ILLINOIS INDEPENDENT
TAX TRIBUNAL

KERR-MCGEE OPERATING CORPORATION,	)	
Petitioner,	)	**15 TT161**
	)	**Chief Judge James M. Conway**
v.	)	
ILLINOIS DEPARTMENT OF REVENUE,	)	
Respondent.	)	

RECEIVED
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BY:

PETITION

Petitioner, Kerr-McGee Operating Corporation ("Petitioner") by and through its attorneys Horwood Marcus & Berk, Chartered complains of the Illinois Department of Revenue ("Department") and alleges as follows:

PARTIES

1. Petitioner is a corporation with its principal place of business in Houston Texas.
2. Petitioner's Federal EIN is 73-0311467 and its Illinois taxpayer account number is 20269-32480.
3. Petitioner's principal business address is PO Box 1330, Houston, TX 77251-1330 and its telephone number is (832) 636-1000.
4. The Department is an agency of the Executive Department of State Government and is tasked with the enforcement and administration of Illinois tax laws. 10 ILCS5/5-15.

JURISDICTION

5. Petitioner brings this action pursuant to the Illinois Independent Tax Tribunal Act ("Tribunal Act"), 35 ILCS 1010/1-1 to 35 ILCS 1010/1-100 and the Illinois Income tax Act ("Income tax Act"), 35 ILCS 5/101 et.seq.

6. This Tribunal has jurisdiction over this matter pursuant to Sections 1-45 and 1-50 of the Tribunal Act because Petitioner timely filed this petition within 60 days of the Notice of Denial.

NOTICE

7. The Notice of Denial ("Notice") was issued by the Respondent on June 4, 2015 denying a refund requested in a form IL-1120-X filed on October 26, 2011 for the 2000 taxable period. ("Year at Issue") The request refund was in the amount of $559,869, comprised of $215,434 in tax, $79,071 in penalties and $265,364 in interest. The Notice is attached hereto as Exhibit 1.

8. Unless otherwise stated, the allegations in this Petition relate to the Year at Issue.

9. Petitioner timely filed a petition on August 3, 2015, protesting the Notice, which included payment of the Tribunal's $500 filing fee, which remains on Petitioner's account.

10. On August 10, 2015, the Tribunal ordered that the Petitioner's petition be dismissed because the petition was not filed by an attorney authorized or permitted to practice in Illinois.

11. The Order, dismissing Petitioner's petition provided that the Petitioner had until September 11, 2015 to file a corrected petition. The August 10, 2015 Order is attached as Exhibit A.

APPLICABLE LAW

12. The rules regarding the carryback or carryforward of net losses are outlined in Illinois Compiled Statutes 35ILCS 5/207.

13. 35 ILCS 5/207(a)(2) states that "for any taxable year ending on or after December 31, 1999 and prior to December 31, 2003, such loss shall be allowed as a carryback to each of the 2 taxable years preceding the taxable year of such loss and shall be a net operating loss carryover to each of the 20 taxable years following the taxable year of such loss".

14. 35ILCS 5/207(a)(a-5), Election to relinquish carryback and order of application of losses, additionally states that: "(A) For losses incurred in tax years ending prior to December 31, 2003, the taxpayer may elect to relinquish the entire carryback period with respect to such loss. Such election shall be made in the form and manner prescribed by the Department and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year in which such loss is incurred, and such election, once made, shall be irrevocable. (B) The entire amount of such loss shall be carried to the earliest taxable year to which such loss may be carried. The amount of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the deductions for carryback or carryover of such loss allowable for each of the prior taxable years to which such loss may be carried."

15. The general limitations on claims for refund are described in 35 ILCS 5/911(a)(1) which states that "a claim for refund shall be filed not later than 3 years after the date the return was filed (in the case of returns required under Article 7 of this Act

respecting any amounts withheld as tax, not later than 3 years after the 15th day of the 4th month following the close of the calendar year in which such withholding was made), or one year after the date the tax was paid, whichever is the later".

I.

Respondent Failed to Correctly Apply the Agreed Net Operating Loss

16. During early 2003, Respondent conducted an audit of Petitioner's 1999 through 2001 Illinois Form IL-1120 income tax returns. The first two pages of the original filings of the 2000 and 2001 Form IL-1120 are Exhibit 3.

17. Petitioner's original 2001 filing of Form IL-1120 reported an Illinois loss of $2,963,028. As described in 35 ILCS 5/207, since the original 2001 return did not elect to carry the loss forward, the auditor correctly carried the loss back to the 2000 return as part of the audit.

18. In addition, the auditor reduced the loss for the 1999 tax year by $2,575, thus reducing the 1999 net loss carried forward to 2000 by $2,575.

19. These were the only audit adjustments to the 2000 original tax return. The net adjustments increased the Net Loss Deduction ("NLD") on the 2000 audited return ("Audited Return") to $4,944,432. (Exhibit 3)

20. The tax effect of this change was a reduction of the total net income and replacement tax from $225,246 to $9,173, resulting in a tax overpayment of $216,073.

21. The tax refund of $216,072, plus interest of $27,758 was paid by the Respondent as detailed in Exhibit 4.

22. On December 17, 2009, Petitioner filed a Form IL-1120-X ("First Amended Return") for the 2000 tax year to report the impact of finalized Federal audit adjustments on

Illinois taxable income. The pertinent pages of the First Amended Return are included as Exhibit 4.

23. The First Amended Return resulted in additional tax of $47,498. The $47,498 correctly reflected the additional tax liability due to Illinois by Petitioner as a result of the changes to federal taxable income. Petitioner paid the additional tax of $47,498, plus interest of $25,011, with the First Amended Return.

24. The First Amended Return, however, did not properly present the state audit adjustments to the NLD or the receipt of the associated refund as discussed above. The omission of the state audit NLD adjustments and the related refund did not affect the calculation of the additional tax due with the First Amended Return since the decrease in tax as a result of the state audit adjustments plus the refund received would have netted to zero.

25. On June 29, 2010, the Department mailed a Notice of Claim Status (the "2010 Notice") attached as Exhibit 5 regarding the First Amended Return. The 2010 Notice included a copy of pages 1 and 2 of the First Amended Return with handwritten corrections by Respondent, to Part I, column A, as originally reported or adjusted. The handwritten corrections adjusted the NLD and associated tax reported in column A to the amounts reported on the Audited return summarized in Exhibit 5.

26. The Respondent's 2010 Notice did not properly flow the audit adjustments made to column A to the corrected amounts reported in column C. As a result, the tax calculated in column C was incorrect. Had the audit adjustments been included in the column C calculation, the additional tax due would have been the $47,498 calculated on Petitioner's First Amended Return.

27. As a result of this error, the 2010 Notice effectively reversed the agreed-upon 2000

NLD audit adjustment and denied Petitioner the additional NLD. Moreover, the additional amnesty penalty, late filing penalty, amnesty interest and regular interest were based on the incorrect additional tax calculation of $263,570 instead of the correct $47,498 additional tax amount.

28. Petitioner erroneously paid the incorrectly assessed tax, interest and penalties totaling $548,860.86 on October 27, 2010. The total paid consisted of $216,072 of tax, $79,071 of penalties and $253,718 of interest.

29. On October 26, 2011, Petitioner filed a claim for refund for the 2000 tax year ("Second Amended Return") pending the final outcome of the case of *Metropolitan Insurance Company v. Brian Hammer, Director of the Illinois Department of Revenue* (2013 IL 114234, 371 Ill. Dec. 766, 990 N.E.2d 1144) regarding the double amnesty interest and penalties incorrectly assessed by Respondent and paid by Petitioner on October 27, 2010. The Second Amended Return is the subject of the Notice of Denial that Petitioner is protesting in this matter.

30. During the preparation of the Second Amended Return, Petitioner realized that the audit adjustments to the NLD had not been included on the First Amended Return, that the 2010 Notice had acknowledged the audit adjustments to the NLD but failed to account for it correctly, and that the Petitioner's payment of the $548,860.86 assessment on October 27, 2010 had been in error. The Petitioner therefore reported the correct NLD on the Second Amended Return.

31. As a result of the issuance of the $216,072 refund of tax associated with the Audited Return and the subsequent adjustments by Respondent to the column A, as originally reported or adjusted, amounts on the First Amended Return, Respondent has clearly acknowledged that the loss from the 2001 tax return was properly carried

back to the 2000 Audited Return. The Second Amended Return simply corrects the reporting error on the prior amended return filed in 2009.

32. As detailed in Exhibit 6, the NLD reported on the Second Amended Return of $4,559,918 is therefore available for the 2000 tax year.

II.

The Second Amended Return was Timely Filed

33. Respondent alleges that the Second Amended Return was filed after the expiration of the statute of limitations to claim a refund.

34. On October 1, 2010, Respondent mailed Petitioner a Taxpayer Statement related to the 2000 tax year attached as Exhibit 7. As evidenced by the Certified Mail receipts and supporting documentation attached as Exhibit 8, Petitioner mailed the requested payment for the year at issue of $548,860.86 on October 27, 2010.

35. Respondent acknowledges that the Second Amended Return that is the subject of this protest was filed on October 26, 2011. Thus the claim for refund detailed on Second Amended Return was filed within one year after the final payment for the Year at Issue.

36. Based on these facts, and the applicable statute 35 ILCS 5/911(a)(1), the claim for refund was timely filed.

RELIEF REQUESTED

Petitioner requests that the Tribunal hold:

37. That the Respondent's denial of the refund for the Year at Issue was based on erroneous conclusions that the NLD claimed on the return was incorrect and that the claim was filed outside of the statute of limitations for filing refund claims.

38. That Respondent be ordered to pay the refund in the amount of $559,869, plus

additional interest that has accrued since the payment of the erroneous assessment on October 27, 2010.

WHEREFORE, Petitioner prays that, after due proceedings, there be judgment entered in its favor for the reasons described herein.

Respectfully submitted,
Petitioner

Kerr-McGee Operating Corporation

By: _____
One of Petitioner's Attorneys

Marilyn A. Wethekam
Breen M. Schiller
Horwood Marcus & Berk Chartered
500 W. Madison St, Ste. 3700
Chicago, IL 60661
(312) 606-3200

EXHIBIT A

ILLINOIS INDEPENDENT

TAX TRIBUNAL

KERR-MCGEE OPERATING CORPORATION, Petitioner,	))))	
v.	))	15 TT 161 Chief Judge James M. Conway
ILLINOIS DEPARTMENT OF REVENUE, Respondent.	)))	

ORDER

The Petition received in this matter is not accepted by the Tribunal.

The Petition is signed by a corporate officer. Because the Petitioner is a corporation, it may only be represented before the Tribunal by an attorney authorized to practice law in the State of Illinois or by an attorney who has followed the Illinois Supreme Court procedures to appear *pro hac vice* in Illinois. Tribunal Rule 5000.305. It does not appear from the face of the Petition that it was filed by an attorney authorized or permitted to practice in Illinois.

Although the Petition must be DISMISSED, the Petitioner has until September 11, 2015, to file a corrected petition by an attorney authorized or permitted to practice law in the State of Illinois.

Furthermore, any corrected petition should be filed on 8 1/2 by 11 paper, and not on legal-sized paper.

s/ James Conway
JAMES M.CONWAY
Chief Administrative
Law Judge

Date: August 10, 2015

EXHIBIT 1

Notice of Claim Status

for IL-1120-X, Amended Corporation Income and Replacement Tax Return

STATE OF Illinois
DEPARTMENT OF REVENUE
tax.illinois.gov

#BWNKMGV
#CNXX XX38 4X34 96X7#
KERR-MC GEE OPERATING CORP
ATTN: TAX DEPARTMENT SUSAN BORNSHEUER
PO BOX 1330
HOUSTON TX 77251-1330

June 4, 2015

Letter ID: CNXXXX384X3496X7

Account ID: 20269-32480
FEIN: 73-0311467
Reporting Period: December 2000

Notice of Denial

We have reviewed your Form IL-1120-X, Amended Corporation Income and Replacement Tax Return, which you signed and dated October 26, 2011, for the reporting period shown above. **This review is not the result of an audit.** We have denied your claim for refund.

Based upon our records, you do not have the NLD amount available that you requested. We have enclosed a copy of our NLD tracking sheet. If you should find a discrepancy with your net loss tracking, please send us a corrected Schedule UB/NLD that includes all the necessary information. If you would like to claim the requested NLD amount on this period we will require amended returns for periods 12/2002, 12/2004, and 12/2005 under FEIN 73-1612389 to reduce the requested NLD.

Please be aware you are past statute to claim a refund from a state change to NLD.

You must file a claim for refund of overpayment of tax within
- three years after the extended due date of your return,
- three years after the date your original return was filed, or
- one year after the date your Illinois tax was paid, whichever is latest.

Your claim cannot be processed as filed, and you are not entitled to a refund.

If you agree with our determination and your account is in balance, do nothing. You will receive a refund if your account is overpaid and no other liabilities exist. If your account has a balance due, you will receive a bill. If you are under the protection of the Federal Bankruptcy Court, please contact us and provide the bankruptcy number and the bankruptcy court. The bankruptcy "automatic stay" does not relieve your obligation to file tax returns.

If you do not agree with our determination, you may file a written protest against our denial, and, if you desire, you may request a hearing. You must do so within 60 days of date of this notice. Your request must be in writing, clearly indicating that you want to protest, and explaining in detail why you do not agree.

If you file an acceptable protest on time, we must reconsider our denial as provided in IITA, Sections 910 and 914. If requested, we will grant you or your authorized representative a hearing. If you do not file a written protest within the time period, this denial shall become final.

If you have any questions, please write or call our Springfield office weekdays between 7:45 a.m. and 4:15 p.m. Our address and telephone number are below.

Daniel Johnson
Revenue Tax Specialist

BUSINESS PROCESSING DIVISION
ILLINOIS DEPARTMENT OF REVENUE
101 W JEFFERSON ST
SPRINGFIELD IL 62702-5145

(217) 524-1076
(217) 785-8202 fax

Enclosures: Form EAR-14, Protest Filing Form
Form IDR-867, Taxpayer Bill of Rights
Return Envelope

ILLINOIS NET LOSSES BREAKDOWN

CORPORATION NAME:	KERR-MC GEE OPERATING CORP					
FEIN:	73-0311467				LOSS REMAINING	
APP	INCOME/LOSS	LOSS USED	INCOME/LOSS	LOSS ADDED TO TOTAL	TO BE CARRIED FORWARD	COMMENTS
12/31/99	-$1,596,687		-$1,596,687	-$1,596,687	-1,596,687	
12/31/00	$5,352,653	-$1,596,687	$3,755,966	$0	0	
12/31/01	-$2,526,636		-$2,526,636	-$2,526,636	-2,526,636	Loss merged to 73-1612389
12/31/02	$867,718	-$867,718	$0	$0	-1,658,918	Return filed under 73-1612389
12/31/03	-$1,411,145		-$1,411,145	-$1,411,145	-3,070,063	Return filed under 73-1612389
12/31/04	$875,027	-$875,027	$0	$0	-2,195,036	Return filed under 73-1612389
12/31/05	$2,637,889	-$2,195,036	$442,853	$0	0	Return filed under 73-1612389
			$0	$0	0	
			$0	$0	0	
			$0	$0	0	
			$0	$0	0	
			$0	$0	0	
			$0	$0	0	
			$0	$0	0	
			$0	$0	0	
			$0	$0	0	
Total Loss that can be used			$0	$0	0	
Additional Comments:						

Exhibit 2 - 6/8/2006 Notice of Claim Status

EXHIBIT 2

Illinois Department of Revenue
2000 Form IL-1120

Corporation Income and Replacement Tax Return

or fiscal year beginning _____, 2000, ending _____, 20 ____.
Due on or before the 15th day of the 3rd month following the close of the tax year.

Do not write above this line.

Type or print

Name: Kerr-McGee Corporation

c/o Kerr-McGee Center (MT-803)

Mailing address: Oklahoma City | OK | 73125
City | State | ZIP

Federal employer identification number (FEIN): 73-0311467

[X] This is an Illinois combined unitary return. Attach completed Schedule UB.

[ ] Foreign insurer (see instructions)

Check applicable boxes: [ ] Name or address change [ ] First return [ ] Final return

If you checked final return, complete the questions located at the end of this return.

Are you a member of a group filing a federal consolidated return? [X] yes [ ] no If "yes," write the FEIN of the federal parent 73-0311467

Part I – Base income or loss

1	Write your federal taxable income before FNOLD from worksheet (See specific instructions for Part I.) (Attachments required, see General Information, "What attachments do I need?")		1	474,564,731
2	Additions (See specific instructions for Part I.)			
a	State, municipal, and other interest income excluded in arriving at Line 1 above	2a 0		
b	Illinois income and replacement tax deducted in arriving at Line 1 above	2b 427,110		
c	Other additions (specify: _____)	2c 0		
3	Add Lines 2a through 2c. This is the total of your additions.		3	427,110
4	Add Lines 1 and 3. This is your total income.		4	474,991,841
5	Subtractions (See specific instructions for Part I.)			
a	Interest income from U.S. Treasury and other exempt federal obligations	5a 0		
b	Enterprise zone or foreign trade zone/sub-zone dividends from Schedule 1299-B	5b 0		
c	Enterprise zone contributions from Schedule 1299-B	5c 0		
d	Enterprise zone or high impact business interest from Schedule 1299-B	5d 0		
e	Contributions to certain job training projects (See specific instructions for Part I.)	5e 0		
f	Other subtractions (specify: STATEMENT 1)	5f 12,760,367		
g	Federal NOL carryforward from tax years ending prior to 12/31/86 (Attach Sch. NL-5g.)	5g 0		
6	Add Lines 5a through 5g. This is the total of your subtractions.		6	12,760,367
7	Subtract Line 6 from Line 4. This is your base income or loss. If base income or loss is derived solely inside Illinois, write this amount on Part IV, Line 1. If base income or loss is derived inside and outside Illinois, write this amount on Part III, Line 1.		7	462,231,474

Part II – Total tax

1	Write the net replacement tax from Part IV, Line 11.		1	76,371
2	Write the net income tax from Part V, Line 6.		2	148,875
3	Add Lines 1 and 2. This is your total net income and replacement tax.		3	225,246
4				
a	Estimated income and replacement tax payments (include any 1999 overpayment credited to 2000 income and replacement tax.)	4a 275,452		
b	Income and replacement tax paid with Form IL-505-B (See instructions.)	4b 174,000		
5	Add Lines 4a and 4b. This is the total of your payments and credit.		5	449,452
6	Overpayment. Subtract Line 3 from Line 5.		6	224,206
a	Write the amount of overpayment to be credited to 2001 estimated tax.	6a 115,000		
7	Tax due. Subtract Line 5 from Line 3. This is your balance of tax due (see instructions). Pay in full if $1 or more. If you attached a completed Form IL-2220, check this box. [ ]	0	7	0

ATTACH REMITTANCE PAYABLE TO ILLINOIS DEPARTMENT OF REVENUE, HERE

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Do not write in this box.

Sign here

Signature of authorized officer: Ronald F. Hartman — RONALD F. HARTMAN, DIRECTOR, U.S. TAX — Date: 10/11/01 — Phone: 405-270-1313

Signature of preparer — Date — Preparer's SSN, FEIN, or PTIN — Check if self-employed [ ]

Preparer firm's name (or yours, if self-employed) — Address — Phone

▶ Mail this return to: Illinois Department of Revenue, P.O. Box 19008, Springfield, IL 62794-9008 ▶

NS TS FI NB ND JI NK NN NT NW BE EF LN UB UD UL UM ME XX PB _____ PZ _____ AL _____ DR _____ ID _____

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Part III – Base income or loss allocable to Illinois

Complete Part III only if base income or loss is derived inside and outside Illinois.

1	Write your base income or loss from Part I, Line 7		1	462,231,474
2	a Nonbusiness income or loss, minus deductions allocable to that income and included in Part III, Line 1. (Attach Schedule NB. See Part III – General Instructions.)	2a 0		
	b Business income or loss from non-unitary partnerships, trusts, and estates included in Part III, Line 1. (See instructions.)	2b 0		
3	Add Lines 2a and 2b. This is the total of your subtractions.		3	0
4	Subtract Line 3 from Line 1. This is your business income or loss.		4	462,231,474
5	Business income apportionment formula. (Insurance companies, financial organizations, and transportation companies see Special Apportionment Formulas instructions.)			
	a Total Sales Everywhere	5a 2,366,699,549		
	b Total Sales within Illinois	5b 26,043,207		
	c Divide Line 5b by Line 5a. (Carry to six decimal places.) This is your apportionment factor.	5c 0.011004		
6	Multiply Line 4 by Line 5c. This is your business income or loss apportionable to Illinois.		6	5,086,395
7	Nonbusiness income or loss allocable to Illinois. (Attach Schedule NB. See Part III – General Instructions.)		7	0
8	Business income or loss apportionable to Illinois from non-unitary partnerships, trusts, and estates. (See instructions.)		8	0
9	Add Lines 6 through 8. This is your base income or net loss allocable to Illinois. Write here and on Part IV, Line 1.		9	5,086,395

Part IV – Net income and replacement tax

1	Write your base income or loss from Part III, Line 9, if applicable; otherwise from Part I, Line 7. Check this box if you are electing to forgo the Illinois NLD carryback period. (See instructions.) ➔ a ☐		1	5,086,395
2	Illinois net loss deduction (NLD). (Attach Schedule NLD.) Write "0" if Line 1 is zero or negative.		2	1,983,979
3	Subtract Line 2 from Line 1 (cannot be less than zero). This is your income after NLD.		3	3,102,416
4	Write your total base income or loss from Part I, Line 7.	4 462,231,474		
5	Divide Line 1 by Line 4. If Line 1 equals or exceeds Line 4, write "1".	5 0.011004		
6	Multiply Line 5 by $1,000. This is your standard exemption. If you are a short year filer, see General Information.		6	11
7	Subtract Line 6 from Line 3. This is your net income. Write here and on Part V, Line 1.		7	3,102,405
8	a Multiply Line 7 by 2.5% (.025). This is your replacement tax.	8a 77,560		
	b Recapture of investment credits from Schedule 4255. (See instructions.)	8b 72		
9	Add Lines 8a and 8b. This is your total replacement tax before investment credits.		9	77,632
10	Investment credits from Form IL-477. (Attach Form IL-477. See instructions.)		10	1,261
11	Subtract Line 10 from Line 9 (cannot be less than zero). This is your net replacement tax. Write here and on Part II, Line 1.		11	76,371

Part V – Income tax

1	Write the net income from Part IV, Line 7.		1	3,102,405
2	a Multiply Line 1 by 4.8% (.048). This is your income tax.	2a 148,915		
	b Recapture of investment credits from Schedule 4255. (See instructions.)	2b 0		
3	Add Lines 2a and 2b. This is your total income tax before credits.		3	148,915
4	a Income tax credits from Schedule 1299-D (Attach Schedule 1299-D.)	4a 0		
	b Credit for replacement tax paid (from worksheet, see instructions)	4b 40		
	c Carryforward of credit for replacement tax paid (from worksheet)	4c 0		
5	Add Lines 4a through 4c. This is the total of your credits.		5	40
6	Subtract Line 5 from Line 3 (cannot be less than zero). This is your net income tax. Write here and on Part II, Line 2.		6	148,875

Part VI – This information must be completed by all taxpayers.

1 Check the method of accounting used in preparing this return.
☐ Cash ☒ Accrual ☐ Other (Specify: _____)

2 Write the state where your corporation's trade or business is principally directed or managed. State: OK

3 Write the city and state where your corporation's accounting records are kept. City: Oklahoma City State: OK

4 Write the Illinois address of your principal place of business.
Address: 208 S. LASALLE ST., CHICAGO, IL 60604
City: Oklahoma City State: IL ZIP: 73125

5 Write the date of incorporation and state:
Date: 11/09/1932 and state: DE
Write your principal business activity: Manufacturing chemicals

6 If this is your final return, complete the date the business was
☐ discontinued _____ or
☐ sold _____
Write the new owner's name: _____

7 Write the date and amount of all 2000 Illinois estimated income and replacement tax payments made.

1st	20 00 0414	$	75,000
2nd	20 00 0614	$	10,000
3rd	20 00 0914	$	100,000
4th	20 00 1214	$	79,000
	Credit from 1999	$	11,452
	Total	$	275,452

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is REQUIRED. Failure to provide information could result in a penalty. This form has been approved by the Forms Management Center. IL-486-0018

IL-1120 back (R-12/00)

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MCILFB00

005369196

Illinois Department of R. .anue
2001 Form IL-1120

Corporation Income and Replacement Tax Return

or fiscal year beginning _____, 2001, ending _____, 20 ____.
Due on or before the 15th day of the 3rd month following the close of the tax year.

Do not write above this line.

Type or print

Name: Kerr-McGee Operating Corporation
Federal employer identification number (FEIN): 73-0311467

Mailing address: C/O Kerr-McGee Center (MT-803)
Illinois business tax (IBT) number: 73-0311467

City: Oklahoma City | State: OK | ZIP: 73125

[X] This is an Illinois combined unitary return. Attach completed Schedule UB.
[ ] Foreign insurer (see instructions)
Check the box if this is your: [ ] First return
[ ] Final return, complete the questions at the end.

Check the box if your name or address has changed. [X]

Are you a member of a group filing a federal consolidated return? [X] yes [ ] no If "yes," write the FEIN of the federal parent 73-1612389

Part I – Base Income or loss

1	Write your federal taxable income before FNOLD from worksheet (See specific instructions for Part I.) (Attachments required, see General Information, "What attachments do I need?")		1	-288,572,363
2	Additions (See specific instructions for Part I.)			
a	State, municipal, and other interest income excluded in arriving at Line 1 above	2a 0		
b	Illinois income and replacement tax deducted in arriving at Line 1 above	2b 156,520		
c	Other additions (specify: Statement 1)	2c 4,232,597		
3	Add Lines 2a through 2c. This is the total of your additions.		3	4,389,117
4	Add Lines 1 and 3. This is your total income.		4	-284,183,246
5	Subtractions (See specific instructions for Part I.)			
a	Interest income from U.S.Treasury and other exempt federal obligations	5a 0		
b	Enterprise zone or foreign trade zone/sub-zone dividends from Schedule 1299-B	5b 0		
c	Enterprise zone contributions from Schedule 1299-B	5c 0		
d	Enterprise zone or high impact business interest from Schedule 1299-B	5d 0		
e	Contributions to certain job training projects (See specific instructions for Part I.)	5e 0		
f	Other subtractions (specify: Statement 2)	5f 2,765,037		
6	Add Lines 5a through 5f. This is the total of your subtractions.		6	2,765,037
7	Subtract Line 6 from Line 4. This is your base income or loss. If base income or loss is derived solely inside Illinois, write this amount on Part IV, Line 1. If base income or loss is derived inside and outside Illinois, write this amount on Part III, Line 1.		7	-286,948,283

Part II – Total tax

1	Write the net replacement tax from Part IV, Line 11.		1	0
2	Write the net income tax from Part V, Line 6.		2	0
3	Add Lines 1 and 2. This is your total net income and replacement tax.		3	0
4	a Estimated income and replacement tax payments (include any 2000 overpayment credited to 2001 income and replacement tax.)	4a - 113,000		
	b Income and replacement tax paid with Form IL-505-B (See instructions.)	4b 0		
5	Add Lines 4a and 4b. This is the total of your payments and credit.		5	113,000
6	Overpayment. Subtract Line 5 from Line 3.		6	113,000
	a Write the amount of overpayment to be credited to 2002 estimated tax.	6a 113,000		
7	Tax due Subtract Line 5 from Line 3. This is your balance of tax due (see instructions). Pay in full if $1 or more.		7	0
	If you attached a completed Form IL-2220, check this box. ▶ [ ]	0		

Attach remittance payable to: Illinois Department of Revenue here.

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Do not write in this box.

Sign here

Signature of authorized officer: Director - U.S. Tax Ronald F. Hartman — Date: 10/15/2002 — Phone: 405-270-1313

Signature of preparer — Date — Preparer's SSN, FEIN, or PTIN — Check if self-employed ▶ [ ]

Preparer firm's name (or yours, if self-employed) — Address — Phone

▶ Mail this return to: Illinois Department of Revenue, P.O. Box 19008, Springfield, IL 62794-9008 ▶

NS TS PI NB ND JI NK NN NT NW BE EF LN UB UD UL UM ME XX PB _____ PZ _____ AL _____ DR _____ ID _____

IL-1120 front (R-12/01)
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IL1120P1

Kerr-McGee Operating Corporation 73-0311467

Part III – Base income or loss allocable to Illinois

Complete Part III only if base income or loss is derived inside and outside Illinois.

1	Write your base income or loss from Part I, Line 7		1	-286,948,283
2	a Nonbusiness income or loss, minus deductions allocable to that income and included in Part III, Line 1. (Attach Schedule NB. See Part III – General Instructions.)	2a 0		
	b Business income or loss from non-unitary partnerships, trusts, and estates included in Part III, Line 1. (See instructions.)	2b 0		
3	Add Lines 2a and 2b. This is the total of your subtractions.		3	0
4	Subtract Line 3 from Line 1. This is your business income or loss.		4	-286,948,283
5	Business income apportionment formula. (Insurance companies, financial organizations, and transportation companies see Special Apportionment Formulas Instructions.)			
	a Total sales everywhere (cannot be negative)	5a 2,562,929,387		
	b Total sales within Illinois (cannot be negative)	5b 26,466,063		
	c Divide Line 5b by Line 5a. (Carry to six decimal places.) This is your apportionment factor.	5c 0.010326		
6	Multiply Line 4 by Line 5c. This is your business income or loss apportionable to Illinois.		6	-2,963,028
7	Nonbusiness income or loss allocable to Illinois. (Attach Schedule NB. See Part III – General Instructions.)		7	0
8	Business income or loss apportionable to Illinois from non-unitary partnerships, trusts, and estates. (See instr.)		8	0
9	Add Lines 6 through 8. This is your base income or net loss allocable to Illinois. Write here and on Part IV, Line 1.		9	-2,963,028

Part IV – Net income and replacement tax

1	Write your base income or loss from Part III, Line 9, if applicable; otherwise from Part I, Line 7. Check this box if Line 1 is a loss and you are electing to only carry this loss forward. (See instructions.) ➤ a ☐		1	-2,963,028
2	Illinois net loss deduction (NLD). (Attach Schedule NLD.) Write "0" if Line 1 is zero or negative.		2	0
3	Subtract Line 2 from Line 1 (cannot be less than zero). This is your income after NLD.		3	0
4	Write your total base income or loss from Part I, Line 7.	4 -286,948,283		
5	Divide Line 1 by Line 4. If Line 1 equals or exceeds Line 4, write "1".	5 0.000000		
6	Multiply Line 5 by $1,000. This is your standard exemption. If you are a short year filer, see General Information.		6	0
7	Subtract Line 6 from Line 3. This is your net income. Write here and on Part V, Line 1.		7	0
8	a Multiply Line 7 by 2.5% (.025). This is your replacement tax.	8a 0		
	b Recapture of investment credits from Schedule 4255. (See instructions.)	8b 0		
9	Add Lines 8a and 8b. This is your total replacement tax before investment credits.		9	0
10	Investment credits from Form IL-477. (Attach Form IL-477. See instructions.)		10	0
11	Subtract Line 10 from Line 9 (cannot be less than zero). This is your net replacement tax. Write here and on Part II, Line 1.		11	0

Part V – Income tax

1	Write the net income from Part IV, Line 7.		1	0
2	a Multiply Line 1 by 4.8% (.048). This is your income tax.	2a 0		
	b Recapture of investment credits from Schedule 4255. (See instructions.)	2b 0		
3	Add Lines 2a and 2b. This is your total income tax before credits.		3	0
4	a Income tax credits from Schedule 1299-D (Attach Schedule 1299-D.)	4a 0		
	b Credit for replacement tax paid (from worksheet, see instructions)	4b 0		
	c Carryforward of credit for replacement tax paid (from worksheet)	4c 0		
5	Add Lines 4a through 4c. This is the total of your credits.		5	0
6	Subtract Line 5 from Line 3 (cannot be less than zero). This is your net income tax. Write here and on Part II, Line 2.		6	0

Part VI – This information must be completed by all taxpayers.

1 Check the method of accounting used in preparing this return.
☐ Cash ☒ Accrual ☐ Other (Specify: _____)

2 Write the state where your corporation's trade or business is principally directed or managed. State: OK

3 Write the city and state where your corporation's accounting records are kept. City: Oklahoma City State: OK

4 Write the Illinois address of your principal place of business.
Address: 208 S. LaSalle Street
City: Chicago State: IL ZIP: 60604

5 Write the date of incorporation and state:
Date: 5/11/2001 State: DE
Write your principal business activity: Manufacturing Chemicals

6 If this is your final return, complete the date the business was
☐ discontinued _____ or
☐ sold _____
Write the new owner's name: _____

7 Write the date and amount of all 2001 Illinois estimated income and replacement tax payments made.

1st		$ 0
2nd		$ 0
3rd		$ 0
4th		$ 0
	Credit from 2000	$ 113,000
	Total	$ 113,000

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is REQUIRED. Failure to provide information could result in a penalty. This form has been approved by the Forms Management Center. IL-492-0010

IL-1120 back (R-12/01)
IL1120P2

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EXHIBIT 3

Detail of Net Loss Deduction on Audited Return

	2000 Net Loss Deduction
Original Return	1,983,979
Carryback of 2001 Loss	2,963,028
Audit adjustment to 1999 Loss	(2,575)
Per Audited Return	4,944,432

Tax Effect of Net Audit NLD Adjustments

		Original Return	Audited Return	Audit change
Part IV				
1	Base income or loss	5,086,395	5,086,395	
2	Illinois net loss deduction.	1,983,979	4,944,432	2,960,453
3	**Subtract Line 2 from Line 1**	**3,102,416**	**141,963**	**(2,960,453)**
4	Total base income or loss	462,231,474	462,231,474	
5	Divide Line 1 by Line 4.	0	0	
6	Multiply Line 5 by $1,000	11	11	-
7	**Net Income (Line 3 less Line 6)**	**3,102,405**	**141,952**	**(2,960,453)**
8a	Multiply Line 7 by 2.5%.	77,560	3,549	
8b	Recapture of investment credits	72	72	
9	**Replacement tax (8a plus 8b)**	**77,632**	**3,621**	**(74,011)**
10	Investment credits	1,261	1,261	-
11	**Net Replacement Tax (Line 9 less line 10)**	**76,371**	**2,360**	**(74,011)**
Part V				
1	Net income or loss from Part IV, Line 7	3,102,405	141,952	(2,960,453)
2a	Multiply Line 1 by 4.8%	148,915	6,814	
3	**Total income tax before credits**	**148,915**	**6,814**	**(142,101)**
5	Credit for replacement tax paid	40	1	(39)
6	**Subtract Line 5 from Line 3**	**148,875**	**6,813**	**(142,062)**
	Total Net Income & Replacement Tax	**225,246**	**9,173**	**(216,073)**

Payment Details of Audited Return Refund

Date	Check #	Tax Refunded	Interest Refunded	Total Refunded
6/22/2004	TB9830091	74,010.62	9,470.35	83,480.97
6/25/2004	TB9843091	142,061.38	18,287.15	160,348.53
		216,072.00	27,757.50	243,829.50

EXHIBIT 4

Illinois Department of Revenue

IL-1120-X Amended Corporation Income and Replacement Tax Return

For years ending **ON** or **AFTER** December 31, 1986 and **BEFORE** December 31, 2005.

Check one: [x] For calendar year 2000. [ ] Other year beginning _____, ending _____.

KERR-MCGEE CORPORATION
Name

73-0311467
Federal employer identification number (FEIN)

PO BOX 1330
Mailing address

Illinois business tax (IBT) number

HOUSTON, TX 77025
City State ZIP

a Check the box if any of the above information is new. [X]

b Check the box if you are a foreign insurer. (See instructions.) [ ]

c Check the box if you are filing this form only to report an increased net loss on Part IV, Line 1, Column C. (See instr.) [ ]

d Check the applicable box for the type of change being made.

[ ] NOL [ ] State change

Federal change: [ ] Partial agreed [X] Finalized

Date: 08 24 2007
Month Day Year

Unitary filers only - Type of unitary return previously filed

[ ] Separate unitary returns

[X] One combined unitary return

FEIN of the member who will attach Schedule UB to its Form IL-1120-X

FEIN: 73-0311467

Part I - Base income or loss (See specific instructions.)

		A As originally reported or adjusted	B Net change increase or decrease (explain in Part V)		C Corrected amount
1 Write your federal taxable income or loss.	1	474,564,731	24,196,445	1	498,761,176
2 Additions					
a State, municipal, and other interest income excluded from Line 1	2a			2a	
b Illinois income and replacement tax deducted in arriving at Line 1	2b	427,110		2b	427,110
c Other additions (specify: _____)	2c			2c	
3 Add Lines 2a through 2c. This is the total of your additions.	3	427,110		3	427,110
4 Add Lines 1 and 3. This is your total income.	4	474,991,841		4	499,188,286
5 Subtractions. (See instructions.)					
a Interest income from U.S. Treasury and exempt federal obligations	5a			5a	
b Other subtractions (specify: _____)	5b	12,760,367		5b	12,760,367
c Federal NOL carryforward from years prior to 12/31/88 (See instructions.)	5c			5c	
6 Add Lines 5a through 5c. This is the total of your subtractions.	6	12,760,367		6	12,760,367
7 Subtract Line 6 from Line 4. This is your base income or loss.	7	462,231,474		7	486,427,919
Continue to Part III, Line 1 or Part IV, Line 1, as appropriate.					
8 Write the net income from Part IV, Line 6.	8	3,102,405	650,772	8	3,753,177
9 a Multiply Line 8 by the applicable rate (see instr.). This is your income tax.	9a	148,915	31,238	9a	180,153
▼ b Recapture of investment credits from Schedule 4255	9b			9b	
10 Add Lines 9a and 9b. This is your total income tax before credits.	10	148,915	31,238	10	180,153
11 a Income tax credits from Schedule 1299-D (See instructions.)	11a			11a	
b Credit for replacement tax paid (See instructions.)	11b	40	9	11b	49
c Carryforward of credit for replacement tax paid (See instructions.)	11c			11c	
12 Add Lines 11a through 11c. This is the total of your credits.	12	40	9	12	49
13 Subtract Line 12 from Line 10 (cannot be less than zero). Net income tax.	13	148,875	31,229	13	180,104
14 Write the net replacement tax from Part IV, Line 10.	14	76,371	16,269	14	92,640
15 Add Lines 13 and 14. This is your total net income and replacement tax.	15	225,246	47,498	15	272,744
16 a Estimated tax payments and any overpayment credited to this year	16a	275,452		16a	275,452
b Tax paid with Form IL-505-B	16b	174,000		16b	174,000
17 Add Column C, Lines 16a and 16b. Total payments and credit as corrected. Write the total here and on Part II, Line 1.				17	449,452

Part II - Income and replacement tax change

1 Write the total payments and credit as corrected, from Part I, Line 17.	1	449,452
2 Write the tax paid with your original return (do not include penalty and interest).	2	
3 Write any subsequent tax payments (do not include penalty and interest).	3	
4 Add Lines 1 through 3. This is your total tax paid.	4	449,452
5 Write the total amounts previously refunded and/or credited for the year being amended.	5	224,206
6 Subtract Line 5 from Line 4. This is your net tax paid.	6	225,246
7 Write the corrected net tax from Part I, Line 15, Column C.	7	272,744
▲ 8 Refund. Subtract Line 7 from Line 6. (Overpayments cannot be credited to estimated tax.)	8	
9 Tax due. Subtract Line 6 from Line 7.	9	47,498
10 Penalty (See instructions.)	10	
11 Interest (See instructions.) STMT 3	11	25,011
12 Total balance due. Add Lines 9 through 11. Pay in full if $1 or more. (See instructions.)	12	72,509

Attach remittance payable to "Illinois Department of Revenue" here.

▶ **Mail to: Illinois Department of Revenue, P.O. Box 19016, Springfield, IL 62794-9016** ◀

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is REQUIRED. Failure to provide information could result in a penalty. This form has been approved by the Forms Management Center. IL-492-0106

Do not write in this box.

Part III - Base income or loss allocable to Illinois

		A As originally reported or adjusted	B Net change increase or decrease (explain in Part V)	C Corrected amount
1 Write your base income or loss from Part I, Line 7. (Unitary filers, refer to Schedule UB instructions.)	1	462,231,474		1 486,427,919
2 a Nonbusiness income or loss (See instructions.)	2a			2a
b Business income or loss from non-unitary partnerships, trusts, and estates included in Line 1	2b			2b
3 Add Lines 2a and 2b. This is the total of your subtractions.	3			3
4 Subtract Line 3 from Line 1. This is your business income or loss.	4	462,231,474		4 486,427,919

5 Business income apportionment formula. (Insurance companies, financial organizations, transportation companies, and unitary businesses should refer to Form IL-1120 instructions for Special Apportionment Formulas.)

(Report revised amounts only)

		1 Total everywhere (cannot be negative)	2 Within Illinois (cannot be negative)	3 Ratio Column 2 ÷ Column 1 (carry to six decimal places)	4 Weighted factors (12/31/88-12/30/00)	5 Weighted totals (12/31/98-12/30/00)
a Property factor	5a			X	=	
b Payroll factor	5b			X	=	
c Sales factor	5c			X	=	
d Sales factor (Tax years ending 1/1/87 through 12/30/98.)	5d					
6 Total. Add Column 3, Lines 5a through 5d.	6					
7 Average. a For tax years ending 1/1/87 through 12/30/98, if all factors are used, divide Line 6 by 4; otherwise, refer to Form IL-1120 instructions for the year being amended.	7a					
b For tax years ending 12/31/98 through 12/30/2000. Add Column 5, Lines 5a through 5c. (See instructions.)	7b					
c For tax years ending on or after 12/31/2000. Single factor - sales. Complete Line 5c only, Columns 1 through 3. Write the amount from Line 5c, Column 3, here.	7c	PER ORG RETURN 0.011004				

		A As originally reported or adjusted	B Net change increase or decrease (explain in Part V)	C Corrected amount
8 Business income or loss apportionable to Illinois. For Column C, multiply Line 4, Column C, by the original average if unchanged, or the average as revised on Line 7a, 7b, or 7c above. Explain in Part V any revision or correction of the factors originally reported, that is shown above.	8	5,086,395		8 5,352,653
9 Nonbusiness income or loss allocable to Illinois (See instructions.)	9			9
10 Partnership, trust, and estate business income or loss apportionable to Illinois	10			10
11 Add Lines 8 through 10. This is your base income or net loss allocable to Illinois. Write here and on Part IV, Line 1, Columns A and C.	11	5,086,395		11 5,352,653

Part IV - Net income and replacement tax

1 Write your base income or net loss allocable to Illinois from Part III, Line 11, if applicable; otherwise, from Part I, Line 7 (See instructions.)	1	5,086,395		1 5,352,653
Check this box if Line 1, Column C, is a loss and you are electing to only carry this loss forward. (See instructions.) → a ☐				
2 Illinois net loss deduction (NLD). Complete Schedule NLD (See instructions).	2	1,983,979	-384,514	2 1,599,465
3 Subtract Line 2 from Line 1 (cannot be less than zero). Income after NLD.	3	3,102,416		3 3,753,188
For tax years ending before 12/31/03, complete all Lines. For tax years ending on or after 12/31/03, write the amount from Line 3 on Line 6 and continue to Line 7. 4 Write your total base income from Part I, Line 7.	4	462,231,474		4 486,427,919
5 Divide Line 1 by Line 4. Multiply the result by $1,000 (not to exceed $1,000). This is your standard exemption.	5	11		5 11
6 Subtract Line 5 from Line 3. Net income. Write here and on Part I, Line 8.	6	3,102,405		6 3,753,177
7 a Multiply Line 6 by 2.5% (.025). This is your replacement tax.	7a	77,560	16,269	7a 93,829
b Recapture of investment credits from Schedule 4255	7b	72		7b 72
8 Add Lines 7a and 7b. This is your total replacement tax.	8	77,632	16,269	8 93,901
9 Investment credits from Form IL-477	9	1,261		9 1,261
10 Subtract Line 9 from Line 8 (cannot be less than zero). Net replacement tax. Write the result here and on Part I, Line 14, Columns A and C.	10	76,371	16,269	10 92,640

PART V - Explain, in detail, any changes being reported.

RETURN IS AMENDED TO REPORT FEDERAL AUDIT ADJUSTMENTS. SEE ATTACHED RAR.

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Sign here

Signature of authorized officer: Lori Hartford — Date: 12/2/09 — Title: ASSISTANT CONTROLLER - TAX — Phone: 832-636-1000

Signature of preparer — Date — Preparer's SSN, FEIN, or PTIN: 34-6565596 — Check if self-employed → ☐

Preparer firm's name (or yours, if self-employed): ERNST & YOUNG U.S. LLP — Address: 1401 MCKINNEY ST.STE 1200 HOUSTON, TX 77010. — Phone: 713-750-1500

5D1513 1.000

IL-1120-X back (R-12/05) ID: 1258

Summary as of 12-31-09

	Amount	Payments	Deposits	Balance
Tax	47,498.00	0.00	0.00	47,498.00
Interest	25,010.98	0.00	0.00	25,010.98
Totals	72,508.98	0.00	0.00	72,508.98

Prepared using: IL extended Illinois rates
Table end date: 06-30-10 USER Table

INTEREST AND PENALTY DETAIL REPORT TaxInterest Version 2009.4
Taxpayer name....: Kerr-McGee Corporation 12-01-09
Taxpayer ID#....: 73-0311467 Page 1

Events	Date	Amount	Event Date Balance (1)
Tax	03-15-01	47,498.00	47,498.00
Interest Computation Date	12-31-09		72,508.98

(1) Balance includes any interest and penalties accrued as of the Event Date

Interest Detail

Event	Date	Rate	Base	Interest	Balance
Tax	03-15-01		47,498.00		47,498.00
Interest	06-30-01	9.00	47,498.00	1,253.17	48,751.17
Interest	12-31-01	7.00	47,498.00	1,676.09	50,427.26
Interest	03-31-02	6.00	47,498.00	702.71	51,129.97
Interest	06-30-02	6.00	47,498.00	710.52	51,840.49
Interest	09-30-02	6.00	47,498.00	718.33	52,558.82
Interest	12-31-02	6.00	47,498.00	718.33	53,277.15
Interest	03-31-03	5.00	47,498.00	585.59	53,862.74
Interest	06-30-03	5.00	47,498.00	592.10	54,454.84
Interest	09-30-03	5.00	47,498.00	598.60	55,053.44
Interest	12-31-03	5.00	47,498.00	598.60	55,652.04
Interest	03-31-04	4.00	47,498.00	472.38	56,124.42
Interest	06-30-04	4.00	47,498.00	472.38	56,596.80
Interest	09-30-04	4.00	47,498.00	477.58	57,074.38
Interest	12-31-04	4.00	47,498.00	477.58	57,551.96
Interest	03-31-05	5.00	47,498.00	585.59	58,137.55
Interest	06-30-05	5.00	47,498.00	592.10	58,729.65
Interest	09-30-05	6.00	47,498.00	718.33	59,447.98
Interest	12-31-05	6.00	47,498.00	718.33	60,166.31
Interest	03-31-06	7.00	47,498.00	819.83	60,986.14
Interest	06-30-06	7.00	47,498.00	828.94	61,815.08
Interest	09-30-06	8.00	47,498.00	957.77	62,772.85
Interest	12-31-06	8.00	47,498.00	957.77	63,730.62
Interest	03-31-07	8.00	47,498.00	936.95	64,667.57
Interest	06-30-07	8.00	47,498.00	947.36	65,614.93
Interest	09-30-07	8.00	47,498.00	957.77	66,572.70
Interest	12-31-07	8.00	47,498.00	955.15	67,527.85
Interest	03-31-08	7.00	47,498.00	826.67	68,354.52
Interest	06-30-08	7.00	47,498.00	826.67	69,181.19
Interest	09-30-08	5.00	47,498.00	596.97	69,778.16
Interest	12-31-08	5.00	47,498.00	596.97	70,375.13
Interest	03-31-09	5.00	47,498.00	583.99	70,959.12
Interest	06-30-09	5.00	47,498.00	592.10	71,551.22
Interest	09-30-09	4.00	47,498.00	478.88	72,030.10
Interest	12-31-09	4.00	47,498.00	478.88	72,508.98

EXHIBIT 5

Notice of Claim Status

for IL-1120-X, Amended Corporation Income and Replacement Tax Return

STATE OF Illinois DEPARTMENT OF REVENUE tax.illinois.gov

#BWNKMGV
#CNXX XXX7 9362 24X3#
KERR-MC GEE OPERATING CORP
2 WASHINGTON AVE
MADISON IL 62060-1463

June 29, 2010
Letter ID: CNXXXXX7936224X3

Account ID: 20269-32460
FEIN: 73-0311467
Reporting Period: December 2000

Notice of Status

We have reviewed your Form IL-1120-X, Amended Corporation Income and Replacement Tax Return, which you signed and dated December 17, 2009, for the reporting period shown above. **This review is not the result of an audit.**

We have corrected your Part 1, column A to reflect the correct amount of net income and replacement tax from $225,246.00 to $9,173.00, with a result of an additional tax due. We have enclosed a copy for your records.

Based on this change, our records indicate your amended corrected tax of $272,743.00 minus your previous tax paid of $9,173.00, minus your amended return payment of $72,509.00, equals a remaining tax due of $191,061.00.

We have doubled your penalty and interest amounts because this liability qualified for amnesty and you did not pay your tax liability during the amnesty period held October 1, 2003, through November 17, 2003. Liabilities that qualified for amnesty included periods ending on or after June 30, 1983, through July 1, 2002. [35 ILCS 521/101(b)]

Billing will follow

If you have any questions, please write or call our Springfield office weekdays between 8:00 a.m. and 4:00 p.m. Our address and telephone number are below.

Brett Lowery
Revenue Tax Specialist III

BUSINESS PROCESSING DIVISION
ILLINOIS DEPARTMENT OF REVENUE
BUSINESS PROCESSING DIVISION
SPRINGFIELD IL 62794-9014

217 557-1520
217 785-8202 fax

LTR-353 (R-7/01)
IL-492-3859

Final Notice of Tax Due

For Form IL-1120-X, Amended Corporation Income and Replacement Tax Return

#BWNKMGV
#CNXX X16X 2156 7362#
KERR-MC GEE OPERATING CORP
2 WASHINGTON AVE
MADISON IL 62060-1483

June 29, 2010

Letter ID: CNXXX16X21567362

Account ID: 20269-32480
FEIN: 73-0311487
Reporting Period: December 2000

Here is information about your December 2000 reporting period:

You did not make full payment by the required due date.

- Your penalties and interest have been doubled because this liability qualified for our amnesty program and you did not pay the balance due by November 17, 2003.

As a result we have assessed the amounts shown below.

To avoid cost of collection fees, additional penalties and interest for this assessment, you must pay on or before July 29, 2010.

Please use the voucher on the enclosed Taxpayer Statement to make your payment.

	Liability	Payments/Credit	Unpaid Balance
Additional Tax	263,570.00	(72,509.00)	191,061.00
Amnesty Penalty	39,535.50	0.00	39,535.50
Late-Payment Penalty	39,535.50	0.00	39,535.50
Amnesty Interest	137,396.22	0.00	137,396.22
Interest	137,396.22	0.00	137,396.22
Assessment Total	**$617,433.44**	**($72,509.00)**	**$544,924.44**

This reporting period on the attached taxpayer statement reflects the above plus any other activity.

If you believe you do not owe an amount identified above or have any questions, please call one of the numbers above.

IDOR-2-BILL (R-05/09)

P-001442

Illinois Department of Revenue

IL-1120-X Amended Corporation Income and Replacement Tax Return

For years ending ON or AFTER December 31, 1986 and BEFORE December 31, 2005.

Check one: [X] For calendar year 2000. [ ] Other year beginning _____, ending _____.

KERR-MCGEE CORPORATION
Name

PO BOX 1330
Mailing address

HOUSTON, TX 77025
City State ZIP

COPY

73-0311467
Federal employer identification number (FEIN)

Illinois business tax (IBT) number

a Check the box if any of the above information is new. [X]

b Check the box if you are a foreign insurer. (See instructions.) [ ]

c Check the box if you are filing this form only to report an increased net loss on Part IV, Line 1, Column C. (See instr.) [ ]

d Check the applicable box for the type of change being made.

[ ] NOL [ ] State change

Federal change: [ ] Partial agreed [X] Finalized

Date: 08 24 2007
Month Day Year

Unitary filers only - Type of unitary return previously filed

[ ] Separate unitary returns

[X] One combined unitary return

FEIN of the member who will attach Schedule UB to its Form IL-1120-X

FEIN: 73-0311467

Part I - Base income or loss (See specific instructions.)

		A As originally reported or adjusted	B Net change increase or decrease (explain in Part V)	C Corrected amount
1 Write your federal taxable income or loss.	1	474,564,731	24,196,445	1 498,761,176
2 Additions				
a State, municipal, and other interest income excluded from Line 1	2a			2a
b Illinois income and replacement tax deducted in arriving at Line 1	2b	427,110		2b 427,110
c Other additions (specify: _____)	2c			2c
3 Add Lines 2a through 2c. This is the total of your additions.	3	427,110		3 427,110
4 Add Lines 1 and 3. This is your total income.	4	474,991,841		4 499,188,286
5 Subtractions. (See instructions.)				
a Interest income from U.S. Treasury and exempt federal obligations	5a			5a
b Other subtractions (specify: _____)	5b	12,760,367		5b 12,760,367
c Federal NOL carryforward from years prior to 12/31/88 (See instructions.)	5c			5c
6 Add Lines 5a through 5c. This is the total of your subtractions.	6	12,760,367		6 12,760,367
7 Subtract Line 6 from Line 4. This is your base income or loss.	7	462,231,474		7 486,427,919
Continue to Part III, Line 1 or Part IV, Line 1, as appropriate.				
8 Write the net income from Part IV, Line 6.	8	141952 ~~3,103,465~~	650,772	8 3,753,177
9 a Multiply Line 8 by the applicable rate (see instr.). This is your income tax.	9a	68814 ~~149,915~~	31,238	9a 180,152
b Recapture of investment credits from Schedule 4255	9b			9b
10 Add Lines 9a and 9b. This is your total income tax before credits.	10	68814 ~~149,915~~	31,238	10 180,152
11 a Income tax credits from Schedule 1299-C (See instructions.)	11a			11a
b Credit for replacement tax paid (See instructions.)	11b	1 ~~40~~	9	11b 09
c Carryforward of credit for replacement tax paid. (See instructions.)	11c			11c
12 Add Lines 11a through 11c. This is the total of your credits.	12	1 ~~40~~	9	12 09
13 Subtract Line 12 from Line 10 (cannot be less than zero). Net income tax.	13	68813 ~~149,875~~	31,229	13 180,143
14 Write the net replacement tax from Part IV, Line 10.	14	2360 ~~76,871~~	16,269	14 92,640
15 Add Lines 13 and 14. This is your total net income and replacement tax.	15	9173 ~~225,246~~	47,498	15 272,783
16 a Estimated tax payments and any overpayment credited to this year	16a	275,452		16a 275,452
b Tax paid with Form IL-505-B	16b	174,000		16b 174,000
17 Add Column C, Lines 16a and 16b. Total payments and credit as corrected. Write the total here and on Part II, Line 1.				17 449,452

Part II - Income and replacement tax change

1 Write the total payments and credit as corrected, from Part I, Line 17.	1	449,452
2 Write the tax paid with your original return (do not include penalty and interest).	2	
3 Write any subsequent tax payments (do not include penalty and interest).	3	
4 Add Lines 1 through 3. This is your total tax paid.	4	449,452
5 Write the total amounts previously refunded and/or credited for the year being amended	5	224,206
6 Subtract Line 5 from Line 4. This is your net tax paid	6	9173 ~~225,246~~
7 Write the corrected net tax from Part I, Line 15, Column C.	7	272,783
8 Refund. Subtract Line 7 from Line 6. (Overpayments cannot be credited to estimated tax.)	8	
9 Tax due. Subtract Line 8 from Line 7.	9	263,570 ~~47,498~~
10 Penalty (See instructions.)	10	
11 Interest (See instructions.) STMT 3	11	23,011
12 Total balance due. Add Lines 9 through 11. Pay in full if $1 or more. (See instructions.)	12	72,509

Mail to: Illinois Department of Revenue, P.O. Box 19016, Springfield, IL 62794-9016

This form is authorized as outlined by the Illinois Income Tax Act. Disclosure of this information is REQUIRED. Failure to provide information could result in a penalty. This form has been approved by the Forms Management Center. IL-492-0188

Do not write in this box.

Attach remittance payable to "Illinois Department of Revenue" here.

IL-1120-X front (R-12/05) ID: 1268
501510 1.000

12-28-09

Part III - Base income or loss allocable to Illinois

		A As originally reported or adjusted	B Net change Increase or decrease (explain in Part V)	C Corrected amount
1 Write your base income or loss from Part I, Line 7. (Unitary filers, refer to Schedule UB instructions.)	1	462,231,474		1 486,427,919
2 a Nonbusiness income or loss (See instructions.)	2a			2a
b Business income or loss from non-unitary partnerships, trusts, and estates included in Line 1	2b			2b
3 Add Lines 2a and 2b. This is the total of your subtractions.	3			3
4 Subtract Line 3 from Line 1. This is your business income or loss.	4	462,231,474		4 486,427,919

COPY

5 Business income apportionment formula. (Insurance companies, financial organizations, transportation companies, and unitary businesses should refer to Form IL-1120 instructions for Special Apportionment Formulas.) (Report revised amounts only)

		1 Total everywhere (cannot be negative)	2 Within Illinois (cannot be negative)	3 Ratio Column 2 ÷ Column 1 (carry to six decimal places)	4 Weighted factors (12/31/98-12/30/99)	5 Weighted totals (12/31/98-12/30/99)
a Property factor	5a			X	=	
b Payroll factor	5b			X	=	
c Sales factor	5c			X	=	
d Sales factor (Tax years ending 1/1/97 through 12/30/98.)	5d					
6 Total. Add Column 5, Lines 5a through 5d.	6					
7 Average. a For tax years ending 1/1/97 through 12/30/98, if all factors are used, divide Line 6 by 4; otherwise, refer to Form IL-1120 instructions for the year being amended.	7a					
b For tax years ending 12/31/99 through 12/30/2000. Add Column 5, Lines 5a through 5c. (See instructions.)						7b
c For tax years ending on or after 12/31/2000. Single factor - sales. Complete Line 5c only, Columns 1 through 5. Write the amount from Line 5c, Column 5, here.	7c	PER ORG RETURN 0.011004				

		A As originally reported or adjusted	B Net change Increase or decrease (explain in Part V)	C Corrected amount
8 Business income or loss apportionable to Illinois. For Column C, multiply Line 4, Column C, by the original average if unchanged, or the average as revised on Line 7a, 7b, or 7c above. Explain in Part V any revision or correction of the factors originally reported, that is shown above.	8	5,086,395		8 5,352,653
9 Nonbusiness income or loss allocable to Illinois (See instructions.)	9			9
10 Partnership, trust, and estate business income or loss apportionable to Illinois	10			10
11 Add Lines 8 through 10. This is your base income or net loss allocable to Illinois. Write here and on Part IV, Line 1, Columns A and C.	11	5,086,395		11 5,352,653

Part IV - Net income and replacement tax

		A As originally reported or adjusted	B Net change Increase or decrease (explain in Part V)	C Corrected amount
1 Write your base income or net loss allocable to Illinois from Part III, Line 11, if applicable; otherwise, from Part I, Line 7 (See instructions.)	1	5,086,395		1 5,352,653
Check this box if Line 1, Column C, is a loss and you are electing to only carry this loss forward. (See instructions.) → a ☐		1974432		
2 Illinois net loss deduction (NLD). Complete Schedule NLD (See instructions).	2	~~3,083,978~~	-384,514	2 1,599,465
3 Subtract Line 2 from Line 1 (cannot be less than zero). Income after NLD.	3	141963 ~~2,102,417~~		3 3,753,188
For tax years ending before 12/31/03, complete all Lines. For tax years ending on or after 12/31/03, write the amount from Line 3 on Line 5 and continue to Line 7.				
4 Write your total base income from Part I, Line 7.	4	462,231,474		4 486,427,919
5 Divide Line 1 by Line 4. Multiply the result by $1,000 (not to exceed $1,000). This is your standard exemption.	5	11		5 11
6 Subtract Line 5 from Line 3. Net income. Write here and on Part I, Line 8.	6	141952 ~~2,102,406~~		6 3,753,177
7 a Multiply Line 6 by 2.5% (.025). This is your replacement tax.	7a	3549 ~~77,560~~	16,269	7a 93,829
b Recapture of investment credits from Schedule 4255	7b	72		7b 72
8 Add Lines 7a and 7b. This is your total replacement tax.	8	3621 ~~77,632~~	16,269	8 93,901
9 Investment credits from Form IL-477	9	1,261		9 1,261
10 Subtract Line 9 from Line 8 (cannot be less than zero). Net replacement tax. Write the result here and on Part I, Line 14, Columns A and C.	10	2360 ~~76,371~~	16,269	10 92,640

PART V - Explain, in detail, any changes being reported.

RETURN IS AMENDED TO REFLECT FEDERAL AUDIT ADJUSTMENTS. SEE ATTACHED PAR.

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Sign here

Deborah K Murphy	12/17/09	ASSISTANT CONTROLLER - TAX	832-636-1000
Signature of authorized officer	Date	Title	Phone
Lori Harford	12/2/09	34-6565596	Check if self-employed → ☐
Signature of preparer	Date	Preparer's SSN, FEIN, or PTIN	
ERNST & YOUNG U.S. LLP	1401 MCKINNEY ST.STE 1200		713-750-1500
Preparer firm's name (or yours, if self-employed)	Address HOUSTON, TX 77010.		Phone

6P1515 1.020

IL-1120-X back (R-12/06) ID: 1259

EXHIBIT 6

Detail of Net Loss Deduction on Second Audited Return

	2000 Net Loss Deduction
Original Return	1,983,979
Audit carryback of 2001 Loss	2,963,028
Audit adjustment to 1999 Loss	(2,575)
Effect of Federal RAR adjustments to 1999 loss	(384,514)
Per 2nd Form IL-1120-X filed 10/26/2011	4,559,918

EXHIBIT 7

Taxpayer Statement

STATE OF Illinois
DEPARTMENT OF REVENUE
tax.illinois.gov

October 1, 2010

Letter ID: L1734072000

KERR-MC GEE OPERATING CORP
ATTN: TAX DEPARTMENT
PO BOX 1330
HOUSTON TX 77251-1330

Taxpayer ID: 73-0311467
Total amount due: $2,031,565.16

This statement lists our most recent information about your unpaid balance, available credits, or returns you have not filed. A payment voucher is included so you may pay the balance due.

IL Business Income Tax **Account ID: 20269-32480**

Period	Tax	Penalty	Interest	Other	Payments/Credits	Balance
31-Dec-1998	3,492,392.00	512,035.60	2,453,474.17	18.68	(4,975,216.15)	1,482,704.30
31-Dec-2000	272,743.00	79,561.87	278,728.86	-	(82,172.87)	548,860.86

SCC

Retain this portion for your records.
Fold and detach on perforation. Return bottom portion with your payment.

Taxpayer Statement (R-12/08) (136)

Letter ID: L1734072000
KERR-MC GEE OPERATING CORP

Total amount due: $2,031,565.16
Write the amount you are paying below.

$_____.____

Write your Taxpayer ID on your check.

Mail this voucher and your payment to:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19035
SPRINGFIELD IL 62794-9035

000 006 014385294725 731 123199 5 0000203156516

EXHIBIT 8

7007 0710 0004 9346 5869

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$

Postmark Here

USPS

Sent To: Illinois Dept of Rev
Street, Apt. No.; or PO Box No.: 15 Executive Dr. Ste 5
City, State, ZIP+4: Fairview Heights IL 62208

PS Form 3800, August 2006

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Illinois Dept of Rev
15 Executive Dr. Ste 2
Fairview Heights, IL 62208

COMPLETE THIS SECTION ON DELIVERY

A. Signature: [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name): Marc O. Hoffmann C. Date of Delivery: 11/1/10

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7007 0710 0004 9346 5869

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

Name and Address of Sender
TAMARA BROWN – 9076 ATL
Anadarko Petroleum Corporation
P. O. Box 1330
Houston, TX 77251-1330

Check type of mail or service:
- [x] Certified
- [ ] COD
- [ ] Delivery Confirmation
- [ ] Express Mail
- [ ] Insured
- [ ] Recorded Delivery (International)
- [ ] Registered
- [ ] Return Receipt for Merchandise
- [ ] Signature Confirmation
- [ ] Standard

Affix Stamp Here
(If issued as a certificate of mailing, or for additional copies of this bill.
Postmark and Date of Receipt

FOR ACCOUNTABLE MA"

Line	Article Number	Addressee (Name, Street, City, State, & ZIP Code)	Postage	Fee	Handling Charge	Act. Value (If Regis.)	Insured Value	Due Sender If COD	DC Fee	SC Fee	SH Fee	RD Fee	RR Fee
1	7007 0710 0004 9346 5876 KMOC-98	IL DEPT OF REV 100 W. RANDOLPH ST. STE. 7-339, CHICAGO, IL 60601											
2	7007 0710 0004 9346 5869 KMOC -00	IL DEPT OF REV 15 EXECUTIVE DR. STE. FAIRVIEW HEIGHTS, IL 62208											
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													

THE WOODLANDS TX 77380
OCT 27 2010

Total Number of Pieces Listed by Sender	Total Number of Pieces Received at Post Office	Postmaster, Per (*Name of Receiving Employee*)
2	2	

The full declaration of value is required on all domestic and international registered mail. The maximum indemnity payable for the reconstruction of nonnegotiable documents under Express Mail document reconstruction insurance is $500 per piece subject to additional limitations for multiple pieces lost or damaged in a single catastrophic occurrence. The maximum indemnity payable on Express Mail merchandise insurance is $500, but optional Express Mail Service merchandise insurance is available for up to $5,000 to some, but not all countries. The maximum indemnity payable is $25,000 for registered mail, sent with optional postal insurance. See *Domestic Mail Manual* R900, S913, and S921 for limitations of coverage on insured and COD mail. See *International Mail Manual* for limitations of coverage on international mail. Special handling charges apply only to Standard Mail (A) and Standard Mail (B) parcels.

PS Form 3877, February 2002

Complete by Typewriter, Ink or Ball Point Pen

MLR - Initials

DC – Delivery Confirmation
RD – Restricted Delivery
SC – Signature Confirmation
RR – Return Receipt
SH – Special Handling

October 27, 2010

Please return to Tamara Brown - ATL 9th Floor

Exhibit 3 - Certified Mail Documents

ANADARKO PETROLEUM CORPORATION
PO BOX 1330
HOUSTON, TX 77251-1330

DATE: October 20, 2010
TRACE NUMBER: 0110482755
CHECK NUMBER: 0110482755
AMOUNT PAID: $548,860.86

ACCOUNTS PAYABLE INQUIRIES: (800) 370-9867

00061 CKS 6A 30273 - 0110482755 WNNN 293510000450 X39261 C
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19045
SPRINGFIELD IL 62794-9045

VENDOR NO: 0007026821

DOCUMENT #	VENDOR INV #/ REMARKS	INVOICE DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
1900041365 KERR-MCGEE CORPORATION IL AMENDED RETURN 2000 FEIN 73-0311467	CKRQ101510	10/15/10	$548,860.86	$0.00	$548,860.86
TOTALS			$548,860.86	$0.00	$548,860.86

PLEASE DETACH BEFORE DEPOSITING CHECK

ANADARKO PETROLEUM CORPORATION
PO BOX 1330
HOUSTON, TX 77251-1330

CHECK NUMBER 0110482755

74-1292
724

October 20, 2010

PAY TO THE ORDER OF: ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19045
SPRINGFIELD, IL 62794-9045

CHECK AMOUNT
$**548,860.86**

PAY EXACTLY ..... 548,860 DOLLARS AND 86 CENTS

JP Morgan Chase Bank, Dearborn
Dearborn, Michigan

SECURITY FEATURES INCLUDED: SEE DETAILS ON BACK

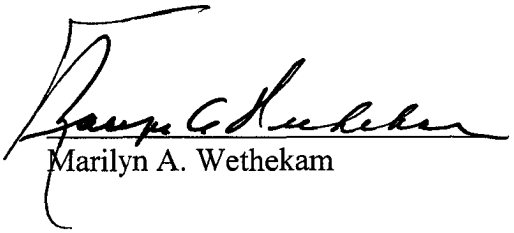
AUTHORIZED REPRESENTATIVE OF THE COMPANY

⑈0110482755⑈ ⑆072412927⑆ 6626301 10⑈

CERTIFICATE OF SERVICE

Undersigned counsel certifies that he caused a copy of the foregoing Petition to be served upon other counsel of record herein by causing the same to be delivered by messenger before the hour of 5:00 PM on September 1, 2015.

Illinois Department of Revenue
Office of Legal Services
100 W. Jefferson Street, 7-900
Chicago, IL 60601



Marilyn A. Wethekam

ILLINOIS INDEPENDENT
TAX TRIBUNAL

KERR-MCGEE OPERATING CORPORATION,	)	
Petitioner,	)	**15 TT161**
	)	**Chief Judge James M. Conway**
v.	)	
ILLINOIS DEPARTMENT OF REVENUE,	)	
Respondent.	)	

RECEIVED
SEP 01 2015
BY:

NOTICE OF FILING

To: Illinois Department of Revenue
Office of Legal Services
100 W. Randolph Street, Suite 7-900
Chicago, IL 60601

PLEASE TAKE NOTICE that on the 13th day of August, 2015, we filed with the Illinois Independent Tax Tribunal, 160 N. LaSalle Street, Room N506, Chicago, IL 60601, **Kerr-McGee Operating Corporation's Petition**, a copy of which accompanies this notice and is served on you herewith.

Respectfully submitted,

KERR-MCGEE OPERATING CORPORATION,
Petitioner

By: Marilyn A. Wethekam
One of Its Attorneys

Marilyn A. Wethekam
Breen M. Schiller
HORWOOD MARCUS & BERK CHARTERED
500 W. Madison, Suite 3700
Chicago, IL 60661
Phone: (312) 606-3200