

# Ky/Tenn Report

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**ATTORNEY GENERAL RESPONDS TO REQUEST** – In an opinion issued on Dec. 2, 2014, Tennessee’s new Attorney General Herbert Slatery shot down TOGA’s arguments against the ad valorem tax property tax that has been plaguing industry and mineral owners alike. The two-page memo ([see full opinion](#)) states that the “income approach is a commonly-used, appropriate method for valuing income-producing property” and that the income approach “does not result in the assessment of an unauthorized severance tax” or income tax.

On the advice of Sen. Ken Yager (R –Harriman) and at the direction of the Board of Directors, TOGA filed the inquiry to determine the underlying legality of the ad valorem tax that lessees have been hit with over the past several years. Although the AG’s ruling is unfortunate, it does not change the fact that the tax has been inconsistently and inappropriately applied to unitized wells and severed mineral interest owners.

With the help of our legal counsel, TOGA is currently evaluating the best options for moving forward on a solution to the issues and more clarification on the legality of the assessments.

## *New AG, Same Attitude?*

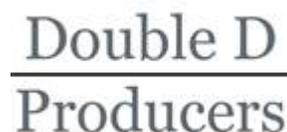
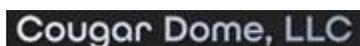
In the two months since Slatery took over the position from Democrat Bob Cooper, the AG’s office has not shown any momentum towards the change that many were hoping to see. As the country’s only appointed attorney general, Slatery was lauded as the safe political choice from a majority Democratic Supreme Court that survived a well-funded, coordinated campaign from conservative Republicans wishing to see the justices voted out of office in the August primary.

Since his swearing-in October 1, Slatery has proven the pundits right. He has publically refused to join other Republican attorneys general in several lawsuits addressing federal overreach issues and has shown no inclination to pursue a similar agenda to his colleagues across the country.

Given that Slatery is still early in his first term as Attorney General, the opportunity to shift the office’s attitude remains. Many of the state’s legislators certainly hope so. However, if he continues his current trajectory, it might just deepen the divide that has developed between the Governor and the General Assembly. And who knows, it might just produce another round of Supreme Court replacement campaigns in their next cycle.

**CHRISTMAS PARTY ANNOUNCEMENT** – The TOGA Christmas Party will take place **Wednesday, December 17<sup>th</sup> at the Oak Ridge Country Club** (150 Gum Hollow Lane, Oak Ridge). We will begin at 4:30 p.m. with a Board of Directors and membership meeting. Then starting at 5:30, we'll kick off the party with a mixer and dinner at 6:00 p.m. Members can enjoy festive Christmas carols from our piano player and some fun games for Christmas presents. **Please RSVP to Teresa Bryant at [tnoilandgas@gmail.com](mailto:tnoilandgas@gmail.com) or 615-371-6137.**

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**MILLER ENERGY RESOURCES ANNOUNCES THE CLOSE OF THE SALE OF ITS TENNESSEE ASSETS** – On Nov. 21, Miller closed the previously-announced sale of substantially all of its Tennessee oil and gas assets for a purchase price of approximately \$3.3 million in cash. The Company has also liquidated its remaining oil and gas inventory in that State, yielding approximately \$0.6 million in net cash proceeds in addition to the purchase price. Miller expects the sale of its Tennessee operations will reduce costs and increase the Company's cash flow by approximately \$800,000 per year. The company was purchased by Cookeville-based Enrema, a privately held company developing and operating oil and natural gas production fields.

"Tennessee is where our Company got its start, and we think our buyer will have great success there," said Carl F. Giesler, Miller's Chief Executive Officer. "At the same time, this sale was the right strategic move for us. It allows us to focus our efforts as well as the market's attention on our substantial Alaskan oil and gas resources and related infrastructure. We believe that concentrating on those assets will realize the greatest value for our shareholders."

**MONTHLY DRILLING PERMITS** – The monthly [reports for new drilling permits](#) for the states of Tennessee and Kentucky can now be found as PDFs in the members' only section of the TOGA website.