2016 OIL AND GAS TAXATION COMPARISON

for the

State of Idaho

IDAHO DEPARTMENT OF LANDS

Analysis of Severance, Production and Ad Valorem Taxes

COVENANT
Consulting Group
Bismarck, North Dakota

Study Presented: January 19, 2017

Study Revised and Approved: January 21, 2017

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INTRODUCTION

In May 2016, the Idaho Department of Lands contracted with Covenant Consulting Group to conduct an Oil and Gas Taxation Comparison so that appropriate leadership would be able to better analyze the various severance, production and ad valorem taxes in Idaho and other oil producing states. The final report was presented to the Oil & Gas Conservation Commission in January 2017.

Taxation of energy resources is an important issue to royalty owners, production companies, state and local governments, and the public in general. This report is designed to help determine how Idaho's effective rate of taxation compares with other oil producing states.

Because every state has its own tax laws, rules, incentives, rates, and exemptions, it makes a comparison such as this extremely difficult. The goal is to make a fair comparison that is as "apples-to-apples" as is possible. With that goal in mind and after analyzing several of the states' methods of taxation, we concluded the most appropriate method is to identify both the production and the various actual taxes to arrive at an effective tax rate. In short, we divided the taxes collected by the valuation of the production to arrive at a combined, overall effective rate for each state included in this study.

SCOPE AND METHODOLOGY

For the purposes of this report, a comparison of the following eight states and Idaho was conducted: Alaska, Louisiana, Montana, North Dakota, Oklahoma, Texas, Utah, and Wyoming.

In Idaho, oil and gas production is taxed on the value of the production at a rate of 2.5%. For the purposes of this report, Idaho property tax was assessed at an equivalent rate of 1.5% of the value of production in 2016. Some states assess a severance or production tax in lieu of property taxes, and other states or their local jurisdictions assess an ad valorem property tax in addition to severance or production type taxes. We analyzed the severance/production taxes of the states included in this report, as well as the property taxes imposed on production equipment and on mineral reserves in the states. In addition, some states assess taxes on gas production at a flat rate per thousand cubic feet (mcf).

We chose to divide tax collected by value of oil and gas production as the method of computing effective rates among the states included in this study. This is not something the states typically compute as part of gas taxation; however, gas is often produced along with oil, and this method provides a basis for comparison with oil.

Using this model, Idaho's effective tax rate is 4.0%. The average rate among the other states in this study is 9.5% with a range from 3.2% (Oklahoma) to 13.4% (Wyoming).

Several studies have attempted to make similar comparisons to what our goal was here. Covenant Consulting Group conducted a similar study for the state of North Dakota in 2012. The previously mentioned methodology was used for that study.

Most other studies are several years old and therefore, have little relevancy in today's market. All of the studies acknowledge the difficulty in making the state-to-state comparisons undertaken in this study. All, including this one, fail to provide a purely "apples-to-apples" comparison. Here are two examples of the more recent studies conducted and each respective methodology:

- LEGG, LLC produced a study in December 2008 to compare oil taxation in the 10 largest oil producing states. The method used was to tax a hypothetical oil company producing at certain levels and then apply the taxes as if that company were producing in each state included in the study.

- The Montana Department of Revenue conducted a more recent analysis (September 2012) specifically comparing oil taxation between North Dakota and Montana based on a hypothetical Bakken well in each state. This analysis showed that Montana had lower tax rates than North Dakota. You will note the analysis in this 2016 tax comparison arrived at a different conclusion mainly because it looks at statewide production and tax, whereas the Montana Department of Revenue study looked only at a Bakken well. Montana has significantly lower rates on new horizontal wells for the first 18 months of production, thus the different conclusion relating to each state's effective tax rate.

This report uses data for the fiscal year ending June 30, 2016, because it is the fiscal year for most states, and it provided the most recent data available. To make the data as comparable as possible, the production data was gathered on an accrual basis and then the specific tax collected was matched to that production. Most states have a lag of one to three months for the actual collection of the tax. By using an accrual basis, we were able to match the tax collected to the actual production for the fiscal year. We were not able to access fiscal year data in Wyoming and Utah so their data is based on calendar year 2015.

Most states centrally assess their property tax on pipelines, and that tax is not included in our rate computations. The pipelines are often interstate and may not be related to production activities in the state. For the ad valorem property taxes, we focused on the property that each state assessed in computing their property taxes. Generally, that meant equipment at the wellhead including flowlines and on mineral reserves in those states that tax mineral reserves.

Severance or production taxes in most states are based on valuation at the wellhead or the first point of sale and do not include post-production processing. For ad valorem property taxes, the post-production facilities are separate from production equipment and are not included in this report. States vary greatly in how they handle transportation costs in computing severance/production taxes. Some allow a deduction for transportation costs, others do not, and some allow the deduction for gas but not for oil. How states report condensates also varies greatly. Some report it with oil; some with gas; one state allows producers to report it as gas or oil; and one state reports it depending on how state regulators classify the well, i.e. gas or oil.

States do not tax royalties owned by the state or federal government, thus that production was excluded from the computations. This was generally not a significant percentage amount except in Alaska where the state or federal government owns most of the minerals.

Many states also assess administrative fees or excise taxes, these were included only when they were large enough to affect the effective rate when measured to the nearest one-tenth of 1.0%.

EFFECTIVE TAX RATES BY STATE

Based on severance, production and property taxes paid
in ratio to taxable valuation of production
Fiscal Year ended 6-30-16

State	Property Tax (Y/N)	Taxable Value (in billions)	Tax Collected (in millions)	Effective Tax Rate
Oklahoma	NO	$ 11.236b	$ 364.9m	3.2%
Idaho	YES	$ .003b	$ .1m	4.0%
Utah (1)	YES	$ 1.625b	$ 99.0m	6.1%
Texas (1)	YES	$ 53.491b	$4,458.1m	8.3%
North Dakota	NO	$14.958b	$1,404.8m	9.4%
Montana	YES	$ .919b	$ 91.1m	9.9%
Alaska	YES	$ 5.456 b	$ 653.8m	12.0%
Louisiana	YES	$ 5.062b	$ 671.2m	13.3%
Wyoming	YES	$ 6.173b	$ 827.6m	13.4%
Unweighted average rate in states other than Idaho				**9.5%**

(1) Utah and Texas assess an ad valorem property tax on the market value of mineral reserves, and this tax is assessed every year on the remaining value of the reserves.

TAXATION PROCESS BY STATE

Alaska (ad valorem taxes on equipment and flowlines)

Effective April 2006, the oil and gas production tax system in Alaska changed from a tax on the gross proceeds of oil and gas production to a tax on the net proceeds of oil and gas production. Originally called the Petroleum Production Tax (PPT), the Alaska legislature made several additional changes to the production tax in November 2007, resulting in the Alaska Clear and Equitable Share (ACES) production tax.

The ACES production tax was replaced by the More Alaska Production Tax (MAPA) effective May 2014. A comparison of the taxes follows:

	MAPA	MAPA - OIL ELIGIBLE GROSS VALUE REDUCTION (GVR)	ACES
Tax Base	Production tax value (PTV)	Production tax value (PTV) minus 20% of wellhead value*	Production tax value (PTV)
Nominal Tax	35% of PTV	35% of adjusted PTV	25% of PTV at low PTV/barrel Between $30 and $92.50 - rate increases .4% for each $1 increase of PTV/barrel. Between $92.50 and $342.50 - rate increases .1% for each $1. Above $342.50, rate constant at 75%.
Nominal Rate Calculation	Not Applicable	Not Applicable	Monthly
Nominal Tax Floor	4% of wellhead value*	None	4% of wellhead value*
Credits Against Tax Liability	$8 per barrel of production when wellhead price below $80. Falls to $0 above $150 wellhead. No carry-forward or transfer. Cannot offset minimum tax.	Flat $5/barrel credit No carry-forward or transfer. Can offset minimum tax.	20% of lease capital expenses Carry-forward and sales allowed. Can offset minimum tax.
Operating Loss	35% of net operating loss can be used to offset future liability. Carry-forward and sales allowed.	Partial carry forward allowed	25% of net operating loss can be used to offset future liability. Carry-forward and sales allowed.

Note: Wellhead value is also referred to as the Gross Value at the Point of Production (GVPP)

Source: Alaska Department of Revenue, Senate Finance Committee presentation, March 12, 2013. Available at the MAPA Document Library at http://dor.alaska.gov/MAPActDocuments.aspx

Oil reserves are not subject to ad valorem property taxes in Alaska, but equipment and physical property used in the production of oil and gas are, at a rate of 20 mills, or 2% of assessed value.

Less than 1% of Alaska's royalties are taxed because most of the royalties are owned by the state or federal governments. Net royalty income to Alaska in fiscal year 2016 was $870 million.

For Alaska, this report does not segregate production and tax between gas and oil. This is based on advice from Alaska officials who stated, "…the net effective tax on gas is a negative, thus we have combined gas and oil in our computations."

There have been no significant changes in tax law since 2015.

Source: Alaska Department of Revenue and North Dakota Red Book

Idaho (local ad valorem taxes equipment and flowlines)

A 2.5% production tax is levied on the gross income received by the producer of the oil and gas produced in Idaho. Gross income shall mean the amount realized by the producer for the sale of oil and gas. Local property taxes are assessed on flowlines, equipment and acreages.

There have been no significant tax law changes since 2015.

Source: Idaho State Tax Commission and Idaho Department of Lands

Louisiana (local ad valorem taxes on surface equipment)

A 12.5% severance tax is levied in lieu of all other taxes, including ad valorem taxes, on the oil and condensate production. There are no state ad valorem taxes however, local governments do assess a property tax on surface equipment. Stripper wells (those with production of 10 barrels per day or less) are taxed at 3.125%, while "incapable" wells (those producing between 10 and 25 barrels per day and having at least 50% sediment and water) are taxed at 6.25%. Tertiary recovery wells are exempt from severance tax until the tertiary project reaches payout.

Louisiana also levies an "oil field site restoration fee" of 1.5¢ per barrel. The fee is reduced to 0.75¢ per barrel for incapable wells and 0.375¢ per barrel for stripper wells.

Incentives. Oil production from certified deep wells and horizontal wells is exempt from severance tax for a period of two years or until payout of well costs, whichever occurs first. Oil production from certified wells is exempt for any month in which the gross value is below $20 per barrel.

There have been no significant tax law changes since 2015.

Source: Louisiana Department of Revenue and North Dakota Red Book

Montana (ad valorem taxes on equipment and flowlines)

Tax rates vary by type of production, by the date the well was drilled, and for working interests and non-working interests. The following is a summary of the tax rates effective January 2, 2000.

	Working Interest	Non-Working Interest
· **Primary Recovery Production**		
First 12 months	.5%	14.8%
Pre-1999 Well	12.5%	14.8%
Post-1999 Well	9%	14.8%
· **Stripper Production**[1]		
First 1-10 barrels	5.5%	14.8%
Over 10 barrels	9%	
Stripper well exemption	.5%	14.8%
Stripper well bonus production	6%	14.8%
· **Horizontally Drilled Wells**		
First 18 months	.5%	14.8%
Pre-1999 after 18 months	12.5%	14.8%
Post-1999 after 18 months	9%	14.8%
· **Incremental Production** [2]		
Secondary Production	8.5%	14.8%
Tertiary Production	5.8%	14.8%
· **Horizontally Recompleted**		
First 18 months	5.5%	14.8%
Pre-1999 after 18 months	12.5%	14.8%
Post-1999 after 18 months	9%	14.8%

[(1)] Stripper oil is oil produced from any well that produced less than 10 barrels a day for the calendar year immediately preceding the current year.
[(2)] This is the volume of oil in excess of the production decline curve as approved by the Board of Oil and Gas Conservation.

A report prepared by the Montana Department of Revenue in September 2012 showed an effective tax rate in Montana at 7.4%, significantly lower than we are reporting here. The main contributor to this difference is that the Montana Department of Revenue study compared Bakken wells in each state and Montana has a significantly lower rate for the first 18 months of horizontally completed wells.

There is no ad valorem tax on minerals in Montana however, there is on well equipment and flowlines.

There have been no significant tax law changes since 2015.

Source: Montana Department of Revenue and North Dakota Red Book

North Dakota (no ad valorem taxes)

Oil and Gas Gross Production Tax. The oil and gas gross production tax is imposed in lieu of property taxes on oil and gas producing properties.

Oil: A 5% rate is applied to the gross value at the well of all oil produced, except royalty interest in oil produced from a state, federal or municipal holding and from an interest held by an organized Native American tribe.

Gas: The gross production tax on gas is an annually adjusted flat rate per thousand cubic feet (mcf) of all nonexempt gas produced in the state. The annual adjustments are made according to the average producer price index for gas fuels. Rates through June 30, 2017, are as follows:

Time Period	Tax Rate
July 1, 2014 - June 30, 2015	$.0982
July 1, 2015 - June 30, 2016	$.1106
July 1, 2016 - June 30, 2017	$.0601

Shallow gas produced during the first 24 months of production from and after the first date of sales from a shallow gas zone, is exempt from gross production tax.

Oil Extraction Tax. The oil extraction tax is levied on the extraction of oil from the earth. The tax rate is 5% of the gross value at the well of crude oil.

For a well that is located both outside of the Bakken and Three Forks formations as well as 10 miles or more outside of an established field that includes the Bakken or Three Forks formation, the rate is reduced to 2% for the first 75 thousand barrels of oil during the first 18 months after completion.

Exemptions. To receive the full benefit of an exemption, or the 2% reduced rate, a producer must file the Industrial Commission's certification of well status with the Tax Commissioner within 18 months of the first day of eligibility. If the producer does not file within the 18-month period, then the exemption or reduced rate begins the first day of the month in which the certification is received by the Tax Commissioner.

The exemptions to the oil extraction tax are as follows:

- Royalty interest in oil extracted from a state, federal or municipal holding and from a Native American holding within the boundary of a reservation.
- Oil extracted from a certified stripper well property.
- Incremental oil from a qualifying secondary or tertiary recovery project. The exemption is five years for secondary recovery projects and 10 years for tertiary recovery projects from the date the incremental production begins.

Tax law changes effective January 1, 2016, are reflected above. The tax collections used in this report have been adjusted to account for changes in the tax law.

Production tax is in lieu of property taxes, and there are no other ad valorem taxes assessed at the state or local level.

Source: Office of North Dakota Tax Commissioner and North Dakota Red Book

Oklahoma (no ad valorem taxes)

Oklahoma's Gross Production Tax is a value-based severance tax that is levied on the production of oil and natural gas. The gross production tax is in lieu of an ad valorem tax on minerals and the equipment that is essential to the production of a well.

The gross production base tax rate is levied at 7%. Currently, Oklahoma provides for an incentive tax rate of 4% on qualified deep wells for a period of up to 60 months and a 1% incentive tax rate on qualified horizontal wells for a period of 48 months.

Effective July 1, 2015, the aforementioned incentive tax rates expire and a new incentive tax rate of 2% will be levied on all new wells drilled. The reduced rate shall be effective for the first 36 months of production on a qualified well, and thereafter, the tax rate will change to the 7% base rate. In addition to the gross production tax, Oklahoma levies a petroleum excise tax on the production of oil and natural gas equal to .095 of 1% of the product's gross value.

Incentives. The state of Oklahoma provides for a rebate of gross production tax as an incentive for operators to reestablish or enhance the production of existing wells and to encourage the drilling of new wells.

The rebate of tax is equal to 6/7ths of the 7% base gross production tax rate. Wells currently qualifying for the rebate are as follows:

- The reestablished production of a well that is non-productive for one year (Expires July 1, 2020),
- The enhancement of production through workover or recompletion (Expires July 1, 2020),
- Wells drilled to a total footage greater than 12,500 feet (Expires July 1, 2015),
- Wells qualified as being new discovery (Expires July 1, 2015),
- Wells that are drilled using 3-D seismic technology (Expires July 1, 2015), and
- Wells meeting the criteria of being economically at-risk (Expires July 1, 2020).

There have been no significant changes in tax law since 2015.

Source: Oklahoma Tax Commission and North Dakota Red Book

Texas (ad valorem taxes on equipment and minerals)

Texas levies a 4.6% severance tax on the value of oil produced. This tax is reduced to 2.3% or to 0.00% if the oil qualifies for certain tax incentives. Oil properties in Texas are also subject to normal property taxes and to a 3/16 of a cent per barrel "regulatory tax," as well as a regulatory fee of 5/16 of a cent ($0.003125) per barrel for report periods prior to September 2001 and 5/8 of a cent ($0.00625) per barrel for report periods September 2001 and later.

Incentives. Oil produced from Enhanced Oil Recovery (EOR) projects is taxed at 2.3% of the market value. Oil produced from well bores certified by the Texas Railroad Commission as 2-year or 3-year inactive well bores is exempt from the tax for 10 years.

Producers are eligible for a production tax credit for crude oil from low producing wells ranging from 100% if the average price is $22 or less to 0% if the average price is more than $30 per barrel. A certified orphan well put back in production is eligible for a 100% exemption from the oil production tax and the oilfield cleanup fee.

Local property taxes are assessed on equipment and minerals. A total of 99% or greater of the ad valorem taxes are generated from taxation of mineral reserves.

There have been no significant changes in tax law since 2015.

Source: Texas Comptroller of Public Accounts and North Dakota Red Book

Utah (ad valorem taxes on equipment and minerals)

Utah levies a severance tax of 3% on the first $13 per barrel and 5% on any amount over $13 per barrel. This tax is in addition to a normal ad valorem tax on the reserves and a 0.2% conservation tax. Stripper wells, defined as wells that produce 20 barrels per day or less, are exempt from the severance tax.

Incentives. The first six months of production from any new development well and the first 12 months of production from any new wildcat well are exempt from the tax. All transportation and processing costs can be deducted from value to determine taxable value. There is a 50% tax rate reduction on incremental production achieved from any enhanced recovery project. New workover or recompletion projects receive a 20% tax credit, up to $30,000 per well.

There have been no significant changes in tax law since 2015.

Source: Utah State Tax Commission and North Dakota Red Book

Wyoming (ad valorem taxes on equipment and production)

A severance tax is levied at 6% of the value of the oil produced. Stripper wells are eligible for a reduced tax rate of 4%.

In addition, a gross production tax (GPT), which is an ad valorem tax, is levied on the same value as that used for severance tax purposes but is collected by the counties and based on the applicable local mill rates. The GPT is an in lieu of property taxes and currently, averages about 6.7% of the value of the oil produced. In addition, local governments assess an ad valorem property tax on equipment.

Incentives. Wyoming grants the reduced rate of 2% on the first 60 barrels per day from new wells for 24 months and all incremental oil from workovers and recompletions. New wells must be drilled between July 1, 1993, and March 31, 2003. Workovers or recompletions must be performed between July 1, 1993, and March 31, 2001. In the case of new oil wells, the incentive is canceled if the average price of oil is equal to or exceeds $22 per barrel for the preceding six-month period.

Oil produced from previously shut in wells is subject to a reduced severance tax rate of 1.5% for five years from the date of first renewed production. Wells must have had no production for two years prior to January 1, 1995. This incentive is canceled if the average price of oil exceeds $25 per barrel for six straight months.

There have been no significant changes in tax law since 2015.

Source: Wyoming Department of Revenue and North Dakota Red Book

EFFECTS OF ADDING AD VALOREM TAXES TO THE SEVERANCE/PRODUCTION TAXES

Fiscal Year ended 6-30-16

State	Effective rate without ad valorem taxes	Effective Rate with ad valorem taxes
Oklahoma	3.2%	3.2%
Idaho	**2.5%**	**4.0%**
Utah	2.5%	6.1%
Texas	4.6%	8.3%
North Dakota	9.4%	9.4%
Montana	9.5%	9.9%
Alaska	2.5%	12.0%
Louisiana	8.8%	13.3%
Wyoming	12.3%	13.4%

ANALYSIS AND FINDINGS

Creating a true comparison among the states is virtually impossible. While the method of dividing total taxes by the production value provides a comparison, it does not fully account for all the differences between the states. For example, in Alaska only about 1.0% of royalties are subject to tax; this is because the state or federal government own most of the minerals.

Only Texas and Utah tax mineral reserves. The tax is assessed once production starts and is assessed annually until the reserves are depleted.

All states in the study have some form of ad valorem property tax that is assessed annually except for North Dakota and Oklahoma.

The total effective rates range from 3.2% in Oklahoma to 13.4% in Wyoming once the ad valorem taxes are included. This creates an (unweighted) average effective rate among the states (excluding Idaho) of 9.5%. Idaho's effective rate is 4.0%.

The property tax adjustments (see spreadsheet on page 20) represent an average effective rate of 3.8% in those states that assess a separate ad valorem tax. The 3.8% average effective rate would compute to 4.9% when we adjust for a change in how we reported Wyoming's Gross Products Tax (GPT) in the 2012 study. This is an 84% increase over the average effective rates computed on severance/production taxes alone. It should be noted this is a recurring annual tax that is computed on the value of assets, equipment, flowlines and tanks. In Utah and Texas, it also includes mineral reserves.

These annual taxes are generally assessed regardless of production. Wyoming is the exception where most of the ad valorem tax is based on production, however, Wyoming also assesses an annual local property tax on equipment. In North Dakota and Oklahoma, the severance/production taxes are in lieu of property tax and are assessed only once on the actual production.

An interesting point should be noted between this study and a similar study that Covenant Consulting Group completed in 2012. In the 2012 study, the average effective rate of the property tax adjustments was 3.0% versus the 4.9% above. The increase over the severance/production taxes alone in 2012 was 31% versus the 84% above. While the 2012 study included a slightly difference set of states, the bulk of this difference illustrates the effect oil prices have on an ad valorem tax versus a percentage tax in lieu of property taxes.

When oil prices are higher as they were in 2012, the percentage tax will generate more tax revenues. However, when prices are lower as they were in 2016, the ad valorem tax continues unaffected by the lower prices whereas the percentage tax significantly reduces tax revenues which generally go to local taxing authorities. The percentage tax is simpler and avoids the process of valuation for ad valorem taxes, both positives in favor of a percentage tax. This factor needs to be weighed against the loss of tax revenues when oil prices decline.

IDAHO NOTE:

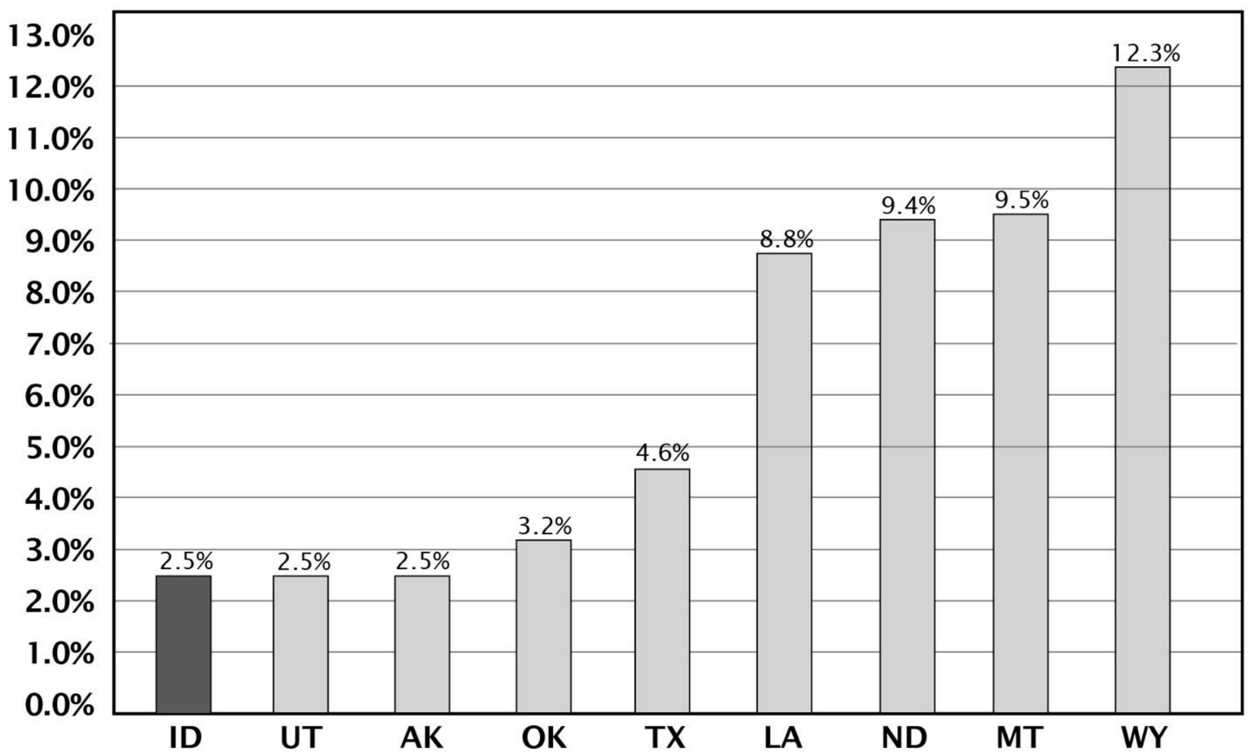
This note is for information purposes only, not for comparison with other states.

In Idaho, related companies own the production equipment, associated gas lines and a gas processing plant. The property taxes paid by the combined operations of these companies create a significantly different effective rate in Idaho. If the production and gas plant property taxes were combined, Idaho's effective property tax rate would be 8.8%, and the total effective rate when severance tax is included would be 11.3% of the value of the production.

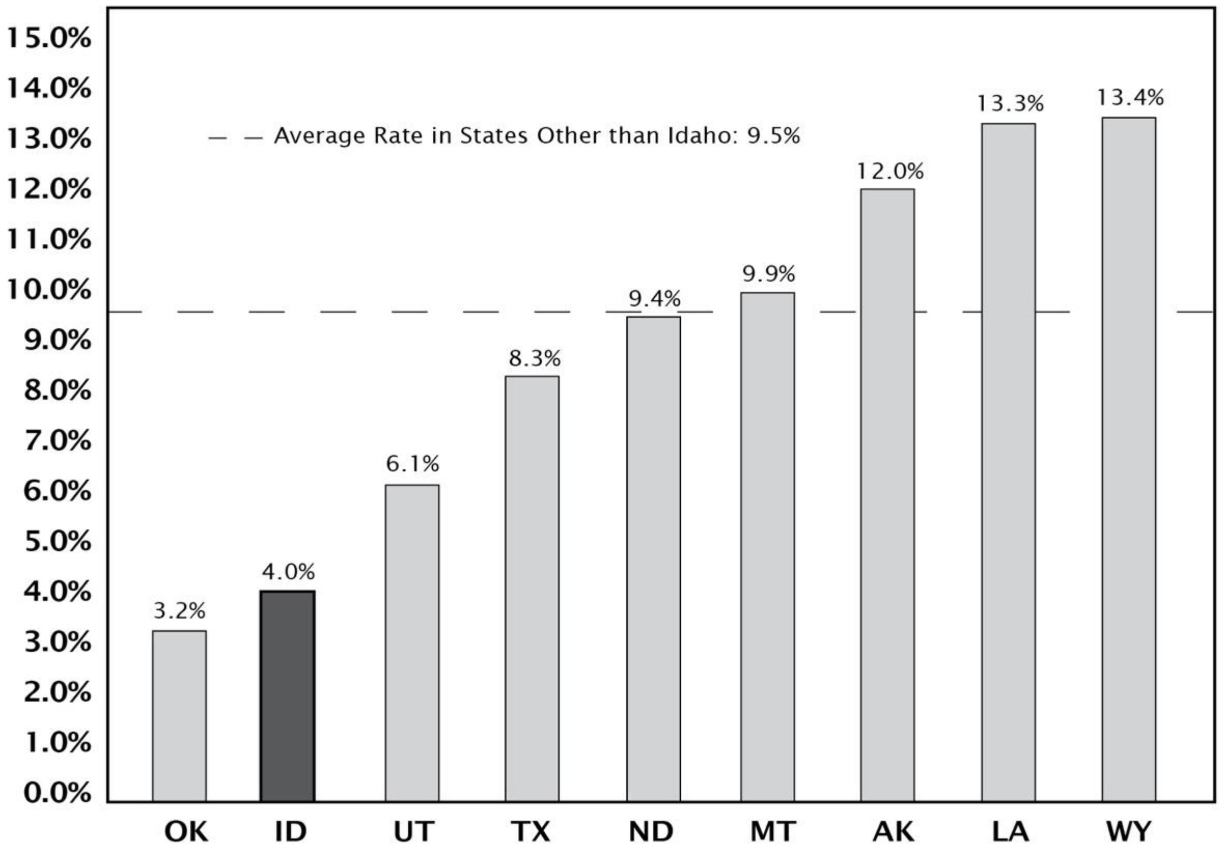
These percentages are relevant only for analysis within Idaho and are not appropriate for comparisons with other states. The other state data in this report does not include taxes on mid-stream properties.

Property taxes assessed on the gas processing plant were $208,314. Severance taxes and property taxes on the production equipment totaled $111,880 (see page 20).

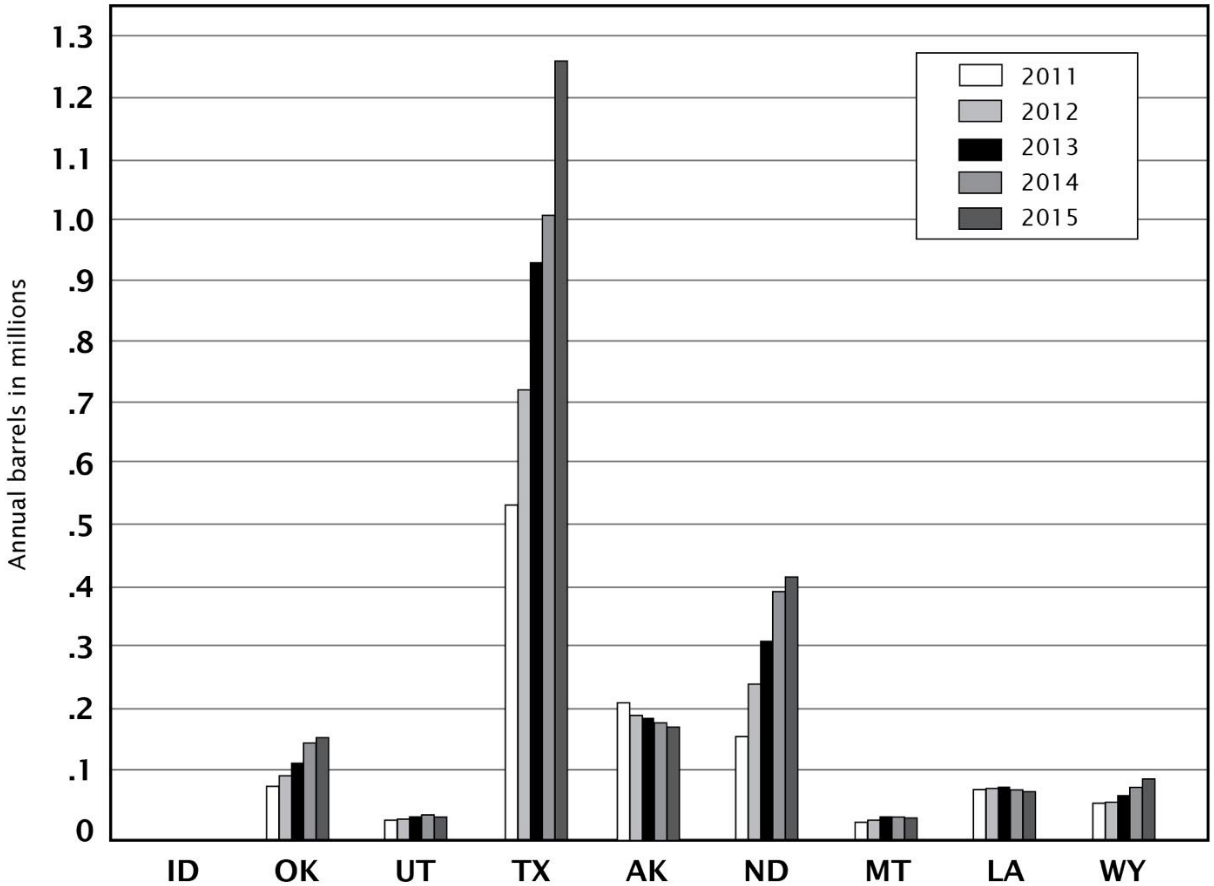
EFFECTIVE TAX RATES
SEVERANCE AND PRODUCTION TAXES
Fiscal Year ended 6-30-16



EFFECTIVE TAX RATES
INCLUDING AD VALOREM TAXES
Fiscal Year ended 6-30-16



OIL PRODUCTION DATA 2011-2015



Source: U.S. Energy Information Administration

2016 DETAIL TAX AND EFFECTIVE RATES BY STATE

		Avg Rates	OK	ID	UT	TX	ND	MT	AK	LA	WY
Oil	Prod.		158,000,000		28,968,824	1,065,699,040	398,735,583	25,090,342	163,854,000	55,717,546	86,436,977
	Value		$ 6,399,905,984		$ 1,078,765,611	$ 40,414,459,023	$ 14,076,930,718	$ 862,389,231	$ 5,456,300,000	$ 2,409,571,518	$ 3,250,396,372
	Tax		$ 197,013,564		$ 28,053,261	$ 1,833,431,000	$ 1,353,251,917	$ 81,353,296	$ 136,800,000	$ 276,831,483	$ 400,640,193
	Rate	6.9%	3.1%		2.6%	4.5%	9.6%	9.4%	2.5%	11.5%	12.3%
Gas	Prod.		2,100,000,000	-		7,565,254,892	474,397,213	37,773,060		1,173,584,138	1,830,911,834
	Value		$ 4,836,242,313	$ 2,822,360	$ 546,649,524	$ 13,076,483,187	$ 881,294,493	$ 56,112,458		$ 2,652,300,152	$ 2,922,950,409
	Tax		$ 167,862,377	$ 70,559	$ 13,195,706	$ 643,095,000	$ 51,529,234	$ 5,646,307		$ 168,581,804	$ 356,281,925
	Rate	6.5%	3.5%	2.5%	2.4%	4.9%	5.8%	10.1%		6.4%	12.2%
Oil & Gas											
	Value		$ 11,236,148,297	$ 2,822,360	$ 1,625,415,135	$ 53,490,942,210	$ 14,958,225,211	$ 918,501,689	$ 5,456,300,000	$ 5,061,871,670	$ 6,173,346,781
	Tax		$ 364,875,941	$ 70,559	$ 41,248,967	$ 2,476,526,000	$ 1,404,781,151	$ 86,999,603	$ 136,800,000	$ 445,413,287	$ 756,922,118
	Rate	6.6%	3.2%	2.5%	2.5%	4.6%	9.4%	9.5%	2.5%	8.8%	12.3%
Property	Local		No	Yes	Yes	Yes	No	No	Yes	Yes	Yes
	State		No	No	No	No	No	Yes	Yes	No	No
	Tax		$ -	$ 41,321	$ 57,735,033	$ 1,981,623,471	$ -	$ 4,108,825	$ 517,000,000	$ 225,804,275	$ 70,636,089
	Rate	3.8%	0.0%	1.5%	3.6%	3.7%	0.0%	0.4%	9.5%	4.5%	1.1%
Definition	Well Equip./ Tanks		No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
	Minerals		No	No	Yes	Yes	No	No	No	No	No
Severance & Property Tax Total	Value		$ 11,236,148,297	$ 2,822,360	$ 1,625,415,135	$ 53,490,942,210	$ 14,958,225,211	$ 918,501,689	$ 5,456,300,000	$ 5,061,871,670	$ 6,173,346,781
	Tax		$ 364,875,941	$ 111,880	$ 98,984,000	$ 4,458,149,471	$ 1,404,781,151	$ 91,108,428	$ 653,800,000	$ 671,217,562	$ 827,558,207
	Rate	9.5%	3.2%	4.0%	6.1%	8.3%	9.4%	9.9%	12.0%	13.3%	13.4%
CHANGES SINCE 2015			No	No	No	No	Yes	No	Yes	No	No

Notes:

1. Average Rates exclude Idaho
2. Alaska (gas data not segregated from oil)
3. Wyoming GPT included with severance tax
4. North Dakota adjusted to reflect new tax rates effective 1-1-16
5. Utah gas production 348m-MCF & 276m gal. NGL
6. Idaho oil and gas production combined due to non-disclosure requirements until March 2017

2012 OIL TAX STUDY

		Avg Rates	OK	TX	ND	MT	AK	LA	WY	CA
Oil	Prod.		83,169,854	321,305,011	87,668,000	26,211,722	203,816,365	58,540,000	50,493,822	200,821,137
	Value		$5,390,238,238	$22,970,671,438	$5,706,984,000	$1,663,975,228	$14,038,800,000	$3,977,300,000	$2,439,657,555	$14,047,438,533
	Tax		$377,316,675	$1,001,971,125	$570,786,588	$174,129,888	$3,235,101,557	$460,700,000	$134,883,093	-
	Rate	10.30%	7.00%	4.40%	10.00%	10.50%	23.00%	11.60%	5.50%	0.00%
Gas	Prod.		1,642,009,701	7,006,058,324	68,165,915	90,315,072		1,082,000,000	2,365,186,657	262,884,801
	Value		$5,714,193,759	$26,436,901,514	$267,210,387	$305,037,670		$4,652,400,000	$5,861,051,297	$1,185,610,452
	Tax		$354,834,430	$1,030,866,620	$11,924,060	$30,761,372		$282,500,000	$351,663,078	-
	Rate	5.40%	6.20%	3.90%	4.50%	10.10%		6.10%	6.00%	0.00%
Oil & Gas										
	Value		$11,104,431,997	$49,407,572,952	$5,974,194,387	$1,969,012,898	$14,038,800,000	$8,629,700,000	$8,300,708,852	$15,233,048,985
	Tax		$732,151,105	$2,032,837,745	$582,710,648	$204,891,260	$3,235,101,557	$743,200,000	$486,546,171	-
	Rate	9.80%	6.60%	4.10%	9.80%	10.40%	23.00%	8.60%	5.90%	0.00%
Property	Local		No	Yes	No	No	Yes	Yes	Yes	Yes
	State		No	No	No	Yes	Yes	No	Yes	No
	Tax		$11,500,000	$1,851,813,708	-	$4,874,477	$293,400,000	$193,400,000	$594,408,675	$380,209,000
	Rate	3.00%	0.10%	3.70%	0.00%	0.20%	2.10%	2.20%	7.20%	2.50%
Definition	Well Equip./ Tanks		No	Yes	No	Yes	Yes	Yes	Yes	Yes
	Minerals		No	Yes	No	No	No	No	No	Yes
Severance & Property Tax	Value		$11,104,431,997	$49,407,572,952	$5,974,194,387	$1,969,012,898	$14,038,800,000	$8,629,700,000	$8,300,708,852	$15,233,048,985
	Tax		$743,651,105	$3,884,651,453	$582,710,648	$209,765,737	$3,528,501,557	$936,600,000	$1,080,954,486	$380,209,000
	Rate	11.00%	6.70%	7.90%	9.80%	10.70%	25.10%	10.90%	13.00%	2.50%
Tax changes since 2010			No	No	No	No	Yes	No	No	No

Notes:

1. *Average rates exclude ND*
2. *Alaska (gas data not segregated from oil)*
3. *Oklahoma adjustment is excise tax*
4. *Alaska audit collections adjusted downward for unusually large collection in FY 2010*