T.A. "TIM" BARFIELD, JR., SECRETARY
DEPARTMENT OF REVNUE,
STATE OF LOUISIANA

VERSUS

SHELL OIL COMPANY

NUMBER: 635937 DIV SEC. 27

19TH JUDICIAL DISTRICT COURT

PARISH OF EAST BATON ROUGE

STATE OF LOUISIANA

PETITION TO COLLECT TAXES

The Petition of T.A. "Tim" Barfield, Jr., in his official capacity as Secretary of the Department of Revenue in and for the State of Louisiana ("Department" or "plaintiff"), respectfully represents the following:

STATE
DEC 22 2014
BY
DEPUTY CLERK OF COURT

PLAINTIFF

1.

The plaintiff is the duly appointed Secretary of the Louisiana Department of Revenue and is officially domiciled in East Baton Rouge Parish.

DEFENDANT

2.

Made defendant herein is Shell Oil Company (hereinafter referred to as "Shell" or "Taxpayer") a non-Louisiana corporation with its domicile address located in Delaware. The Taxpayer's registered office and principle business establishment in Louisiana is located at 5615 Corporate Blvd., Ste. 400B, Baton Rouge, LA 70808. Taxpayer is registered with the Louisiana Secretary of State, and its registered agent for service of process is C T Corporation System, 5615 Corporate Blvd., Ste. 400B, Baton Rouge, LA 70808.

JURISDICTION AND VENUE

3.

Jurisdiction is proper pursuant to Article v, Section 16 of the Louisiana Constitution. Venue is proper pursuant to Article 42 of the Louisiana Code of Civil Procedure.

CAUSE OF ACTION

4.

This action is brought pursuant to La. R.S. 47:1561(3), which provides for the plaintiff's authority to proceed to enforce the collection of any state tax due by means of ordinary suit under the provisions of the general laws regulating actions for the enforcement of obligations.

FILED
EAST BATON ROUGE PARISH, LA
2014 DEC 22 AM 10:46
DEPUTY CLERK OF COURT

FACTUAL BACKGROUND

5.

The Louisiana Department of Revenue ("Department") conducted an audit of Shell for Louisiana corporation franchise tax liability for the audit period 12/2009-12/2010. As a result of the audit, the Louisiana Department of Revenue determined that additional franchise tax was owed. The total amount of franchise tax liabilities owed and due is $1,957,191.75, which includes tax in the amount of $1,210,282.00, interest calculated to December 31, 2014 in the amount of $444,339.25 and penalties in the amount of $302,570.50.

6.

Shell is a part of a consolidated group of companies representing the oil, gas and chemical operations of Shell Petroleum, Inc. and subsidiaries. Shell is involved in extensive petrochemical operations, both through its own tangible personal property and through numerous investments in subsidiaries, limited liability companies and partnerships.

7.

Shell is registered with the Louisiana Secretary of State. Shell has a registered office and principal business establishment in Louisiana at 5615 Corporate Blvd., Ste. 400B, Baton Rouge, LA 70808 and a Louisiana registered agent for service of process through C T Corporation System, 5615 Corporate Boulevard, Ste. 400B, Baton Rouge, LA 70808. Shell did business and owed tangible personal property in the State of Louisiana during the audit period.

8.

Shell is subject to the imposition of franchise tax pursuant to La. R.S. 47:601.

9.

For each of the audit periods, audit adjustments were made to Shell's property ratio based upon the corporation franchise tax ratios of subsidiaries and allocation ratios of partnerships/limited liability companies, which significantly increased the Louisiana attribution in accordance with La. R.S. 47:606. Such adjustments were in part based on intercompany investments and advances related to accounts #58XX and #59XX.

10.

For each of the audit periods, audit adjustments were made to Shell's revenue ratio to make an attribution of dividends to Louisiana based upon the payers' corporation franchise tax ratios in the case of subsidiaries or allocation ratio in the case of limited liability companies in accordance with La. R.S. 47:606.

11.

For each of the audit periods, audit adjustments were made to Shell's revenue ratio to make an attribution of partnership income to Louisiana based upon the payers' corporation franchise tax ratios in the case of subsidiaries or allocation ratio in the case of limited liability companies in accordance with La. R.S. 47:606.

12.

A delinquent penalty was assessed and is due for each period under audit as mandated by La. R.S. 47:1602.

13.

As a result of the audit, the Louisiana Department of Revenue issued a Notice of Proposed Tax Due, dated October 24, 2014, to the Taxpayer pursuant to La. R.S. 47:1562(B). Despite amicable demand, the Taxpayer has failed to pay the tax, interest and penalties due.

14.

Therefore, the Louisiana Department of Revenue now seeks to collect the amounts due through this lawsuit. The total amount due is $1,957,191.75, which includes tax in the amount of $1,210,282.00, interest calculated to December 31, 2014 in the amount of $444,339.25 (which continues to accrue until paid pursuant to La. R.S. 47:1601), and penalties in the amount of $302,570.50.

15.

This pleading is signed by a staff attorney from the Department of Revenue, State of Louisiana. However, T.A. "Tim" Barfield, Jr., in his official capacity as Secretary of the Department of Revenue in and for the State of Louisiana reserves the right to reassign this case

to private counsel to assist in the collection of the taxes and interest herein alleged to be due, payable and unpaid, pursuant to the provisions of La. R.S. 47:1512.

16.

The Department of Revenue is an agency of the State of Louisiana. Pursuant to La. R.S. 13:4521, the state is not required to pay advance costs that accrue in this suit.

WHEREFORE, T.A. "Tim" Barfield, Jr., in his official capacity as Secretary of the Department of Revenue in and for the State of Louisiana, respectfully prays for the following:

1. That after due proceedings are conducted, there be judgment in favor of the plaintiff and against the defendant in the amount of $1,957,191.75, plus interest, which shall continue to accrue pursuant to La. R.S. 47:1601, and all court costs of this lawsuit; and

2. That the plaintiff receives all other general and equitable relief to which he may be entitled under the facts and circumstances of this case.

Respectfully submitted:

Antonio C. Ferachi (#30498)
Monica Doss (#24695)
Brandea P. Averett (#27946)
Debra Morris (#20304)
Brian DeJean (# 28332)
Miranda Conner (#29806)
LOUISIANA DEPARTMENT OF REVENUE,
LITIGATION DIVISION
P.O. Box 4064
617 N. Third Street (70802)
Baton Rouge, Louisiana 70821-4064
Tele: (225) 219-2080; Fax: (225) 231-6235
Attorneys for T.A. "Tim" Barfield, Jr., Secretary of the Department of Revenue, State of Louisiana

PLEASE SERVE DEFENDANT:

Shell Oil Company
Through its Registered Agent:

C T Corporation System
5615 Corporate Blvd., Ste. 400B
Baton Rouge, LA 70808