

STATE OF LOUISIANA
BOARD OF TAX APPEALS
LOCAL TAX DIVISION

CANTIUM, LLC

VERSUS

BTA DOCKET NO. L01559

LAFOURCHE PARISH BOARD OF REVIEW;
WENDY THIBODEAUX,
IN HER CAPACITY AS THE ASSESSOR FOR
THE PARISH OF LAFOURCHE;
AND THE LOUISIANA TAX COMMISSION

JUDGMENT WITH WRITTEN REASONS

On May 4, 2023, this matter came before the Board for Oral Argument on the Cross-Appeals filed by the Appellant and Cross-Appellee, Cantium, LLC (“Cantium”), and the Appellee and Cross-Appellant, the Lafourche Parish Board of Review; Wendy Thibodeaux, in her Capacity as the Assessor for the Parish of Lafourche (“Assessor”), with Local Tax Judge Cade R. Cole, presiding. Present before the Board were Brian Eddington, on behalf of the Assessor, Kyle Polozola on behalf of Cantium, and Drew Hoffman on behalf of the Appellee, the Louisiana Tax Commission (“LTC”). After the presentation of argument by counsel, the matter was submitted. The Board now issues the following Judgment, in accordance with the attached Written Reasons:

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that there be Judgment in favor of the LTC and Cantium in part and against the Assessor in part: the Board AFFIRMS the LTC’s decision to overrule the Assessor’s objections to Cantium’s Exhibits Nos. 10, 11, 12 and the Board further AFFIRMS the LTC’s finding that Cantium acquired the assessed oil and gas Property in Lafourche Parish (“Property”) from Chevron USA, Inc. (“Chevron”) through a properly documented, valid sale.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that there be Judgment in favor of the LTC and against Cantium and the Assessor on their respective Cross-Appeals. After conducting its review of the record the Board finds that the LTC’s valuation of the Property is supported by a preponderance of the

evidence in the record, the Board therefore AFFIRMS the LTC's determination of the Property's Fair Market Value.

**Judgment Rendered and Signed at Baton Rouge, Louisiana, on this
13th Day of July, 2023.**

FOR THE BOARD:



LOCAL TAX JUDGE CADE R. COLE.

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WRITTEN REASONS

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BACKGROUND

Cantium is an oil and gas producer operating in Lafourche Parish and elsewhere. For the 2020 Tax Year, the Assessor issued Assessment No. 3103327904 (“Assessment”) to Cantium on wells, equipment, lines, and field improvements located in Lafourche Parish (collectively “Property”). The Assessor determined the Fair Market Value (“FMV”) of the Property to be \$174,833,134.00.¹ The Assessor’s determination was based on the FMV that Cantium itself had reported on its own *ad valorem* property tax returns. On its returns, Cantium calculated the FMV using the

¹ The Assessor allegedly adjusted her valuation down to \$168,535,134.00 prior to the hearing with the Board of Review. However, in the Answer filed with the Board, the Assessor pled that the assessed value was \$174,833,134.00 and prayed that the Assessment be affirmed.

valuation tables promulgated for oil and gas property by the LTC. However, Cantium later determined that the assessed FMV of the Property should instead reflect only the portion of what it paid to Chevron USA Inc. (“Chevron”) to purchase the Property allocable to Lafourche Parish. Therefore, Cantium’s position is that the assessed FMV of the Property should be \$15,414,272.00.²

On September 14, 2020, Cantium timely appealed the Assessments to the Lafourche Parish Board of Review (“BoR”). The BoR denied Cantium’s appeal and upheld the Assessments. Cantium then timely appealed the BoR’s decision to the Louisiana Tax Commission (“LTC”). The LTC heard Cantium’s appeal on May 18, 2022.

Before the LTC, the Assessor objected to the admission of Taxpayer Exhibits Nos. 10, 11, and 12, on the grounds that Cantium had not timely provided the evidence to the Assessor. Taxpayer Exhibit No. 10 is an Asset Sale and Purchase Agreement (“Sale Agreement”) dated June 30, 2017. Taxpayer Exhibit 11 is a Preliminary Settlement Statement (“Preliminary Settlement”), executed, and listed as Exhibit E to the Sale Agreement. Taxpayer Exhibit 12 is an Allocation of Purchase Price (“Allocation”) schedule, listed as Exhibit F to the Sale Agreement. The LTC overruled the objections, which the Assessor maintains on Cross-Appeal. The Assessor emphasizes to the Board that Cantium did not provide her with information about sale price in 2017 when the sale occurred. There is no sales price listed on the “Assignment and Bill of Sale” that Cantium recorded in the Lafourche Parish conveyance records on July 5, 2017.

During the “open books” period³, on Tuesday, September 8, 2020, Cantium contacted the Assessor’s office and asked to schedule a meeting to discuss a reduction

² The LTC’s decision contains a typographical error that describes Cantium’s proposed FMV as “15.9 million.” The typo has since been quoted in various places in the Briefs filed by the parties in this case. Based on a review of the record, the typo appears to result from the inadvertent addition of roughly \$518,999.00 of assessed value that was included in a separate assessment (No. 3103327900), and not in the Assessment at issue in this case. Counsel for LTC confirmed in its Answer filed with the Board that the typo does not reflect the actual numbers it used to arrive at the value in its decision.

³ The Assessment was exposed for public inspection from August 24, 2020 through September 14, 2020.

in valuation of the Assessment. The next morning, Cantium followed up with an email asking if the Assessor was available for an immediate meeting. A deputy assessor responded that the Assessor was not available due to a family emergency.

The following morning, Cantium sent another email asking if the Assessor's office was open to receive supplemental materials concerning the Assessment. The deputy assessor answered in the affirmative. The next day, Friday, September 11, 2020, Cantium hand-delivered a letter to the Assessor. The letter stated that the purchase price of the Assets was substantially lower than the FMV used by the Assessor. Cantium attached to the letter a copy of the conveyance record for the sale of the Assets. However, referencing confidentiality and volume of documents, the letter stated that the full Asset Purchase and Sale Agreement was not attached but was available for review upon the Assessor's request. Finally, On September 22, 2020, eight days after filing a protest with the BoR, and five hours before the scheduled hearing, Cantium emailed the Assessor a copy of the Settlement Statement and Allocation.

The LTC ruled that Cantium provided the Assessor with Taxpayer Exhibits Nos. 10, 11, and 12. The LTC found that Cantium's email to the Assessor on September 22, 2020, was sufficient to provide Taxpayer Exhibits No. 11 and 12. The LTC further found that Cantium's September 11, 2020, hand-delivered letter provided the Assessor with Taxpayer Exhibit No. 10. As an additional grounds for overruling the objections, the LTC held that under the law applicable for this tax year a taxpayer may generally provide supplemental information to the LTC if not intentionally withheld. *D90 Energy, LLC v. Jefferson Davis Parish Board of Review*, 341 So.3d 492, 202-00200 (La. 10/1/20). The LTC found no evidence that Cantium had intended to withhold Exhibits 10, 11, or 12 from the Assessor. Thus, the LTC held that Cantium's exhibits would have been admissible even if it had not provided them to the Assessor. The Board takes cognizance of the fact that they were in fact not provided. The accuracy of the LTC analysis turns on whether intentionally withheld is more focused on the 'intent' to deprive the Assessor of information or on the fact

that they were in fact withheld, ie. not provided, with the simple fact omission being sufficient without any nefarious intent.

On August 10, 2022, The LTC rendered a decision finding the FMV of the Property to be \$53,199,272.00. The LTC rejected the Assessor's position and found the sale was properly documented, valid, and that the sale price should have been used in determining FMV. Further, the LTC also agreed that the sale price should be proportionately allocated to Lafourche Parish. However, the LTC found that the sale price alone did not independently reflect the full FMV of the Property--it did not account for the value that Cantium provided to Chevron by assuming liabilities to Plug & Abandon ("P&A") wells included in the Property.

The LTC adjusted the FMV upward by an amount that it estimated for the assumption of P&A liabilities. The assumed debt was considered a part of the consideration for the property along with the cash that changed hands. To calculate the adjustment, the LTC used testimony from Cantium's Chief Financial Officer, Kenneth Beer. Specifically, under questioning by Commissioner Vercher, Mr. Beer estimated that the P&A costs were between \$130,000.00 and \$200,000.00 per well. The LTC multiplied the mean of that range, \$165,000.00, by the 229 taxable wells subject to assessment, for an aggregate P&A cost of \$37,785,000.00. The LTC added this amount to Cantium's allocable adjusted purchase price, \$15,414,272.00, to arrive at a Fair Market Value of \$53,199,272.00.

STANDARD OF REVIEW

"Property taxation begins with the assessor determining the fair market value of property then making his assessment." La. Const. Art. VII, § 18(D); *D90 Energy, LLC v. Jefferson Davis Parish Bd. of Review*, 2020-00200 (La. 10/1/20), 341 So.3d 492. Review of the correctness, i.e. correct value, of assessments is governed by La. Const. Art. VII, § 18(E), which states that, "[t]he correctness of assessments by the assessor shall be subject to review first by the parish governing authority, then by the Louisiana Tax Commission or its successor, and finally by the courts, all in accordance with procedures established by law." Thus, the "procedures" that have been "established by law" for review proceedings require that the taxpayer first bring

their protest to the parish governing authority sitting as the board of review, followed by appeal to the LTC, and then the taxpayer may seek judicial review.⁴ *Comeaux v. La. Tax Comm'n*, 2020-01037 (La. 5/20/21), 320 So.3d 1083, *reh'g denied*, 2020-01037 (La. 6/29/21), 347 So.3d 866.

Judicial review of the decisions of the LTC is authorized by La. R.S. 47:1998. The extent of that review is governed by the Administrative Procedure Act (“APA”). *Williams v. Opportunity Homes Ltd. P’ship.*, 2017-0955 (La. 3/13/18), 240 So.3d 161. Review is limited to the administrative record established before the LTC. *Id.* The pertinent standard of review is set forth in La. R.S. 49:978.1(G)⁵:

The court may affirm the decision of the agency or remand the case for further proceedings. The court may reverse or modify the decision if substantial rights of the appellant have been prejudiced because the administrative findings, inferences, conclusions, or decisions are:

- (1) In violation of constitutional or statutory provisions;
- (2) In excess of the statutory authority of the agency;
- (3) Made upon unlawful procedure;
- (4) Affected by other error of law;
- (5) Arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion; or
- (6) Not supported and sustainable by a preponderance of evidence as determined by the reviewing court. In the application of this rule, the court shall make its own determination and conclusions of fact by a preponderance of evidence based upon its own evaluation of the record reviewed in its entirety upon judicial review. In the application of the rule, where the agency has the opportunity to judge the credibility of witnesses by first-hand observation of demeanor on the witness stand and the reviewing court does not, due regard shall be given to the agency’s determination of credibility issues.

As stated in the quoted provision, and except for matters of witness credibility as stated in subparagraph (6), the findings of fact below are not entitled to deference by a reviewing court. The determination is with the reviewing court’s “own determination and conclusions of fact...based upon its own evaluation of the record reviewed in its entirety.”

⁴ BTA is granted jurisdiction concurrent with district courts in these matters, with final review by the courts of appeal, under the authority of La. Const. art. V, Sec. 35 (the BTA shall have jurisdiction over all matters related to state and local taxes). La. R.S. 47:1998(H).

⁵ This provision was renumbered from La. R.S. 49:964(G) by 2022 Act 663.

The Assessor argues that 2021 Act 343 changed the law to require a review of the assessor's finding not the LTC finding. Relevant to the Assessor's argument are the amendments to La. R.S. 47:1998(A)(1)(a). Those amendments read as follows:

Any taxpayer or bona fide representative of an affected tax-recipient body in the state dissatisfied with the final determination of the Louisiana Tax Commission under the provisions of R.S. 47:1989 shall have the right to institute suit within thirty days of the entry of any final decision of the Louisiana Tax Commission in the district court for the parish where the Louisiana Tax Commission is domiciled or the district court of the parish where the property is located ~~contesting~~ **for review of** the correctness of **an** assessment **by an assessor**.⁶

The legislature viewed Act 343's amendments to La. R.S. 47:1998 as "procedural." However, it foreclosed prospective application to cases pending on the Act's effective date. Section 3 of Act 343 states:

This Act shall be effective January 1, 2022. The provisions of this Act amending R.S. 47:1989 shall have prospective effect only and shall not be applicable to any case actually pending before the Louisiana Tax Commission or in any court on the effective date of this Act. The remaining provisions of this Act are procedural, but the provisions of this Act amending R.S. 47:1998 shall not be applicable to any case actually pending in any court on the effective date of this Act.

Cantium's appeal was filed on August 10, 2022, so Act 343's amendments to La. R.S. 47:1998 are applicable in this case.

La. R.S. 47:1998(A)(1)(b) directly references the same standard of review that has been consistently held to apply in judicial review of LTC decisions. That provision now states that: "[t]he proceedings in the suit shall be heard pursuant to R.S. 49:978.1..." Act 343's author, Representative John Stefanski, testified before the Senate Revenue and Fiscal Affairs Committee that the purpose of the Act was to "create a different avenue for tax appeals for ad valorem taxes, and . . . to codify some of the current practice."⁷ Committee Chair Senator Brett Allain concurred, stating his appreciation that Act 343 "codifies a decision by the Supreme Court" *Id.*

Act 343 provides that review by this Board is subject to the same provisions that govern review by a district court. La. R.S. 47:1998(H)(2). If the LTC departs from

⁶ 2021 Act 343 (additions and deletions in original).

⁷ La. 2021 Reg. Sess., Sen. Rev. and Fiscal Affairs Comm., Act 343, HB 573 (5/10/21), available at https://senate.la.gov/s_video/videoarchive.asp?v=senate/2021/05/051021RF.

the statutory and procedural requirements into performing a role in excess of its constitutional and statutory functions, then there would be an error to correct. If the facts in the record, taken as a whole, do not support the decision being appealed, then the Board must revise the decision.

The Assessor is right in that ultimately we are all reviewing the decision of the Assessor. The Constitution specifies that the underlying assessment is subject to “review” by the BoR, the LTC, and finally the courts. However, the thing being appealed from in this action is the LTC’s decision. Absent a timely appeal to this Board or a district court of proper venue the decision of the LTC becomes final. La. R.S. 47:1989(D)(1). La. R.S. 47:1998(A)(1)(a) provides that “[a]ny taxpayer or bona fide representative of an affected tax-recipient body in the state dissatisfied with the final determination of the Louisiana Tax Commission under the provisions of R.S. 47:1989 shall have the right to institute suit within 30 days,” textually it is the LTC’s decision that is the subject of this appeal.

ASSESSOR’S EVIDENTIARY OBJECTIONS

The Assessor argues that the LTC erred when it admitted Taxpayer Exhibits 10, 11, and 12 into the record. At the hearing before the LTC, the Assessor objected to admission of these documents on the grounds that they were not provided to the Assessor prior to the Taxpayer’s filing of its appeal with the BoR. The Assessor contends that the LTC’s consideration of these documents was a usurpation of the Assessor’s exclusive constitutional grant of authority to assess the value of property.

The applicable law in effect when the LTC overruled the Assessor’s objections was explained in *D90*.⁸ The legislature enacted a statutory scheme that delegated authority to the LTC to promulgate rules and regulations to implement its own role in the review process. In La. R.S. 47:1989(A), the legislature required the LTC to conduct hearings concerning personal property appeals of taxpayers ... or assessors, from the action of the board of review.” The LTC promulgated regulations to

⁸ Although Act 343 may have changed certain aspects of the law prospectively, the amendments to La. R.S. 47:1989 in Act 343 do not apply to cases that were pending before the LTC on January 1, 2022. Cantium’s appeal with the LTC was filed on October 2, 2020. Accordingly, we will review the LTC’s actions under the law as it was laid out in *D90*.

implement procedures governing such hearings in LAC 61.V:3103.⁹ As stated by the Court in *D90*, LAC 61.V:3103 allows for a full evidentiary hearing. *D90 Energy*, n.7. If the LTC could only review and consider evidence previously submitted to an assessor, then the hearing would be rendered “meaningless.” *D90 Energy*, 341 So.3d at 497, p. 7.

In LAC 61.V:3103(D)(4),¹⁰ the LTC required appellants to “submit evidence” to prove FMV or otherwise establish grounds for reversing the BoR. *Id.* The Court sanctioned the LTC’s regulations, citing to language allowing the LTC to receive evidence that had not been furnished to the assessor with due consideration given to the taxpayer’s failure to timely provide such evidence. *Id.* Consequently, the Court rejected an objection from the assessor in that case that was premised on legal grounds similar to the Assessor’s objection in this case.

The Court recognized and distinguished the facts of *D90* from those of *Dow Chemical Co. v. Pitre*, 468 So.2d 747 (La. App. 1 Cir.1985), *writ denied*, 474 So.2d 1308 (La. 1985). In *Dow*, the First Circuit held that the LTC erred in considering evidence that the assessor had requested but that the taxpayer refused to provide and prevented the assessor from reviewing. The evidence in question was the taxpayer’s own appraisal of the pipeline property at issue in the case. The taxpayer’s appraisal consisted of a 146-page technical document that took nearly a year to create. However, the taxpayer only provided the assessor with a 6-page summary. The conclusions in the summary relied on 83 pages of data from an appendix. The taxpayer refused to provide the appendix or any additional documentation in response to the assessor’s lawfully propounded questions while the BoR’s review was pending.

It was only after the BoR affirmed the assessment that the taxpayer allowed the assessor to make any review of the evidence. Still, the taxpayer acted to frustrate any meaningful opportunity for the assessor to consider the 83 pages of critical data.

⁹ By emergency rule, the regulation was renumbered as LAC 61.V:3102 and expressly limited in application to appeals filed with the LTC before January 1, 2022.

¹⁰ Renumbered as LAC 61.V:3102(D)(4).

The taxpayer tried to force the assessor and their employees to sign agreements imposing personal liability for disclosure, despite pre-existing confidentiality protections afforded by La. R.S. 47:2327. When the assessor was finally allowed access the documents, it was only at the taxpayer's office at a particular time. Moreover, the assessor was limited to taking handwritten notes and was not permitted to make copies.

These facts led the Court to deduce that the taxpayer's intent was to circumvent the assessor and effectively bestow the assessment function on the LTC. *Id.* at 755. The Court noted that the taxpayer's relationship with the assessor had deteriorated and posited that the taxpayer might have viewed assessment by the LTC as more strategically advantageous. The Court held that a taxpayer's desire to bypass the constitutional structure of assessment and review was not a just cause to consider evidence withheld from the assessor. *Id.*

Conversely, the Louisiana Supreme Court in *D90 Energy*, found no evidence of the taxpayer attempting to usurp the assessor's constitutional role. *D90 Energy*, 341 So.3d at 498, 2020-00200 at p. 8. The taxpayer in *D90 Energy* provided the assessor with copies of: (1) the acts transferring ownership of the subject property, (2) the check tendered in payment of the sale price, (3) email correspondence in which the price was negotiated, and (4) emails showing that the wells were shut-in and inactive for the 2016 tax year. *Id.* at 494, p. 1-2. The Assessor determined that this documentation was inadequate and made a valuation based on the LTC's tables.

Cantium never refused a request from the Assessor to produce evidence. Cantium did not hinder the Assessor's review of the documents with superfluous demands for overly broad confidentiality agreements or onerous limitations on the Assessor's ability to make copies. Cantium offered to transmit evidence to the Assessor before its appeal reached the LTC.¹¹ Moreover, Cantium's attempts to

¹¹ In this respect, the Board acknowledges the Assessor's point that she was divested of jurisdiction to revise the Assessment once Cantium filed its protest with the BoR. However, the authority cited by the Assessor for that proposition is La. R.S. 47:1992(B)(3). That provision was added by Act 343, effective January 1, 2022. Cantium's attempts to provide the Assessor with the documents at issue occurred in 2020, before the statutory language cited existed. Furthermore, there are procedural mechanisms in the law, with approval routinely given, to make appropriate changes.

provide the Assessor with the documents show that it did not intentionally withhold evidence so that the LTC would be the first agency to make an assessment of the Property. Cantium would have been better served providing all information to the Assessor, but the Board finds that under the *D90* rubric new evidence is banned before the LTC only if it was intentionally withheld with an intent to circumvent the assessment process.¹² In the present case the offer to provide the information was sufficient to show that the intention was different than in *Dow*.

“PROPERLY DOCUMENTED” SALE

The Assessor raises an additional argument against consideration of Taxpayer Exhibits Nos. 10, 11, and 12, by asserting that the transaction between Cantium and Chevron was not a “properly documented” sale under Section 907. Section 907¹³ states, “[s]ales, properly documented, should be considered by the assessor as fair market value, provided the sale meets all tests relative to it being a valid sale.” In *D90*, the Louisiana Supreme Court interpreted this language in Section 907 and reasoned that the LTC’s consideration of the sale as a valuation method “cannot be arbitrary and capricious.” *D90*, 341 So.3d at 499, 2020-00200 (La. 10/1/20) at p. 10. The Court also noted that: “properly documented and valid sales are reflective of fair market value for oil and gas wells...” *Id.* at 502, n. 5. Moreover, the Court stated that it would “review the record under a preponderance of the evidence standard to determine the sale’s validity, the arms-length nature of the transaction, and the value of the wells.”¹⁴ Thus, the question of whether the documentation accurately or fully

¹² During open books: Cantium can point to more than one attempt to schedule a meeting, it sent written notice that it believed the purchase price should be utilized not the previously provided value, and it offered to arrange review of a specific set of relevant documents. While generic statements of disagreement without offers of proof may prove insufficient in other cases, the record here is sufficient to establish there was no intent to sandbag the Assessor.

¹³ In the time between the closing and oral argument before the Board, Section 907 has been revised over ten times. Until the end of December 2022, Section 907 contained two identical provisions concerning properly documented sales: in Section 907(A)(6)(e) (oil wells) and Section 907(C)(6) (surface equipment). The provision concerning oil wells was deleted by the LTC by emergency rule, but that deletion was not effective until January 2023. LR 48:2895 (December 2022).

¹⁴ *Id.* In this case the validity and arms-length nature of the transaction have not been disputed.

reflects the FMV of the Property is a question of fact that the Board must analyze by reviewing the entire record under a “preponderance of the evidence” standard.

The legal consequences of failing to timely provide documentation of the sale are explained above. Thus, for purposes of whether the sale can be considered, the Board finds that the sale was “properly documented.” However, the Board must still review the record to determine if a preponderance of the evidence supports any of parties’ asserted valuations.

FMV OF THE PROPERTY

In its decision, the LTC held that, “the Taxpayer supplied the Assessor with reliable and sufficient evidence and documentation establishing the portion of adjusted purchase price attributable to the assets in Lafourche Parish...At a minimum, the Assessor should have considered the sale price as clear evidence of economic obsolescence.” However, the LTC also held that it, “disagrees that the allocated, adjusted purchase price of \$15.9 million is independently reflective of fair market value, as it fails to account for the taxpayer’s assumption of liability to plug and abandon the subject wells, which the Taxpayer’s witness admitted was assumed as part of the asset purchase.”¹⁵

The LTC used an average potential liability per-well based on a low-to-high estimate provided by Cantium’s witness. The LTC’s approach follows the example set in *D90* of valuing the assumption of P&A liability on a per-well basis. The transaction in this case is far more complex than the simple acquisition in *D90*, and involves far more wells (229 wells as opposed to two gas wells and a saltwater disposal well). The Assessor contends that the complexity of the transaction distinguishes this matter from *D90*. The Assessor views this matter as more like the case of *Perdido Energy Louisiana, LLC v. Acadia Parish Board of Review*, 2022-0115 (La. App. 1 Cir. 9/1/22), 349 So.3d 41.¹⁶

¹⁵ See note 2, *supra*.

¹⁶ At an earlier point in the litigation, the First Circuit reversed the District Court’s remand of the matter to the LTC for consideration of additional evidence. *Perdido Energy Louisiana, LLC v. Acadia Parish Board of Review*, 2020-0962 (La. App. 1 Cir. 3/30/21), 2021 WL 1207818. Notably, one of the reasons that the First Circuit gave for its decision was,

In Perdido, the taxpayer relied on the testimony of an expert witness. The expert's opinion was based on sale price and on other data. Although the LTC found the sale to be valid, it nevertheless found that the expert was unreliable. The problem for the expert was primarily the other data used to calculate obsolescence. In particular, the expert had used well depth and pipeline pressure as indicators of obsolescence, but there was no authority to support that approach. Furthermore, there was contradictory testimony from other witnesses asserting that determining obsolescence based on those factors was not a regular or accepted valuation practice. In addition, the LTC did not accept the sale price on its own as indicative of FMV because of the complex nature of the transaction, which it described as the sale of a going concern, rather than a simple asset purchase.

Perdido is distinguishable from this matter. First, the reduction in FMV in this case is based in part of the allocation of the Property to Lafourche Parish. This aspect of the reduced valuation excludes assets that are not located within the Assessor's jurisdiction. Nothing in *Perdido* calls the LTC's acceptance of Cantium's allocation into question. Furthermore, the Board finds that the Allocation accepted by the LTC is supported by a preponderance of the evidence in the record.

Second, the LTC's reduction in value for obsolescence is based on the imputation of P&A Liability, whereas the reduction prayed for in *Perdido* was largely based on an expert opinion that itself was based on irregular and unreliable valuation methodologies. The facts recited in *Perdido* show that P&A liability was a comparatively small factor in the adjusted purchase price. The taxpayer's president testified that the original purchase price for the property was approximately \$4,061,000.00, and that the assumption of liability resulted in a reduction of \$825,000.00 (\$75,000.00 per well) that was factored into the process of arriving at an adjusted purchase price of approximately \$3,072,000.00. This reduction left unexplained the massive remaining discrepancy of \$58,609,795.00.

"Perdido has not indicated what specific additional evidence it seeks to introduce nor has it shown good cause as to why it failed to previously present the evidence..."

Here, the LTC's estimation of P&A liability is reasonable based on the record evidence. A liability is like a negative asset. It is logical to assume that Cantium expected a reduction to the amount of cash tender required at closing commensurate with the liabilities it assumed. Section 18 of the Sale Agreement supports this assumption. That Section of the contract required Cantium to provide security for Chevron's release from liability by obtaining a performance bond and funding an escrow account. Cantium would not have agreed to such onerous obligations without expecting something in return. Thus, after conducting its own review, the Board has found the LTC's determination is supported by a preponderance of the evidence.

CONCLUSION

In accordance with the foregoing reasons, the Board finds that the LTC correctly revised the assessed value of the Property in dispute. The Assessor's assessment was erroneous considering the sale price of the Property. The LTC did not err in finding the sale to be valid and properly documented, nor did the LTC err in considering the sale in determining the FMV of the property. Accordingly, the decision of the LTC will be affirmed.

Baton Rouge, Louisiana, on this 13th Day of July, 2023.

FOR THE BOARD:



LOCAL TAX JUDGE CADE R. COLE.