

Frequently Asked Questions

What is the Kansas Oil and Gas Resources Fund, Inc.?

The Kansas Oil and Gas Resources Fund, Inc., (the Fund) is a non-profit business in the oil, natural gas and natural gas liquids industry to promote the petroleum industry.

What is the purpose of the fund?

The Kansas Oil and Gas Resources Fund was created to:

- 1) Coordinate a program designed to demonstrate to the general public the importance and significance of the oil and natural gas industry in Kansas;
- 2) encourage the wise and efficient use of energy;
- 3) promote environmentally sound production methods and technologies;
- 4) support research and educational activities concerning the oil and natural gas industry;
- 5) promote oil and natural gas exploration and production safety;
- 6) support job training and research activities concerning oil and natural gas production; and
- 7) implement and comply with the provisions of the act

What is the goal of the Kansas Oil & Gas Resources Fund, Inc.?

The Kansas Oil & Gas Resources Fund, Inc. accomplishes this goal through two strategies:

- 1) An education campaign designed to increase awareness about the significance and viability of the Kansas oil and gas industry, and
- 2) A public relations campaign designed to improve the image and credibility of the Kansas oil and gas industry through innovative marketing strategies.

How is the Kansas Oil and Gas Resources Fund authorized to collect assessments?

The Kansas Oil and Gas Resources Fund was created by the Kansas petroleum education and marketing act (K.S.A. 2006 Supp. 55-1625 through 55-1635, and amendments thereto). The law created a non-governmental entity to collect and disseminate funds for its defined purposes.

How much is the assessment?

The assessment is 0.05 percent (0.05% or 0.0005 decimal interest) of the gross proceeds from the sale of oil, natural gas, or natural gas liquids.

Who is accessed for the Oil and Gas Resources Fund?

The assessment is to be deducted only from working interests proceeds. Royalty and overriding royalty interests are exempt from the assessment.

Who is responsible for collecting the assessment?

The assessment is to be paid by the first purchaser who is the entity where title transfers beyond the gathering tank or tanks for crude oil or natural gas liquids, or beyond the inlet side of the measurement station for natural gas. The board, however, may permit or require an entity other than the first purchaser to deduct such proceeds where that entity is the operator, or the entity distributes revenues to interest owners, directly or indirectly.

Where is the assessment to be sent?

The assessment is to be sent to the:

Kansas Oil and Gas Resources Fund, Inc.
P.O. Box 757
Wichita, KS 67201-0757

How often is the assessment to be withheld?

The assessment is to be withheld from the taxable gross revenue paid on crude oil and natural gas.

Is the assessment mandatory?

No, the assessment is voluntary. Anyone who has been assessed may seek a refund of their revenue, plus interest, from the board of the Kansas Oil and Gas Resources Fund annually.

If the assessment is voluntary, can participation be withheld from the Fund?

No, current oil and gas accounting systems do not provide for opting out of the assessment program in the beginning.

Who manages the Kansas Oil and Gas Resources Fund?

The fund is managed by a Board of Directors comprised of fifteen members from the oil and gas industry.

Who is eligible to be a member of the board of the Kansas Oil and Gas Resources Fund?

Membership is comprised of ten representatives of members of the Kansas Independent Oil and Gas Associations, two representatives of members of the Eastern Kansas Oil and Gas Association, and three representatives of members of the Kansas Petroleum Council. Representatives of members who apply for full refunds of the assessment are not eligible to be members of the board of directors.

Is the Kansas Oil and Gas Resources Fund, Inc., charitable organization?

No, the Kansas Oil and Gas Resources Fund is organized under the Internal Revenue code as a 501(c)6 organization. Assessments collected by the fund can be treated as dues to a trade organization.