

INSTRUCTIONS FOR REPORTING SEVERANCE TAX

Quantity - Each resource extracted is to be reported in the unit of measure state below:

Resource	Unit of Measure
Copper	Lbs
Gold	Troy Oz
Lead	Lbs
Silver	Troy Oz
Zinc	Lbs

Taxable Event: See Section 7-26-4 NMSA 1978 of the Severance Tax Act.

Unit Price / Sales Value: The monthly average index price as published in Metals Week will be used in determining sales value for copper, lead, zinc, gold and silver.

For copper, the sales value per pound will be Comex First Position price.

For lead and zinc the sales value per pound will be London Metal Exchange cash price.

For gold the sales value per troy ounce will be the London Metal Exchange Final.

For silver the sales value per troy ounce will be the London Spot, U.S. Equivalent.

Total Value: Quantity multiplied by Unit Price.

Deductions:

A. Statutory Percentage Allowed for:

Copper, Lead, Zinc

1) deduct 33-1/3% of the value established from published price data.

2) deduct fifty percent (50%) of the sales value for the expenses of hoisting, crushing, loading, processing and beneficiation.

Silver

1) deduct twenty percent (20%) of the value established

from published price data.

2) deduct fifty percent (50%) of the sales value for the expenses of hoisting, crushing, loading, processing and beneficiation.

Gold

1) deduct fifty percent (50%) of the sales value for the expenses of hoisting, crushing, loading, processing and beneficiation.

B. Rentals or Royalties

1) deduct rental or royalty payments belonging to the State of New Mexico.

2) deduct rental or royalty payments belonging to the United States.

Tax Rates: The severance tax is imposed at the following rates on the taxable value determined under Section 7-26-5 NMSA 1978 for the following resources:

Copper	1/2%
Lead and Zinc	1/8%
Gold and Silver	1/5%

Date of Payment of Tax Due: The severance tax is to be paid on or before the twenty-fifth day of the month following the month in which the taxable event occurs.

NOTE: The SEV-6 Form is to be used to report only Copper, Lead, Zinc, Gold and Silver.