

COMMONWEALTH OF KENTUCKY
REVENUE CABINET
DEPARTMENT OF PROPERTY VALUATION
FRANKFORT, KENTUCKY 40620



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2000 UNMINED COAL PROPERTY TAX INFORMATION RETURN

TO KENTUCKY TAXPAYERS:

The Kentucky Revenue Cabinet is responsible for valuing coal and other mineral resources. This property tax return must be submitted to the Department of Property Valuation by April 17, 2000. Upon completion of the valuation process, an assessment notice will be mailed. This will not be a bill. All property owners will have full appeal rights. **Tax bills will be mailed by the sheriff of each county.**

APRIL 2000						
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All information contained in the return and all accompanying documentation (including maps) is strictly confidential (KRS 131.190).

Assistance can be obtained from the Department of Property Valuation, Mineral Resource Valuation Branch, Frankfort, Kentucky 40620, (502) 564-8334 or 564-8335.

IMPORTANT INFORMATION FOR 2000

- A **complete** 2000 return must be submitted for **only** those properties acquired (by sale or lease) in the previous tax year (1999), and for **any parcels that had changes affecting the unmined coal assessment**. *If changes occurred on only one coal seam on a property, you must refile on all seams for this property.*

EXAMPLES OF CHANGES AFFECTING ASSESSMENT: Mining activity, mining permit change, additional geological information becoming available which increases or decreases mineable acres, changes in lease terms, lease expiration, etc. ***New or revised maps must be filed indicating these changes.***

- If **no changes** affecting the assessment occurred during 1999 on properties previously reported, complete Schedule G and the filer information page (page 7) only.
- If a lease is terminated, file Schedule E.
- Returns **not** filed by the April 17, 2000, deadline will be considered late and subject to possible penalties under the **omitted** statute (KRS 132.290).

**Kentucky Revenue Cabinet
Mission Statement**

To provide courteous, accurate and efficient services for the benefit of Kentucky and its citizens, and administer the tax laws of the Commonwealth in a fair and impartial manner.

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The Kentucky Revenue Cabinet does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.



FILING INSTRUCTIONS

1. Who must file this return?

Corporations, partnerships, individuals or other entities (natural or legal) described under one or more of the following categories as of January 1, 2000.

- A. Holders of a coal mining and reclamation permit anywhere in the Commonwealth of Kentucky. (This includes contract miners who hold a permit.)
- B. Owners of coal property.
- C. Holders of coal leases.
- D. Filers for the prior year who no longer own coal properties, or hold coal leases or mine permits (Schedule D or E).

NOTE: Contract miners who do not own or lease mineral properties and who do not hold mining permits are *not* required to file.

2. What schedule(s) do I file?

Fee Property Ownership	Schedule A
Mineral Property Ownership	Schedule B
Leased Property (property leased from other party)	Schedule C
Property Transfers	Schedule D
Lease Terminations	Schedule E
Geologic Information	Schedule F
Properties with No Changes from Previous Years	Schedule G
Parcel Specific Seam Information	Continuation Pages
Agreement Statement for Multiple Parcels	Agreement Statement

3. What coal properties are to be included in this return?

- A. All properties either owned or leased.
- B. Coal properties purchased or sold during the previous year.
- C. Coal leases terminated during the previous year.



4. How do I report property located in more than one county?

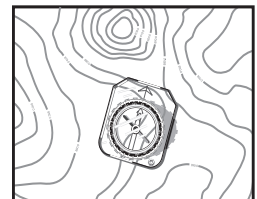
Complete returns must be filed for each county. Those parcels located in two or more counties must be reported in each county with the appropriate acreage adjustments.

5. What mapping information do I file?

A. Map Specifications (for all maps submitted)

The base maps may be purchased from Maps and Publications, Frankfort, Kentucky 40601, (502) 564-4715.

- 1. Map base must be either:
 - a. U.S.G.S. (7.5' topographic quadrangle)
 - b. U.S.G.S. Planimetric (7.5' quadrangle)
- 2. All maps must be 1:24,000 (1 inch = 2,000 feet).
- 3. All maps must include a legend which clearly identifies the information provided. Any colors or symbols used for coding purposes must be defined.



NOTE: Map base must be a complete individual quad. (Partial quad maps or maps with quads combined are not acceptable.) Individual owners who cannot obtain base maps as outlined in a and b above may provide any map that accurately identifies property boundaries and location. Maps must indicate nearby landmarks (roads, rivers, etc.).

B. Map Types

There are four distinct types of maps (i.e., fee or mineral ownership, lessee, lessor and mine). The type of map(s) you submit will be dependent upon your filing status. Review the categories below to determine which map(s) should be filed and what information must be included for each type of map.

1. **Fee or Mineral Property Ownership Maps.** These maps must be submitted if you **own** coal properties and must include the following:

- a. Each individual fee or mineral parcel boundary must be clearly outlined. Both fee and mineral properties can be shown on one map if the parcels are clearly identified as fee or mineral. If the boundaries of the ownership in a seam(s) are different from the others in a given parcel, they must be submitted on a separate seam map for identification purposes.
- b. Each parcel must contain only **one** unique identifier and match the information reported on Schedule A or B.
- c. Identify the type of ownership (mineral or fee).
- d. Oil and gas well locations may be plotted and type and status must be indicated (inactive, active or unknown). A separate map must be submitted if the information becomes cluttered. This information requirement is optional.
- e. Geologic core holes and other exploration data points with identifications and exact locations must be plotted (if not previously submitted).
- f. Legend must include:
 - (1) filer's name, filer's federal I.D. or Social Security number;
 - (2) quadrangle name and tax year;
 - (3) type of map (fee or mineral); and
 - (4) coal seam information (The status of ownership of each coal seam must be clearly indicated.).

Example: Parcel A — all coal seams are owned
Parcel B — all coal seams, except Elkhorn 3 are owned
Parcel C — coal seam 1 only is owned

If the legend information cannot be shown on the map itself, attach an additional sheet to the map which lists the requested information.

2. **Lessee Maps**

These maps must be submitted if you lease coal properties **from another party** and must include the following:

- a. Leased boundaries must be clearly outlined. Properties of different ownership cannot be combined and identified as one parcel. Each individual ownership parcel must be outlined and a unique parcel identifier assigned. Undivided ownership on a distinct property must be identified as one parcel.
- b. A separate map must be submitted where the lease boundaries of a seam or seams are different on each individual parcel.
- c. Each parcel must contain **one** unique identifier and match the information reported on Schedule C.
- d. Oil and gas well locations may be plotted and type and status must be indicated (inactive, active or unknown). A separate map must be submitted if the information becomes cluttered. This information requirement is optional.
- e. Geologic core holes and other exploration data points with identifications and exact locations must be plotted (if not previously submitted).
- f. Legend must include:
 - (1) filer's name, filer's federal I.D. or Social Security number;
 - (2) quadrangle name and tax year;
 - (3) type of map (lessee); and
 - (4) coal seam information (The status of each coal seam leased within each individual parcel must be clearly indicated.).

Example: Parcel A — all coal seams are leased
Parcel B — all coal seams, except Elkhorn 3 are leased
Parcel C — only coal seam, Elkhorn 3, is leased

If the legend information cannot be shown on the map itself, attach an additional sheet to the map which lists the above requested information.

3. Lessor Maps

NOTE: If the entire parcel is leased to one lessee, a separate map is not required. However, the information requested below must be shown on the fee and mineral ownership map.

These maps must be submitted if you lease or sublease coal properties **to another party** and must include the following:

- a. Lease boundaries must be clearly outlined and lessee's name indicated for coal property leased.
- b. Legend must include:
 - (1) filer's name, filer's federal I.D. or Social Security number;
 - (2) quadrangle name and tax year;
 - (3) type of map (lessor); and
 - (4) coal seam information (Seams leased for each property must be clearly indicated.).

Example: Lessee A — all coal seams are leased
Lessee B — all coal seams, except Elkhorn 3 are leased
Lessee C — only coal seam, Elkhorn 3, is leased

If the legend information cannot be shown on the map itself, attach an additional sheet to the map which lists the above requested information.

4. Mine Maps

These maps must be submitted on a seam-by-seam basis for each seam reported on Schedules A, B and C. These maps must include the following:

- a. Outline of current tax year's (2000) projected mining boundary (one year).
- b. Outline of areas mined in the previous tax year (1999).
- c. Outline of areas of previously mined out coal reserves (prior to 1999).
- d. Type of mining operation (strip, auger or underground).
- e. Outline of the entire area permitted for mining.
- f. Outline of areas of coal seams that have been determined unmineable. **Examples:** Bad top, faults, wetlands, steep slopes, soft/poor floor conditions, insufficient depth of cover, excessive depth of cover, oil well barrier, coal sterilized by mining in close vertical proximity (above or below), old works barrier, areas where a permit has been denied due to environmental constraints, excessive parting (where the thickness of rock or clay parting exceeds 28 percent of the total seam height), etc. **You must supply separate, specific documentation supporting your determination of unmineable areas.**
- g. Kentucky Department of Mines and Minerals (KDMM) file number and Department of Surface Mining Reclamation and Enforcement (DSMRE) permit number must be shown on the map.
- h. Legend must include:
 - (1) filer's name, filer's federal I.D. or Social Security number;
 - (2) quadrangle name and tax year;
 - (3) type of map (mine);
 - (4) coal seam identification (name); and
 - (5) colors and symbols must be defined.

6. How do I report sales and purchases?

Complete Schedule D.

7. How do I provide geological information?

Complete Schedule F. Information previously submitted to the Revenue Cabinet should not be resubmitted.

8. How do I report leases which were terminated during the previous year?

Complete Schedule E for leases terminated during the previous year.

9. How do I report properties with no changes from the previous year?

List properties on Schedule G.

10. Who is responsible for paying this tax?

The owner (lessor) of the coal is legally responsible for paying the tax; however, if a leasehold interest exists, the lessee may also have a taxable interest in the property. In addition, contractual agreements between lessor and lessee may specify which party is responsible, although **this does not relieve the owner from the tax liability.**

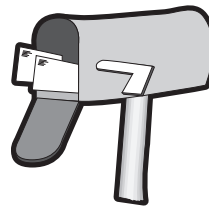
11. How do I obtain additional copies of this return?

Any part of this return may be photocopied if necessary. Additional returns and schedules may be obtained from the Department of Property Valuation, Station 33, 200 Fair Oaks Lane, Frankfort, Kentucky 40620, (502) 564-8334 or 564-8335.



12. Where do I send the completed return?

Send the completed return to:
Revenue Cabinet
Department of Property Valuation
Station 33
200 Fair Oaks Lane
Frankfort, Kentucky 40620



DEFINITIONS

JANUARY 2000						
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- **Assessment Date**—The assessment date for all unmined coal is January 1.
- **Barren Areas**—Areas where a coal seam is absent due to subcrop, nondeposition or erosion and replacement by rock (nontaxable—must be illustrated on mine maps).
- **Fee Property Ownership**—Ownership of both surface and minerals for a defined area of real property.
- **Idle Coal**—Reserves or resources which are not permitted for mining. **Do not reduce reported acreage by recovery factor.**
- **Lease**—An agreement granting use and mining rights for a property from a lessor to a lessee.
- **Leasehold Interest**—Lessee has a valuable economic interest in a leased property because the royalty that he is obligated to pay under the terms of a lease is less than current market royalty for similar properties.
- **Lessee**—Any person, company, corporation, partnership or other entity (either natural or legal) who obtains **from another party** coal mineral rights or mining rights by lease.
- **Lessor**—Any person, company, corporation, partnership or other entity (either natural or legal) who grants to another party coal mineral rights or mining rights by lease.
- **Mineable Coal**—Coal reserves which meet the mining and quality criteria outlined below. However, coal reserves which do not meet the criteria below but which have similar characteristics to those being mined in substantial quantities from the coal field (East or West) where they are located must be classified as mineable.



A. Mining Criteria:

East Kentucky

Deep Mining Reserves (shaft or slope access)

- 36 inches or more in coal thickness excluding parting

Deep or Auger Mining Reserves (highwall or drift access)

- 30 inches or more in coal thickness excluding parting

Surface Mining

- Mountain top or area mining—Ratio of 15 bank cubic yards or less (overburden and interburden) to 1 ton (in-place coal) any seam or combination of seams which would be recovered during mining.
- Contour—Ratio of 10 bank cubic yards or less (overburden and interburden) to 1 ton (in-place coal) any seam or combination of seams which would be recovered during mining.

West Kentucky

Deep Mining Reserves (shaft or slope access)

- 48 inches or more in coal thickness excluding parting

Deep or Auger Mining Reserves (highwall or drift access)

- 36 inches or more in coal thickness excluding parting

Surface Mining

- Area Mining—Ratio of 15 bank cubic yards or less (overburden and interburden) to 1 ton (in-place coal) any seam or combination of seams which would be recovered during mining.
- Contour—Ratio of 10 bank cubic yards or less (overburden and interburden) to 1 ton (in-place coal) any seam or combination of seams which would be recovered during mining.

B. Quality Criteria:

- Coal reserves which have similar quality characteristics (as measured by BTU, moisture content, sulphur content and ash content) to coal reserves being mined and sold in substantial quantities from the coal field (East or West) where they are located.

- **Mined Out Coal**—The portion of the coal reserves which have been subjected to some form or degree of mining extraction. If secondary mining is anticipated, such reserves must be classified as mineable coal.
- **Mineral Property Ownership**—Ownership of mineral rights for a defined area of real property, where the surface is owned by another party.
- **Owner**—Any person, company, corporation, partnership or any other entity (either natural or legal) who owns any interest in coal reserves in Kentucky, either fee or mineral rights.
- **Parcel**—A single, discrete unit of mineral property having defined boundaries. Adjoining tracts or parcels under the same ownership may be combined into one parcel even though their acquisition may have been in two or more deeds and at different times.
- **Permitted Acres**—That portion of the coal reserve which is subject to a permit. **Do not reduce reported acreage by a recovery factor.**
- **Producing Coal**—One year's projected mining. **Do not reduce reported acreage by a recovery factor.**
- **Reserve Area**—That portion of a coal resource that contains mineable coal.
- **Resource Area**—An area which is underlain by coal of any thickness and quality.
- **Sublessee**—Any person, company, corporation, partnership or other entity (either natural or legal) who obtains coal mineral rights or mining rights from a lessee by lease.
- **Taxable Coal**—Reserves or resources which, if offered at a fair and voluntary sale, would bring a cash value in some amount.
- **Taxpayer's Value**—Estimated dollar amount of the value of the coal ownership. This must be provided by the owner when there is not sufficient technical information available to calculate an assessment. This value should be based on other information available to the owner such as purchase price, value of other comparable properties, etc.
- **Unmineable Coal**—Coal reserves which do not meet the mining and quality criteria outlined under mineable coal.

