  
**SEVERANCE TAX CODE**

**Article 1. GENERAL PROVISIONS**

- 21-1-101. Purpose of Code.** The purposes of this Severance Tax Code are as follows:
- (1) To impose a tax upon the severance of non-renewable energy minerals from tribal trust lands, tribally owned fee lands, and allotted or restricted lands within the boundaries of the Reservation;
  - (2) To provide to the Tribe a source of revenue which can help sustain the economic viability of the Tribe following the severance, depletion, or exhaustion of minerals from lands within the jurisdiction of the Tribe;
  - (3) To provide the Tribe a current source of revenue to help fund the delivery of services to tribal members and non-tribal members located within the boundaries of the Reservation as determined by the Tribal Council.
- 21-1-102. Definitions.** When used in this Severance Tax Code, the following words and terms shall be interpreted as follows, unless the context clearly indicates a different meaning:
- (1) **Avoidably Lost** – the nature of an incidental loss of, waste of, or damage to a mineral resource in the course of mineral development resulting from venting, flaring, or other activity when such activity has not previously been permitted or approved in writing by the Secretary of the Interior or the Secretary’s authorized delegate as to applicable tribal or allotted lands.
  - (2) **Authorized Representative**– the Chief Financial Officer of the Tribe (“CFO”) or an individual other than the CFO designated by the Tribal Council to administer the Severance Tax Code, to be known as “Severance Tax Administrator.”
  - (3) **Central Delivery Facility** – a common metering and delivery location at which substances described in Section 21-2-101 are collected from multiple wells or leases and intermingled.
  - (4) **Condensate** – means liquid hydrocarbons (generally exceeding 40 degrees of API gravity) recovered at the surface without resorting to processing. Condensate is the mixture of liquid hydrocarbons that results from condensation of petroleum hydrocarbons existing initially in a gaseous phase in an underground reservoir.

- (5) **Cross-Lease Beneficial Use** – an operator’s use of substances described in Section 21-2-101 derived from lands subject to a tribal or allotted lease for the benefit of operations on other lands subject to a tribal or allotted lease operated by the same operator, prior to the sale of such substances.
- (6) **Entitled Proportionate Gross Working Interest** – the net revenue interest attributable to a working interest in a lease or minerals agreement covering lands subject to jurisdiction of the Tribe, plus the proportionate share of any non-operating interests that burden that working interest.
- (7) **Gas** – any fluid, either combustible or noncombustible, hydrocarbon or nonhydrocarbon, which is extracted from a reservoir and which has neither independent shape nor volume, but tends to expand indefinitely. It is a substance that exists in a gaseous or rarefied state under standard temperature and pressure conditions.
- (8) **Index-Based Major Portion Price** – for a given month, and given crude oil type, the IBMP value for the Southern Ute Designated Area calculated and published by ONRR pursuant to 30 C.F.R. § 1206.54(c) (August 1, 2025), including as § 1206.54(c) may be renumbered.
- (9) **Index-Based Value** – for a given month, the index-based value for the San Juan Basin index zone, calculated and published by ONRR pursuant to 30 C.F.R. § 1206.172(d) (August 1, 2025), including as § 1206.172(d) may be renumbered.
- (10) **Lands** – that real property in which the mineral estate, or a portion of the mineral estate, is owned in fee by the Tribe or by the United States in trust for the Tribe or under a restricted patent to an individual Indian allottee(s).
- (11) **Lease** – the instrument under which mineral development of affected premises is prosecuted, including but not limited to such instruments made pursuant to the Act of March 3, 1909, 25 U.S.C. § 395 and the Act of May 11, 1938, 25 U.S.C. §§ 396a-396g.
- (12) **Maximum Reservation Price** – the value obtained as a result of applying the formula set forth in Section 21-2-108(5) of this Code.
- (13) **Minerals Agreement** – any joint venture, operating, production sharing, service, managerial, lease (other than a lease entered into pursuant to the Act of May 11, 1938 or the Act of March 3, 1909), contract, or other minerals agreement; or any amendment, supplement or other modification of such minerals agreement, providing for the exploration for, or extraction, processing or other development of minerals in which an Indian mineral owner owns a beneficial or restricted interest, or providing for the sale or other disposition of the production or the products of such minerals.

- (14) **Non-Btu Gas Components** – gas plant products and components of the gas stream that have no Btu value (e.g., carbon dioxide, nitrogen, etc.)
- (15) **Oil**—a mixture of hydrocarbons that existed in the liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities and is marketed or used as such. Condensate recovered in lease separators or field facilities is considered to be oil.
- (16) **ONRR**—the U.S. Department of the Interior’s Office of Natural Resources Revenue.
- (17) **Other Consideration** – consideration other than cash, including consideration obtained through trades or exchanges of severed minerals.
- (18) **Processing Costs** – reasonable, actual costs incurred by the taxpayer to process gas for the removal of products described in Section 21-2-101 (generally natural gas liquids). When costs are incurred through use of a processing plant owned either in whole or in part by the taxpayer or an entity affiliated with the taxpayer, only the following costs may be included in the calculation of deductible costs for tax purposes: operating and maintenance expenses, overhead, depreciation and a return on undepreciated capital investment directly associated with the plant. The basis and method of depreciation shall not be changed once used, regardless of any changes in ownership of the plant.
- (19) **Reservation** – that real property located within the exterior boundaries described by Congress in Public Law No. 98-290.
- (20) **Severance** – physical separation or removal of a mineral from lands, including the extraction of methane from severed tribal coal estates restored to tribal beneficial ownership by the United States of America pursuant to the Indian Reorganization Act of 1934.
- (21) **Taxpayer** – an owner of an interest or person claiming ownership of an interest in substances described in Section 21-2-101 of this Code severed from lands subject to the jurisdiction of the Tribe, regardless of the fact that actual payment of tax may be made by a working interest owner or operator in behalf of the taxpayer.
- (22) **Transportation Costs** – reasonable, actual costs incurred by the taxpayer for moving marketable products described in Section 21-2-101 of this Code to a point of sale or other point of final disposition that is remote from the point of initial severance, separation, treatment or measurement (generally the point approved by the Bureau of Land Management for the purposes of royalty measurement). Not included in this definition are costs incurred by the taxpayer for the movement or removal from the production stream of products

not described in Section 21-2-101 or products whose value is otherwise exempted from application of this Code or for compression intended to enhance production or to meet pipeline delivery pressure requirements. When costs are incurred on a transportation system owned either in whole or in part by the taxpayer or an entity affiliated with the taxpayer, only the following costs may be included in the calculation of deductible costs for tax purposes: operating and maintenance expenses, overhead, depreciation and return on undepreciated capital investment directly associated with the transportation system. The basis and method of depreciation shall not be changed once used, regardless of any changes in ownership of the system.

- (23) **Unavoidably Lost** – the nature of an incidental loss of, unavoidable waste of, or damage to a mineral resource in the course of mineral development resulting from venting, flaring, or other activity when such activity and the resulting loss, waste, or damage has been previously approved in writing by the Tribal Council, or its Authorized Representative as to tribal lands or by the Secretary of the Interior or the Secretary’s authorized delegate as to allotted lands.
- (24) **Unitized Lands or Unitized Area** - a geographically defined space composed of multiple separately owned oil and gas leases, mineral agreements, or mineral estates (or portions thereof) where ownership of production is consolidated pursuant to an agreement, including a unit agreement or communitization agreement.
- (25) **Working Interest** – the interest obtained by a mineral lessee or grantee of a minerals agreement in minerals or revenues attributable to the sale of minerals producible under such lease or minerals agreement, inclusive of overriding royalty interests or other non-operating interests subsequently derived from the working interest.

## **Article 2. TAX AND LIABILITY**

**21-2-101. Oil and Gas Tax Imposed.** A tax is hereby imposed on the severance of any and all oil and gas from lands subject to the taxing jurisdiction of the Tribe. Notwithstanding the foregoing, non-Btu gas components are specifically exempt from this severance tax, unless said substances are produced and sold commercially.

**21-2-102. Liability for Tax.** The amount of severance tax to be paid pursuant to this Code shall be determined effective as of, and the liability for payment of such severance tax shall accrue at, the time of severance of substances described in Section 21-2-101 from lands subject to the taxing jurisdiction of the Tribe, regardless of whether monetary compensation or other consideration has been received for the sale of such substances, including, for example, the placement of gas into pipeline inventory; provided, however, liability shall not accrue for payment of taxes with respect to the severance of substances unavoidably lost.

**21-2-103. Rate of Tax.** The severance tax set forth herein shall be at the rate of 6.5% of the value of all substances described in Section 21-2-101 severed from lands subject to the jurisdiction of the Tribe.

**21-2-104. Exemptions from Tax.** The following volume exemptions from severance tax are authorized:

- (1) Volumes attributable to a landowner's royalty interest established in a lease or minerals agreement issued by the Tribe or by an Indian allottee mineral owner.
- (2) Volumes attributable to an overriding royalty interest granted to or obtained by the Tribe or by an Indian allottee owner derived from working interests in leases or minerals agreements issued by the Tribe or by an Indian allottee mineral owner.
- (3) Volumes used, for the benefit of operations on the leased premises from which such substances are produced, prior to removal therefrom or sale; provided that volumes attributable to use off the lease from which such minerals are produced are not exempt from severance tax except as set forth in Section 21-2-104(4), below.
- (4) Volumes associated with cross-lease beneficial use or shrinkage volumes factored into allocations associated with a central delivery facility, if and only if the lessee or operator has obtained prior written approval from the Tribal Council or its Authorized Representative for such cross-lease beneficial use or for establishment of the central delivery facility and the formula for allocating volumes associated with such central delivery facility. In granting or denying exemptions for cross-lease beneficial use or for central delivery facilities, the Tribal Council or its Authorized Representative shall determine from the totality of the circumstances, including relative royalty rates, whether exempting such volumes from tax will adversely impact the best interests of the Tribe. A requested exemption for cross-lease beneficial use, but not for a central delivery facility, shall be deemed granted unless the Tribal Council or its Authorized Representative shall have taken action denying a written request within 60 days of receipt of such request by the Authorized Representative.

**21-2-105. Payments by whom Generally.**

- (1) Except for an owner of a landowner's royalty interest or overriding royalty interest specifically described in Section 21-2-104(1) or Section 21-2-104(2), any owner of an interest or person claiming ownership of an interest in substances described in Section 21-2-101, severed from lands subject to the jurisdiction of the Tribe shall be liable for payment of taxes imposed by this Code. Payment of the tax shall be made as herein provided by the working interest owner based on that owner's entitled proportionate gross working interest in or attributable to such described substances. The operator of any

well may pay the tax on behalf of working interest owners as a matter of internal policy or by agreement with such working interest owners, and, where the operator of a well markets substances on behalf of the working interest owners, the operator and working interest owners shall be jointly liable for payment of taxes imposed by this Code. Tax payment shall be based upon each taxpayer's allocated volumes entitled to be taken during a taxable period regardless of the actual volume taken.

- (2) Where lands subject to the taxing jurisdiction of the Tribe are unitized with lands that are not subject to the taxing jurisdiction of the Tribe, then the tax imposed by Section 21-2-101 shall apply to those minerals that are allocated to the lands subject to the taxing jurisdiction of the Tribe, regardless of where such minerals are severed within the unitized area, provided that: unless and until the operator of a unitized area demonstrates to the authorized officer that a different allocation formula applies, and the authorized officer approves that different allocation formula in writing, the volume of minerals allocated to lands subject to the taxing jurisdiction of the Tribe within a unitized area for purposes of this subsection shall be determined based upon the proportion of the acreage of the lands subject to the taxing jurisdiction of the Tribe relative to the acreage of the unitized area as a whole.

**21-2-106. Records Retention and Limitations on Actions.**

- (1) Each lessee, operator or other person subject to this Code shall make and retain accurate and complete records necessary to demonstrate that tax payments due under this Code have been made in compliance with this Code or regulations promulgated pursuant to this Code. Such records shall include information regarding: severance and production, transportation, treating, processing and marketing of substances described in Section 21-2-101.
- (2) Lessees, operators or other persons required to keep records under this section shall maintain and preserve them for 6 years from the last day of the month in which a severance of a substance described in Section 21-2-101 takes place. Notwithstanding the foregoing, when an audit or review by an Authorized Representative of the Tribe of a taxpayer's compliance under this Code is pending, all existing records of the taxpayer and persons severing minerals on his behalf or of persons having paid taxes on the taxpayer's behalf shall be maintained by the record holder until released in writing by the Authorized Representative of the Tribe from the obligation to maintain such records. No action by the Tribe with respect to compliance with this Code shall be brought against any taxpayer unless commenced within 6 years from the date that the Tribe knows or should have known that the cause of action has accrued. In the event that non-compliance with this Code could be reasonably ascertained only upon completion of an audit, and in the event that such an audit has not been commenced or completed within the 6-year limitations period, then nothing herein contained is intended to preclude the Tribe from asserting lack

of knowledge for purposes of establishing the date of accrual of a cause of action.

- (3) No action by a taxpayer against the Tribe contesting the lawfulness of the Code or its application shall be brought against the Tribe, unless commenced within 2 years from the date that the taxpayer knows or should have known that a cause of action has accrued.

**21-2-107. Measurement.**

- (1) The severance of all oil and condensate normally measured in liquid form shall be measured and reported in units of barrels of 42 U.S. gallons corrected to standard temperature, gravity and other variables established in the regulations of the United States Department of the Interior, Bureau of Land Management.
- (2) Unless otherwise authorized by the Authorized Representative in writing, the volume of all severed gas shall be measured at the wellhead, and reported, in units of one thousand cubic feet (MCF), and its Btu content shall be determined at the wellhead, and reported, in MMBtu. For purposes of measuring and reporting MCF, the MCF value shall be corrected to the standard pressure of 14.73 pounds per square inch and temperature of 60 degrees Fahrenheit. For purposes of reporting MMBtu, unless otherwise authorized by the Authorized Representative in writing, the Btu content shall be determined for a cubic foot of gas at a temperature of 60 degrees Fahrenheit and at an absolute pressure of 14.73 pounds per square inch on a dry basis.
- (3) Processed Natural Gas Liquids (“NGLs”) shall be measured in U.S. gallons.
- (4) Metering devices measuring the flow of severed substances described in Section 21-2-101 shall be accurate devices based upon prevailing industry practice and acceptable to the Bureau of Land Management in the measurement of Indian lease production. No electronic flow measurement devices shall be used in metering for purposes of this Code in the absence of express prior written permission from the Tribal Council or its Authorized Representative. Such permission is hereby conditioned upon the operator of such metering devices maintaining a record, subject to the record retention requirements of Section 21-2-106, of all raw data acceptable to the Tribe or Authorized Representative obtained or obtainable from the electronic flow measurement device. Any request for permission to use electronic flow measurement devices shall specify the location for intended use, and permission for such use as to one location shall not constitute permission for any other location. Any violation of the requirements of this Subsection shall subject the violator to the penalty provisions set forth in Section 21-2-111(4) of this Code.

**21-2-108. Value.**

- (1) As to gas, and subject to Section 21-2-108(8), the value of production to which the rate of tax shall be applied shall be the higher of: (i) the product of the

MMBtu measured at the wellhead and the Index-Based Value; or (ii) the product of the MMBtu measured at the wellhead and the Maximum Reservation Price, if the Authorized Representative elects to publish a Maximum Reservation Price for gas pursuant to Section 21-2-108(4).

- (2) As to oil or condensate, and subject to Section 21-2-108(8), the value of production upon which the rate of tax shall be applied shall be the higher of: (i) the product of the volume measured at the wellhead (in BBL) and the Index-Based Major Portion Price; or (ii) the product of the volume measured at the wellhead and the Maximum Reservation Price, if the Authorized Representative elects to publish a Maximum Reservation Price for oil pursuant to Section 21-2-108(4).
- (3) As to non-Btu gas components, and subject to Sections 21-2-101 and 21-2-108(8), the value of production upon which the rate of tax shall be applied shall be the higher of: (i) the value of the non-Btu gas component calculated under 30 C.F.R. § 1206.174, if § 1206.174 governs the valuation of the Non-Btu Components for purposes of royalty payments; or (ii) the Maximum Reservation Price of the non-Btu gas component, if the Authorized Representative elects to publish a Maximum Reservation Price for the non-Btu gas component pursuant to Section 21-2-108(4).
- (4) The Authorized Representative may, at its discretion, publish a Maximum Reservation Price for any minerals subject to this Code. If the Authorized Representative elects to publish a Maximum Reservation Price for a mineral, for a given month, the Authorized Representative shall do so promptly following receipt of the information necessary to compute the Maximum Reservation Price, and in no event later than the last day of the month following the month to which the Maximum Reservation Price applies. The Authorized Representative shall publish the Maximum Reservation Price or indicate that there is no Maximum Reservation Price for a given mineral and month.
- (5) The Maximum Reservation Price, if published pursuant to Section 21-2-108(4), shall be a monthly price in units of \$/BBL for oil, including condensate, and \$/MMBtu for gas. The formula for the calculation of the Maximum Reservation Price is as follows:

$$\frac{H1 + H2 + \dots + Hn - X}{n} = \text{Calculated Reservation Price}$$

H = The arithmetic average of the highest prices (Bid week or first of the month publication) in the range of all index pricing points in the San Juan Basin as published in each valid index publication, as determined by the Authorized Representative.

$X = A$  discount factor of 10% of the sum obtained by adding  $H_1 + H_2 + \dots + H_n$ .  
 $X$  shall never be less than \$0.10/MMBtu nor more than \$0.30/MMBtu for gas and shall never be less than \$1/BBL nor more than \$2/BBL for oil, including condensate.

$n$  = Number of valid publications.

- (6) No transportation, processing, or other deductions or allowances shall be made against the Index-Based Value, Index-Based Major Portion Price, or Maximum Reservation Price.
- (7) In the event the Authorized Representative determines that there are no valid index publications for a mineral subject to this Code for purposes of calculating the Maximum Reservation Price under Section 21-2-108(5), the Authorized Representative may determine the Maximum Reservation Price based on index pricing points in valid index publications outside of the San Juan Basin. In this event, the Authorized Representative shall endeavor to identify index pricing points that are comparable to, or reflective of, pricing in the San Juan Basin.
- (8) If there is no available or applicable valuation for gas under Sections 21-2-108(1)(i) and (ii), for oil under Sections 21-2-108(2)(i) and (ii), or for a non-Btu gas component under Sections 21-2-108(3)(i) and (ii) (e.g., the ONRR regulations setting forth the Index-Based Value for gas have been repealed and the Authorized Representative elects not to publish a Maximum Reservation Price for gas in the given month), then the value of gas, oil, or the non-Btu gas component, respectively, upon which the rate of tax shall be applied, shall be the gross proceeds unit price multiplied by the wellhead MMBtu (in the case of gas), the wellhead volume (in the case of oil), or other applicable unit of measurement (in the case of non-Btu gas components), less applicable transportation costs. When calculating the transportation deduction, treating and all other costs associated with placing severed minerals into a marketable condition are not deductible. In those instances in which severed natural gas is sold by the producer after having been processed, the value of such natural gas shall be the value of the processed liquids less applicable processing and transportation costs plus the gross value of the residue gas less applicable transportation costs. In computing the net value of processed products, the formula for computing net value shall be submitted by the working interest owner or operator to the Authorized Representative for prior approval, and only reasonable and necessary expenses incurred in such processing shall be permitted in computing said net value.

**21-2-109. Reports and Payment.**

- (1) Within twenty (20) days of any change in the working interest ownership of a well subject to this Code, the operator of the well shall file a division of interest statement with the Authorized Representative reflecting the change of

ownership. Additionally, the operator and any working interest owner of a well shall provide a written division of interest statement for such well to the Authorized Representative at the request of the Authorized Representative. Additionally, a taxpayer shall be required to provide any additional reports or information that the Tribal Council or its Authorized Representative deems necessary for the proper administration of this Code.

- (2) Any taxpayer who is required by this Code to make payment of this tax shall submit a monthly return to the Tribe upon a form prescribed by the Tribal Council or its Authorized Representative. A taxpayer for whom payment is being made by a working interest owner or a well operator shall be excused from the requirement imposed by this section provided that those paying on its behalf properly submit reports associated with the taxpayer's interest in severed minerals.
- (3) Payment of the tax shown on the monthly return shall be made at the time such return is filed.
- (4) All monthly returns and corresponding tax payments shall be due on or before the last day of the second month following the month of severance (for example, taxes associated with January production are due on the last day of March). If the due date falls on a weekend, a federally recognized holiday, or a tribally recognized holiday, then the monthly reports and payments shall be due on the working day immediately following. For purposes of this section, a return and payment shall be deemed as filed on the date postmarked.

**21-2-110. Refunds.**

- (1) Except as provided in subsection (2) of this Section, any person paying any tax erroneously may apply to the Tribal Council or its Authorized Representative for a refund within 2 years of the date of severance. The Tribal Council or its Authorized Representative shall refund such tax if found to have been erroneously paid. All amounts refunded under this Subsection shall bear interest at the lesser of: (i) the rate described in the 1986 Internal Revenue Code at §6621(a)(2) (Supp. 1987), as amended from time to time, or (ii) the rate of return received by the Tribe on the refundable amounts while said amounts have been in the Tribe's possession. In computing amounts of erroneous overpayment, the Tribal Council or its Authorized Representative may examine severance tax payment records to determine if any offsets exist resulting from erroneous underpayment.
- (2) With respect to refunds resulting from a successful protest submitted under Section 21-2-112 of this Code or under other authority recognized by the Tribal Council, should protested payments be escrowed or separately held by the Tribe during the period of the protest, then the refund of protested tax payments shall bear interest at the rate earned during the period of escrow; provided that such refunded interest amount shall not exceed the rate described

in the 1986 Internal Revenue Code at §6621(a)(2) (Supp.1987), as the same shall be amended from time to time. This Subsection shall, to the maximum extent permitted by law, apply to any protests pending as of the date of enactment of this Code.

**21-2-111. Interest on Late Payment and Penalties for Noncompliance.**

- (1) Any amount of tax not paid when due shall be considered delinquent and shall bear interest at the rate established by the Internal Revenue Code at §6621(a)(2) (Supp. 1987), except that, for minerals produced on or after June 1, 2026, delinquent tax shall bear interest at the rate established by the Internal Revenue Code at § 6621(a)(2) (Supp. 1987) plus an additional three (3) percentage points. Any person required to pay tax under this Code who fails to comply with a written order issued by the Authorized Representative to pay any delinquent amount shall be required to pay additional interest at a rate of 1% per day on those delinquent amounts.
- (2) Any person who consistently engages in a practice of erroneous reporting or payment, as determined by the Authorized Representative, including incorrect reporting of royalty exemption rates, incorrect tribal acreage factors or incorrect API numbers or lease numbers, shall be subject to a civil penalty not to exceed \$100 per occurrence, which may be assessed in addition to other penalties under this Code.
- (3) Any person who fails to comply with a written order issued by the Authorized Representative to provide reports or requested information or to post security, as required in Section 21-2-114, shall be assessed a civil penalty of \$200 per day for each day said person is in violation of said order, which may be assessed in addition to other penalties under this Code. A written request for extension of time within which to comply with a written order to provide reports or information other than monthly payments or monthly returns of producers or operators, if filed within the time period for compliance with said written order, shall be granted for a period of 30 days. Subsequent requests for extension shall be granted by the Tribal Council or its Authorized Representative only upon a clear showing of good cause.
- (4) In addition to such other interest or penalties provided by the foregoing Subsections, any taxpayer who employs electronic flow measurement devices in compliance with the provisions in Section 21-2-107(5) but who fails to establish and maintain an auditable record of raw flow measurement data shall be subject to a civil penalty on a per meter basis not to exceed \$1,000 per day for each day that such information is lacking. Any taxpayer who fails to repair or correct an electronic flow measurement device malfunction in a timely manner shall be subject to a civil penalty on a per meter basis not to exceed \$100 per day for each day that the metering device is not timely repaired or corrected.

- (5) Any person required by this Code to file any return, report, or provide information to the Tribe, who knowingly falsifies a report or who knowingly provides incorrect information shall be subject to a civil penalty not to exceed \$1,000, and taxpayers represented by such person may be subject to exclusion and removal from within the territorial limits of the Tribe in accordance and in compliance with Title 10 of the Southern Ute Indian Tribal Code, as amended or supplemented.
- (6) All assessments of interest or penalties provided for in this Section may be in addition to such further remedies available to the Tribe under Section 21-2-117 of this Code.

**21-2-112. Payment Under Protest.**

- (1) A taxpayer paying any amount required under this Code may pay such amount under protest by filing a Notice of Protest with the Authorized Representative. A Notice of Protest shall be accompanied by timely payment of the protested tax. A Notice of Protest shall contain: a statement of reasons, a request for a refund of the protested amounts, and a request for a conference with the Authorized Representative. In the event that the basis for the protest is continuing in nature and the taxpayer desires to protest subsequent payments made during consideration of the pending protest, subsequent Notices of Protest may incorporate the original Notice of Protest by reference, except for the request for refund of the protested amounts, which shall be set forth in each Notice of Protest. All such Notices of Protest incorporating an original Notice of Protest shall be resolved simultaneously under the procedures described in this Subsection. The protest conference with the Authorized Representative shall be held within 90 days of the filing of the original Notice of Protest, unless the time period for holding the protest conference is extended by mutual agreement of the Authorized Representative and the protesting taxpayer. Should the taxpayer fail to appear on the date appointed for the conference, the protest may, in the absence of a showing of unforeseeable circumstances, be summarily dismissed and the request for refund of the protested amounts shall be denied. Within 30 days of the protest conference, the Authorized Representative shall issue a written decision addressing the matters raised in the protest conference. Should the protest decision of the Authorized Representative fail to resolve the issues to the satisfaction of the protesting taxpayer, the protesting taxpayer may, within 30 days of the issuance of the protest decision, request a hearing before the Administrative Appeals and Hearings Office to be held within 90 days of the date of issuance of the Authorized Representative's protest conference decision, at which time the taxpayer shall present his reasons and arguments for the protest and the Authorized Representative shall be permitted to present the reasons and arguments supporting the protest conference decision. Should the taxpayer fail to appear on the date appointed for the hearing before the Administrative Appeals and Hearings Office, the protest may, in the absence of a showing of unforeseeable circumstances, be summarily dismissed and the request for refund of the protested amounts denied. The Administrative

Appeals and Hearings Office shall render a decision on any protest within 60 days following the date of the hearing. The rationale supporting a decision regarding a specific protest may be relied upon in deciding other protests filed for identical reasons.

- (2) Upon receipt of a Notice of Protest, the Authorized Representative may, in its discretion, direct that the protested payment be placed in an escrowed or separately identifiable account.

**21-2-113. Confidentiality.** Any employee or representative of the Tribe who knowingly discloses any information considered by the Tribal Council to be confidential and obtained exclusively under the authority of this Code may be subject to a civil penalty not to exceed \$500. Disclosure of confidential information shall also constitute grounds for disciplinary action or dismissal. For purposes of this Section, it shall not be considered a breach of confidentiality for information obtained under this Code to be shared with officials of tribal departments or federal agencies responsible for energy production, lease compliance, or royalty collection with respect to lands subject to the jurisdiction of the Tribe.

**21-2-114. Bonds and Other Security for Taxes.**

- (1) Except as set forth in Section 21-2-114(2), below, all working interest owners or operators paying taxes shall post with the Tribe a security in an amount equal to the highest tax liability having previously accrued to that working interest owner or operator during a 2-month period. Such security may be in the form of a surety bond, a cash deposit to the treasury of the Tribe to be held in suspense, an assignment to the Tribe of a certificate of deposit or irrevocable letter of credit with any federally insured bank or savings and loan association. Any form of security shall be released after the taxpayer ceases to be subject to the requirements of this Code and after the Authorized Representative determines that no tax, penalty or interest liability exists.
- (2) All working interest owners or operators who have paid severance tax to the Tribe for a consecutive period of no less than 5 years and who have maintained a record of good standing and a history of tax compliance, may be exempted from the requirement to post a security. Qualifying taxpayers shall submit a written application for such a waiver to the Tribal Council or its Authorized Representative setting forth the grounds in support for said request. In reviewing said application, the Tribal Council or its Authorized Representative shall consider from the totality of the circumstances whether the granting of said request appears to be consistent with the best interests of the Tribe.

**21-2-115. Rules and Regulations.** The Tribal Council or its Authorized Representative is hereby specifically empowered to promulgate such rules and regulations and to prescribe such forms or reports as may be reasonably necessary in carrying out the purposes of the provisions contained in this Code.

**21-2-116. Audits and Records Requests.** The Tribal Council or its Authorized Representative shall have the authority to conduct audits and internal desk reviews to ascertain that correct volumes of severed minerals are being reported and that the correct amount of tax is being remitted. During the course of such audits, the taxpayer will be given credit for any tax found to have been overpaid. In exercise of this authority, the Tribal Council or its Authorized Representative may request records from any entity involved in producing, transporting, treating, marketing or processing minerals subject to this Code. Additionally, the Tribal Council or its Authorized Representative may request information maintained by the Bureau of Land Management, the Office of Natural Resource Revenue, the Bureau of Indian Affairs, the State of Colorado, or other governmental agencies that may be relevant to compliance with this Code. Retention of records by a taxpayer during the pendency of an audit shall be in accordance with Section 21-2-106 of this Code.

**21-2-117. Additional Remedies for Noncompliance.** In addition to the assessment of interest and penalties as provided in Section 21-2-111 of this Code, should any person or entity subject to the provisions of this Code, fail to comply with a written order issued under this Code by the Tribal Council or an Authorized Representative thereof, then the Tribal Council may commence an action on behalf and in the name of the Tribe in the Southern Ute Indian Tribal Court seeking a declaratory judgment that such person is in material violation of this Code. In addition, the Tribe may seek, and the Tribal Court is empowered to grant, such further relief as may be reasonable or necessary to obtain and maintain compliance with the provisions of this Code, including, but not limited to:

- (1) The imposition of additional civil penalties not to exceed \$1,000 per violation per day;
- (2) The appointment of a receiver at the cost of the taxpayer to operate ongoing severance and production activities;
- (3) The assignment of 100% of the proceeds from the sale of produced substances until such time as delinquent payments, interest and penalties are recovered;
- (4) The shutting in of wells used in severing substances described in Section 21-2-101 in those instances in which such wells are associated with the noncompliance;
- (5) The imposition of liens for amounts determined to be delinquent, which liens shall be deemed to exist as of the date of accrual of liability;
- (6) The attachment, execution, and sale of any property owned by such delinquent party within the territorial limits of the Tribe to pay for delinquent sums due;

- (7) The exclusion or removal of said non-complying party from within the territorial limits of the Tribe;
- (8) The forfeiture of interests in tribal leases or minerals agreements.

The Tribe and its Authorized Representative may also commence any actions in foreign jurisdictions necessary for recognition and enforcement of orders issued by the Southern Ute Indian Tribal Court.

- 21-2-118. Appeals.** Should a taxpayer, working interest owner, or operator of a well be adversely affected by a ruling of the Tribal Council, its Authorized Representative, or an independent board or panel designated by the Tribal Council regarding interpretation or application of this Code, then, after exhausting any remedies available under Section 21-2-112, said adversely affected party may appeal the ruling in accordance with Title 1, Article V of the Southern Ute Indian Tribal Code, as amended, regarding the Administrative Appeals and Hearings Office.
- 21-2-119. Severance Tax Fund.** All proceeds collected by the Tribe pursuant to prior severance tax enactments and this Code shall be placed in an appropriate fund designated by the Tribal Council or the CFO.
- 21-2-120. Reports by the CFO.** The Authorized Representative is hereby directed to prepare semi-annual reports coinciding with the Tribe's fiscal year regarding quarterly severance tax collection, encumbrances, and commitments. The frequency and content of said reports may be modified from time to time in accordance with the subsequent instructions of the Tribal Council. The Authorized Representative may delegate this responsibility to an appropriate representative.
- 21-2-121. Severability and Liberal Construction.** A finding that any part or application of this Code is invalid shall not affect the validity of the remainder of the Code. This Code shall be liberally construed for the benefit of the Tribe consistent with its purposes. No provision of this Code that refines or clarifies the severance tax and its application shall be used as evidence of a limitation in scope of prior severance tax enactments.
- 21-2-122. Effective Date.** Except where otherwise indicated, the effective date of this Code shall be the first day of the month following its approval by the Tribal Council and the Secretary of the Interior or the Secretary's authorized representative. Notwithstanding the foregoing, the Tribal Council may delay implementation of this Code following such approval in order to facilitate ease of transition from previously enacted severance tax provisions.

## TITLE 21

### SEVERANCE TAX CODE

#### History and Amendments<sup>1</sup>

The Southern Ute Indian Tribal Severance Tax Ordinance adopted by Tribal Resolution No. 82-19 on February 23, 1982, approved by the Bureau of Indian Affairs and effective on April 26, 1982.

Resolution No. 89-87 repealed and replaced prior versions of the Severance Tax Code on August 15, 1989, approved by the Bureau of Indian Affairs on April 27, 1990.

Resolution 2000-84 repealed and replaced prior versions of the Severance Tax Code on May 24, 2000, approved by the Bureau of Indian Affairs on August 29, 2000.

Section 21-2-107(2) amended by Resolution No. 2013-231 on December 16, 2013, approved by the Bureau of Indian Affairs on February 25, 2014.

Sections 21-1-102(2) and 21-2-112 amended by Resolution No. 2014-215 on November 4, 2014, approved by the Bureau of Indian Affairs on December 12, 2014.

Resolution No. 2021-151 repealed and replaced the Severance Tax Code with a reformatted Severance Tax Code for online publication that contained only minor technical corrections, no substantive revisions, that the Bureau of Indian Affairs concurred it did not need to formally approve (April 25, 2023).

Resolution No. 2023-079 authorized on-line publication of the 2021-151 reformatted Severance Tax Code and provided an effective date of May 25, 2023.

Resolution No. 2025-212 repealed and replaced prior versions of the Severance Tax Code, approved by the Bureau of Indian Affairs on April 9, 2026, with an effective date of June 1, 2026.

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<sup>1</sup> This page does not constitute an official part of any code. Information contained on this page is solely for informational and historical purposes and is from sources deemed reliable.