

STATE OF LOUISIANA
BOARD OF TAX APPEALS
LOCAL TAX DIVISION

CANTIUM, LLC

VERSUS

BTA DOCKET NO. L01665

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 8, 2025, 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 Justice Cade R. Cole, presiding as Local Tax Judge *ad hoc*.¹ 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 with respect to Cantium’s Appeal there be Judgment against Cantium as appellant and in favor of the LTC and the Assessor as appellees.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that with respect to the Assessor’s Cross-Appeal there be partial Judgment against the Assessor as cross-appellant and partial Judgment in favor of the LTC as appellee and Cantium as cross-appellee.

¹ Justice Cole was appointed Local Tax Judge *ad hoc* to complete this matter by order of the Louisiana Supreme Court on March 11, 2025.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that with respect to the Assessor's Cross-Appeal there be partial Judgment increasing the FMV of the Property by \$4,051,725.00 in favor of the Assessor as cross-appellant and partial Judgment against the LTC as appellee and Cantium as cross-appellee.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the LTC's determination of the FMV of the Property identified on Assessment No. 3103327904, Tax Notice No. 23775 (the "Property") is AFFIRMED IN PART AND REVERSED IN PART, and JUDGMENT IS HEREBY RENDERED redetermining the FMV of the Property to be \$57,250,997.00.

Judgment Rendered and Signed at Baton Rouge, Louisiana, on this 27th Day of January, 2026.

FOR THE BOARD:



JUSTICE CADE R. COLE
LOCAL TAX JUDGE *AD HOC*
BOARD OF TAX APPEALS
STATE OF LOUISIANA

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WRITTEN REASONS FOR JUDGMENT

On May 8, 2025, 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 Justice Cade R. Cole, presiding as Local Tax Judge *ad hoc*.¹ 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 reasons for ruling:

BACKGROUND

In 2017, Cantium purchased oil and gas properties and leases in Lafourche Parish and federal Outer Continental Shelf (“OCS”) waters from Chevron USA, Inc. (the “Chevron Sale”). The properties at issue in these cross-appeals are the wells, equipment, lines, field improvements, and other properties located in Lafourche Parish that Cantium acquired from Chevron, plus new wells added by Cantium since the Chevron Sale (collectively, the “Property”). The dispute concerns the correctness (*i.e.* valuation) of an assessment of *ad valorem* personal property tax. Both Cantium

¹ Justice Cole was appointed Local Tax Judge *ad hoc* to complete this matter by order of the Louisiana Supreme Court on March 11, 2025.

and the Assessor seek review of the LTC's determination of the Property's Fair Market Value ("FMV").

This is the second of three cross-appeals concerning the Property. The tax year presently at issue is 2021. The Board rendered a decision on Cantium's 2020 appeal on July 13, 2023.² That decision was not appealed and is now final. The Board's decision for the 2022 tax year is issued simultaneously with this decision.³

Cantium's 2021 *ad valorem* personal property tax Renditions ("Renditions") included a schedule of Cantium's wells. ("Original Schedule"). The wells on the Original Schedule are listed and sorted by well serial number. Where applicable, a sibling well serial number is listed. Each serial number is identified with a "well name," "well number," and "well API number."⁴

The well name is tied to a State Lease. The well number represents a reservoir within a lease. The well serial number corresponds to a segment of a reservoir. Thus, some individual well names (leases) are associated with multiple well numbers, and some well numbers are associated with multiple well serial numbers. Each row on the Original Schedule has columns for Year, Well Depth, Permit Date, Product (oil, gas, injection, or water) Producing ("P") or Non-Producing ("NP"), Status, % Good Factor, Econ/Obsolescence, Value per Foot, and Assessed Value.⁵

The Assessor determined FMV based on the LTC's valuation tables using the well data in Cantium's renditions. For 2021, the Assessor issued Assessment No. 3103327904, Tax Notice No. 23775 (the "Assessment"), showing her determination of the Fair Market Value ("FMV") of the Property to be \$158,233,466.00. Cantium timely protested the Assessment to the Board of Review. The Board of Review affirmed the Assessment. Cantium then appealed to the LTC.

² *Cantium v. Lafourche Parish Board of Review*, B.T.A. Docket No. L01559 (La. Bd. Tax App. 7/13/23); 2023 WL 9290320.

³ *Cantium v. Lafourche Parish Board of Review*, B.T.A. Docket No. L01935 (La. Bd. Tax App. 1/27/26) (issued concurrently with this ruling).

⁴ The Well API Number is apparently tied to Cantium's internal database.

⁵ The Assessed Values on the Original Schedule add up to \$17,257,290.82.

Before the LTC, Cantium argued for a market approach FMV of \$19,465,997.00.⁶ This figure represented the portion of the purchase price Cantium paid to Chevron allocated to the Property in Lafourche Parish (\$15,414,272.00) plus the value of five wells added after acquisition (\$4,051,725.00). Cantium supported its market approach FMV with documents from the Chevron Sale.

Chevron and Cantium executed an Asset Sale & Purchase Agreement (“ASPA”) on June 13, 2017, effective January 1, 2017. On June 30, 2017, Cantium and Chevron executed a Closing Settlement Statement (“CSS”). The CSS reflects approximately \$83,500,000 in cash paid to Chevron at closing. Under the ASPA, Cantium assumed Chevron’s liability for eventually plugging and abandoning the wells included in the Property (“P&A Liability”). The ASPA required Cantium to obtain security for its assumption of P&A Liability.

At closing Cantium and Chevron incorporated a document entitled Allocation of Purchase Price (“Allocation”) into the ASPA as Exhibit F. The Allocation reflects a pro-rata distribution of the sales price to each lease transferred in the Chevron Sale, including both the leases in Lafourche Parish and leases in OCS waters. In addition, on July 5, 2017, a document described as Assignment, Bill of Sale and Conveyance (“ABSC”) was recorded in the Lafourche Parish records. The ABSC does not show the price paid nor does it contain the full terms of the ASPA

On September 3, 2021, Cantium’s Tax Director, April Harris emailed and mailed a letter with supplementary information and attachments to the Assessor. Included with Cantium’s supplementary filing were a Preliminary Settlement Statement (“PSS”), a copy of the Allocation, an extract (“Extract”) from a reserve report prepared by the Ryder Scott Company (“Ryder Scott”), and a “Comparative Analysis” schedule of three methods to determine FMV (“Comparative Analysis”) for each well within Lafourche Parish. Additionally, Cantium referred the Assessor to the ABSC on file with the Parish records. Cantium also stated that the full ASPA was available for review upon request.

⁶ However, the prefatory paragraphs of the LTC’s decision reflect Cantium’s alternative income approach FMV, discussed *supra*.

The Assessor did not consider the PSS, the Allocation, or the Extract in determining her FMV. Nor did the Assessor request a review of the ASPA. Before the LTC, the Assessor argued that these documents were not timely presented and could not be considered. The LTC overruled the Assessor's objections and admitted the documents.

While maintaining that the LTC should accept its market approach FMV, Cantium also proposed an alternative income approach FMV of \$36,149,603.00. Cantium supported its income approach FMV with the Extract and the Comparative Analysis. The Extract summarizes the reserve values determined by Ryder Scott, which are purportedly fully set out in Ryder Scott's "Estimated Future Reserves and Income" reserve report ("Ryder Scott Report").⁷ The Extract additionally reflects a deduction for Asset Retirement Obligation ("ARO"), which Cantium added to account for future P&A Liability.

The Comparative Analysis is a schedule of wells that is similar in organization to the Original Schedule attached to Cantium's 2021 Rendition. Like the Original Schedule, the Comparative Analysis lists individual wells by serial number. The Comparative Analysis also includes columns for most of the information shown on the original schedule: sibling well; well name; well number; API number; status; well depth; and year. Unlike the original schedule, however, the Comparative Analysis adds multi-column sections for "Replacement Cost Method," "Income Value Method," and "Market Value Method."

Each Method has its own columns for FMV and Assessed Value. In the Replacement Cost Method section, the data in these two columns restates the FMV and Assessed Value shown on the original schedule. In the Market Value Method section, the FMV and Assessed Value are an itemization of the market approach FMV based on the Chevron Sale. In the Income Value Method section, Cantium included columns for reserve values (a column labeled "Reserve Report") and ARO.

⁷ Cantium did not offer the full Ryder Scott Report to the Assessor or to the LTC.

The reserve value data is based on the Ryder Scott Report. Cantium's CFO, Kenneth Beer, testified that the Ryder Scott report was prepared by a third party in a manner that is the "gold standard" for the industry. Mr. Beer further described reserve reports, such as the Ryder Scott Report, as the starting point for valuing oil and gas properties in numerous situations, like applying for a bank loan. Mr. Beer explained that the Ryder Scott Report begins with the gross reserves of oil, natural gas liquids, and gas in each well. Royalties and "overrides" are subtracted to get net reserves. Net reserves are multiplied by the public price, and anticipated future public prices, of the relevant commodity to determine gross future revenue. Then, deductions are taken out for severance taxes, ad valorem taxes, lease operating costs, and product transportation costs. A ten percent (10%) present value discount is further deducted to arrive at a figure for discounted annual projected revenue.

The ARO figures on the Comparative Analysis are based on P&A Liabilities estimated by Cantium's engineers. Mr. Beer testified that Cantium's reserve engineers determined ARO on an individual well basis. Every well that has a listed reserve value on the Comparative Analysis also has a listed ARO. However, the reverse is not true. Approximately forty-four wells have an ARO but do not have a reserve value.⁸

During the hearing, the LTC expressed concerns with the reliability of the Extract and the Comparative Analysis. In particular, the Commissioners questioned wells that were labeled "active-producing," but for which there was only an ARO listed and no reserve revenue. This situation occurs approximately ten times on the Comparative Analysis.⁹ Mr. Beer speculated that some wells were identified as active and producing but had no associated reserve revenue because they were producing at economically insignificant levels or might have been inaccurately labeled as active in the State's SONRIS database.

⁸ Well serial numbers: 50150; 51728; 52343; 53671; 62655; 66049; 66405; 66966; 72377; 77955; 78443; 79940; 81900; 82162; 84417; 87793; 99617; 128316; 128817; 129087; 131846; 135485; 136401; 152500; 154881; 160593; 188605; 188635; 192923; 193347; 209658; 211091; 211362; 215581; 216755; 217993; 218794; 220138; 225794; 242100; 242687; 242931; 245235; and 248455.

⁹ Well serial numbers: 50150; 66966; 72377; 84417; 209658; 211091; 216755; 225794; 242100; and 242687.

In addition, the LTC Commissioners noted that the well serial numbers shown on the Comparative Analysis did not correspond with the numbers identifying wells in other exhibits. Ms. Harris stated that the disconnect between the identification numbers was because the Well Serial Numbers were taken from Cantium's own engineering database. However, no one familiar with that database testified at the hearing.

Cantium's witnesses were also unable to satisfactorily explain to the Commissioners why individual wells had ARO of either \$139,000.00, \$193,000.00, \$238,000.00, \$250,000.00, or \$1,000,000.00. The apparent uniformity in the individual ARO's undermined the testimony that Cantium's engineers considered individualized expenses for each well, such as the cost of retrieving a particular piece of equipment that had been lost in the well.

The LTC ultimately found the Extract and the Comparative Analysis to be unreliable. In its decision, the LTC noted that the Extract suggested that Cantium had only fifty-two wells producing. However, Mr. Beer testified that Cantium had eighty-six producing wells. The LTC additionally faulted the Extract for not clearly stating projected revenues, projected expenses, nor clearly expressing the discount/capitalization rate utilized.

The LTC adopted the market approach and found the FMV of the Property to be \$53,199,272.00. This figure represents the sum of the allocated cash price from the Chevron Sale (\$15,414,272.00),¹⁰ plus the value determined by the LTC for the assumption of P&A Liability (\$37,785,000.00). This is also the same FMV that the LTC determined for the 2020 appeal. Just as it did in its 2020 decision, the LTC valued the assumption of P&A Liability by averaging an estimated range of P&A Liability costs per well (\$130,000.00 to \$200,000.00 according to Mr. Beer) and then multiplying that average (\$165,000.00) by the total number of wells in the assessment (230).

¹⁰ The LTC did not include the \$4,051,725.00 adjustment Cantium attributed to the five new wells added to the Property since the Chevron Sale.

Cantium appealed to the Board. In its appeal, Cantium prays that the Board vacate the LTC decision and the Assessment, and determine the FMV of the Property to be \$19,465,997.00 under the market approach, or \$36,149,603.00 under Cantium's alternative income approach. On March 16, 2023, the Assessor answered the appeal and filed a cross-appeal. The Assessor prays that the Board vacate the LTC's decision and reinstate her Assessment. Additionally, the Assessor argues that the LTC erred in overruling her evidentiary objections.

ASSESSOR'S MOTION TO STRIKE

During Oral Argument, the Board asked counsel to provide post-trial briefs addressing the following:

1. A timeline of when the Assessor received information for each tax year, especially in relation to when the Board of Review hearing occurred for each respective tax year. For each of the 2020, 2021, and 2022 tax years: (a) the date when the Assessor was first offered or given documents for each tax year; (b) the deadline for filing with the Board of Review; (c) whether the filings were affected by any storms or other extensions.
2. The LAT forms and supplemental documents filed for each of the 2021 and 2022 tax years.
3. Whether the confidentiality agreement within the ASPA or Cantium's Protective Order limited or constrained the Assessor's review of the documents.

Cantium attached Hearing Notices and Continuances issued by the LTC in the 2020 appeal as Exhibit D to its post-trial brief. The Assessor moved to strike these documents, as they are not a part of the LTC's administrative record in this appeal. La. R.S. 49:978.1 establishes the scope of the Board's review of the administrative record, providing:

The review shall be conducted by the court without a jury and shall be confined to the record. In cases of alleged irregularities in procedure before the agency, not shown in the record, proof thereon may be taken in the court. The court, upon request, shall hear oral argument and receive written briefs.

The Board can consider briefing, but it cannot consider exhibits outside the administrative record absent an allegation of procedural irregularity. *See MedImpact Healthcare Sys., Inc. v. Div. of Admin.*, 2021-1367 (La. App. 1 Cir. 6/3/22), 343 So.3d 705; *Fritzner v. City of New Orleans*, 2012-1617, p. 4 (La. App. 4 Cir. 5/22/13), 116 So.3d 945, 947; *Obafunwa Family v. Appeals Bureau*, 635 So.2d 714, 717 (La. Ct. App. 1994). While the Board did request briefing on the timeline of communication and filings relevant to the question of whether the ASPA were presented to the Assessor, the Board is not permitted to consider any evidence outside the administrative record. Accordingly, the Motion to Strike will be granted.

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.* valuation, 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. *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.

The LTC hears taxpayer appeals from the decisions of the Parish Boards of Review under La. R.S. 47:1989. In turn, judicial review of the decisions of the LTC is authorized by La. R.S. 47:1998 and 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.* An assessor’s valuations are not entitled to deferential review. *D90*, 2020-0200 at p. 9, 341 So.3d at 498-99.

Therefore, the Board reviews the LTC's record in accordance with La. R.S. 49:978.1(G)¹¹, which states:

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.

Thus, except for matters of witness credibility, as stated in subparagraph (6) above, the LTC's findings are not entitled to deference from the Board.

After the Supreme Court decided *D90 Energy*, the legislature amended La. R.S. 47:1989 and La. R.S. 47:1998 by enacting 2021 Act 343. As amended, La. R.S. 47:1998(A)(1)(b) references R.S. 49:978.1, the same APA standard of review consistently held to apply in judicial review of LTC decisions. Thus, Act 343 did not change the standard applicable by the Board in reviewing a decision of the LTC.

ASSESSOR'S EVIDENTIARY OBJECTIONS

The Assessor argues that Cantium failed to timely provide her with Taxpayer's Exhibits 8, 10, 12a, 13, 16, and 20. These documents are described as:

Exhibit 8	Biographical Information for: a) Richard Kirkland b) Kenneth Beer
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¹¹ This provision was renumbered from La. R.S. 49:964(G) by 2022 Act 663.

	c) April Harris
Exhibit 10	Asset Sales and Purchase Agreement dated June 30, 2017, by and between Chevron (Seller) and Cantium (Buyer)
Exhibit 12.a	Allocation of Purchase Price, listed as Exhibit F to the Asset Sales and Purchase Agreement dated June 30, 2017
Exhibit 13	Affidavit of Jared Scott Ritter with Assignment and Bill of Sale attached
Exhibit 16	Media Articles Regarding Chevron's Sale of Certain Gulf of Mexico Assets
Exhibit 20	Transcript of the 2020 Tax year Louisiana Tax Commission Hearing: <i>Cantium, LLC vs. Assessor for the Parish of Lafourche and the Lafourche Parish Board of Review</i> , LTC Docket No. 20-22057-001

In *Cantium, LLC v. LaFourche Parish Board of Review*, B.T.A. Docket No. L01559 (La. Bd. Tax App. 7/13/23); 2023 WL 9290320, this Board held that under the former version of La. R.S. 47:1989 and *D90 Energy*, the LTC could consider untimely evidence as long as it had not been intentionally withheld from the Assessor. The Board also agreed with Cantium and the LTC that Cantium's offer for the Assessor to view the ASPA satisfied the statutory requirement that documents be timely "provided" to the Assessor.

However, La. R.S. 47:1989 was amended by La. R.S. 47:1989(C)(2)(a)(i), which provides:

Review of the correctness of an assessment by an assessor shall be confined to review of evidence presented to the assessor prior to the close of the deadline for filing a complaint with the board of review provided for in R.S. 47:1992. If a taxpayer makes application to present additional evidence before the date set for hearing on the appeal and the Louisiana Tax Commission finds that the additional evidence is material and that there were good reasons for failure to timely present it to the assessor, the Louisiana Tax Commission may order that the additional evidence be taken by the assessor. The assessor may modify the assessment by

reason of the additional evidence and shall notify the Louisiana Tax Commission of any modifications to the assessment within fifteen calendar days of receipt of the additional evidence. The Louisiana Tax Commission may then order any evidence that is otherwise admissible be admitted for the purposes of review.

Act 343's amendments to La. R.S. 47:1989 apply prospectively from the Act's effective date of January 1, 2022. 2021 Act 343, § 3. Cantium's 2021 appeal was filed with the LTC on March 7, 2022. Accordingly, Act 343's amendments to La. R.S. 47:1989 apply to this matter.

Under the amended law, the taxpayer must have timely "presented," rather than "provided," the evidence to the assessor. "Presented" is not defined in the statute. However, Merriam-Webster's Dictionary defines "present," in relevant part, as "to make a gift to . . . to give or bestow formally . . . to bring or introduce into the presence of someone especially of superior rank or status . . . **to offer to view** . . . show . . . to bring to one's attention . . . to lay (something, such as a charge) before a court as an object of inquiry . . . to make a presentation."¹²

Here, Cantium emailed the Assessor on September 3, 2021, with a written offer to show the ASPA to the Assessor. Cantium further made the offer again by letter delivered to the Assessor on October 22, 2021. Cantium's offer for the Assessor to view the ASPA meets the dictionary definition of "present." Accordingly, the Board again agrees with the LTC's decision to overrule the Assessor's objection and finds that the Allocation, the ASPA, the Extract, and the Comparative Analysis were timely "presented" to the Assessor under La. R.S. 47:1989(C)(2)(a)(i).

In addition, the LTC determined that the Assessor failed to timely file written evidentiary objections, as required by LAC 61:V.3103(D)(3), which provides:

If a taxpayer pre-files evidence which the assessor contends was not presented prior to the deadline for filing a complaint with the Board of Review, then the assessor shall file a written objection into the record. If maintained, the assessor's written objection should include a complete copy of the individual file/log as recommended in Section 213.G. The failure by the assessor to timely file a written objection shall be deemed a waiver. Such waiver shall be deemed to be good reason and shall operate to permit consideration of all evidence timely pre-filed by the taxpayer.

¹² Present, Merriam-Webster.com Dictionary, available at <https://www.merriam-webster.com/dictionary/present> (emphasis added).

The Assessor argues that the LTC ruling elevates form over substance and is contrary to law. Nevertheless, in overruling the Assessor's objection, the LTC unquestionably acted in accordance with its regulation. As to whether the regulation is contrary to law, the Board finds that La. R.S. 47:1989(C)(2)(a)(i) must be read in *pari materia* with La. R.S. 47:1989(C)(2)(a)(iii), which states, "[n]othing in this Item shall be construed to limit the ability of the Louisiana Tax Commission to find good reason to admit otherwise admissible documents or evidence pursuant to this Subparagraph." The LTC has the statutory authority to find good reason to admit "otherwise admissible documents or evidence" pursuant to La. R.S. 47:1989(C)(2). The LTC's promulgation of a rule dictating that the failure to file a written objection shall be deemed to be good reason to consider evidence presented by the taxpayer is an exercise of that authority. When read in the context of that provision, Section 3103(D)(3) does not violate the requirements of La. R.S. 47:1989(C)(2)(a)(i). For the foregoing reasons, the Board concludes the LTC did not err in overruling the Assessor's evidentiary objections.

DISCUSSION

FMV is defined in La. R.S. 47:2321 as:

Fair market value is the price for property which would be agreed upon between a willing and informed buyer and a willing and informed seller under usual and ordinary circumstances; it shall be the highest price estimated in terms of money which property will bring if exposed for sale on the open market with reasonable time allowed to find a purchaser who is buying with knowledge of all the uses and purposes to which the property is best adapted and for which it can be legally used.

The three acceptable criteria for determining FMV are set forth in LA. R.S. 47:2323(C), which provides:

- (1) In utilizing the market approach, the assessor shall use an appraisal technique in which the market value estimate is predicated upon prices paid in actual market transactions and current listings.
- (2) In utilizing the cost approach, the assessor shall use a method in which the value of a property is derived by estimating the replacement or reproduction cost of the improvements; deducting therefrom the estimated depreciation; and then adding the market value of the land, if any.
- (3) In utilizing the income approach, the assessor shall use an appraisal technique in which the anticipated net income is capitalized to indicate the capital amount of the investment which produces the net income.

LAC 61:V.907 provides specific guidelines for assessing oil, gas, and other wells. On January 1, 2021, LAC 61:V.907(A)(6)(a) and (b) effectively provided for economic obsolescence deductions for wells producing below set thresholds, from forty percent (40%) for wells producing up to ten bbls of oil per day or up to one hundred mcf of gas per day, up to a ninety percent (90%) reduction for shut in wells. Further, LAC 61:V.907(A)(6)(c) advised Assessors to “[d]educt any additional obsolescence that has been appropriately documented by the taxpayer, as warranted, to reflect fair market value.” Additionally, LAC 61:V.907(A)(6)(e) provided that, “[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.”

The Board previously found the Chevron Sale to be a “properly documented sale” under LAC 61:V.907. *Cantium, LLC v. LaFourche Parish Board of Review*, B.T.A. Docket No. L01559 (La. Bd. Tax App. 7/13/23); 2023 WL 9290320. The underlying facts concerning the Chevron Sale applicable law concerning properly documented sales did not change from 2020 to 2021. The Board accordingly finds the Chevron Sale to be a properly documented sale for purposes of the 2021 tax year.

The Assessor’s FMV (\$158,233,466.00) is nearly twice the cash price Cantium paid for all assets acquired from Chevron (\$83,500,000). The Assessor’s AMV is also more than ten times greater than the portion of the cash price allocated to assets in Lafourche Parish (\$15,414,272.00). Even after adding back the value of the assumption of P&A Liability, the Assessed FMV is far out of proportion to what is supported by a preponderance of the evidence. Accordingly, the Assessor’s prayer that the Board reinstate her Assessment must be denied.

The LTC correctly added the value of the assumption of P&A Liability to the value of the Property when using the market approach. A liability is like a negative asset. Cantium expected a reduction to the amount of cash tender required at the closing of the Chevron Sale that was commensurate with the P&A liabilities assumed.

Section 18 of the ASPA supports this view. Cantium undertook the obligations of providing security for Chevron’s release from liability by obtaining a performance

bond, as well as funding an escrow account. Cantium's undertaking was valuable consideration paid to Chevron. The value of that consideration is part of the total price Cantium paid in the Chevron Sale.

Nevertheless, the Board does not agree with the LTC's ultimate calculation of the FMV of the Property. Specifically, the LTC did not adjust the FMV of the Property to reflect additions to the Property installed after the Chevron Sale. Cantium supplied this amount, \$4,051,725.00, to the LTC. The Board has found no explanation in the record for why this amount was not included in the FMV. Accordingly, the Board finds that the FMV determined by the LTC should be increased by \$4,051,725.00 to reflect Cantium's admission of the value of this subsequent transaction.

Finally, for purposes of the 2021 tax year at issue, the balance of evidence in the record favors the market approach over the income approach. As discussed in the companion case, the staleness of the sale will impact its usefulness in subsequent years. During the 2021 LTC hearing, Cantium's witnesses were unable to explain why certain apparently active and producing wells had no reserve value. It is also unclear from the record in this matter why some of the wells on the Comparative Analysis listed an ARO but no reserve value. Furthermore, Cantium's witnesses stated that they would have to consult with their engineers for further explanation, but no one from Cantium's engineering department testified at the hearing.

CONCLUSION

For the foregoing reasons, the Board will partially affirm and partially overrule the LTC's decision. The Assessor's FMV is contradicted by the evidence in the record, namely the properly documented sale between Cantium and Chevron. Based on the documentation of that transaction, the Board affirms the LTC's rejection of the Assessor's FMV in favor of the market approach. Additionally, the Board finds that Cantium's assumption of liability was consideration paid to Chevron, the value of which is properly included in FMV. However, the Board finds that the FMV of the Property should be increased by an additional \$4,051,725.00, representing the increase in value of the Property since the Chevron Sale attributable to the addition

of five new wells. Accordingly, the Board determines the total FMV of the Property for 2021 to be \$57,250,997.00 under the market approach. Judgment will be entered accordingly.

Baton Rouge, Louisiana, on this 27th Day of January, 2024.

FOR THE BOARD:



JUSTICE CADE R. COLE
LOCAL TAX JUDGE *AD HOC*
BOARD OF TAX APPEALS
STATE OF LOUISIANA