

## Oil and Gas State Severance Taxes as of 2012

STATE	TYPE OF TAX	DESCRIPTION OF TAX RATES
<b>Alabama</b>	Oil and Gas Privilege Tax on Production	<ul style="list-style-type: none"> <li>▪ 8 percent of gross value at point of production</li> <li>▪ 4 percent of gross value at point of incremental production for enhanced recovery projects</li> <li>▪ 4 percent if oil wells produce 25 barrels or less per day or if gas wells produce 200,000 cubic feet or less gas per day</li> <li>▪ 6 percent of gross value at point of production for certain on-shore and off-shore wells.</li> <li>▪ 50 percent rate reduction for wells permitted by the oil and gas board on or after July 1, 1996 and before July 1, 2002 for 5 years from initial production, except for replacement wells for which the initial permit was dated before July 1, 1996.</li> </ul>
<b>Alaska</b>	Petroleum Profits Tax (PPT)	<ul style="list-style-type: none"> <li>▪ Ranges from 25 percent to 50 percent depending on net value of oil and gas, which is the value at point of production minus certain lease expenditures</li> <li>▪ 22.5 percent net value at wellhead</li> <li>▪ There is an additional surcharge for each dollar when net value exceeds \$40 per barrel. This cannot exceed 25 percent of the monthly production tax value of taxable oil and gas.</li> <li>▪ Conservation surcharge of 4 cents per barrel and an additional 1 cent per barrel if there is less than \$50 million in the Hazardous Release Fund</li> </ul>
<b>Arizona</b>	Severance Tax	<ul style="list-style-type: none"> <li>▪ 3.125 percent for oil and gas production and nonmetal mining</li> </ul>
<b>Arkansas</b>	Oil and Gas Conservation Tax	<ul style="list-style-type: none"> <li>▪ 0.3 of \$0.01 cent per MCF for natural gas</li> <li>▪ Four percent to five percent depending on production levels for crude oil</li> </ul>
<b>California</b>	Oil and Gas Production Assessment	<ul style="list-style-type: none"> <li>▪ Rate determined annually by Department of Conservation</li> </ul>
<b>Colorado</b>	Severance Tax	<ul style="list-style-type: none"> <li>▪ Two to five percent based on gross income for oil, gas, carbon dioxide and coalbed methane</li> <li>▪ Four percent of gross proceeds on production exceeding 15,000 tons per day for oil shal</li> </ul>
	Oil and Gas Conservation Levy	<ul style="list-style-type: none"> <li>▪ Maximum 1.5 mills/\$1 of market value at wellhead</li> </ul>
<b>Florida</b>	Oil, Gas and Sulfur Production Tax	<ul style="list-style-type: none"> <li>▪ Five percent of gross value for small well oil</li> <li>▪ Eight percent of gross value for all other and an additional 12.5 percent for escaped oil</li> </ul>

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		<ul style="list-style-type: none"> <li>▪ For gas, the gas base rate times the gas base adjustment rate each fiscal year</li> </ul>
<b>Idaho</b>	Oil and Gas Production Tax	<ul style="list-style-type: none"> <li>▪ Maximum of five mills/bbl. of oil and five mills/50,000 cubic feet of gas</li> </ul>
	Additional Oil and Gas Production Tax	<ul style="list-style-type: none"> <li>▪ Two percent of market value at site of production</li> </ul>
<b>Indiana</b>	Petroleum Production Tax	<ul style="list-style-type: none"> <li>▪ One percent of value or \$0.24 per barrel for oil, or \$0.03 per 1,000 cubic feet of gas (whichever is greater)</li> </ul>
<b>Kansas</b>	Severance Tax	<ul style="list-style-type: none"> <li>▪ Eight percent of gross value of oil and gas, less property tax credit of 3.67 percent</li> </ul>
	Oil and Gas Conservation Tax	<ul style="list-style-type: none"> <li>▪ 91 mills/bbl crude oil or petroleum marketed or used each month</li> <li>▪ 12.9 mills/1,000 cubic feet of gas sold or marketed each month</li> </ul>
<b>Kentucky</b>	Oil Production Tax	<ul style="list-style-type: none"> <li>▪ 4.5 percent of market value</li> </ul>
	Natural Resource Severance Tax	<ul style="list-style-type: none"> <li>▪ 4.5 percent of gross value, less transportation expenses</li> </ul>
<b>Louisiana</b>	Natural Resources Severance Tax	<ul style="list-style-type: none"> <li>▪ Varies according to substance</li> </ul>
	Oil Field Restoration Fee	<ul style="list-style-type: none"> <li>▪ Varies according to type of well and production</li> </ul>
<b>Michigan</b>	Gas and Oil Severance Tax	<ul style="list-style-type: none"> <li>▪ Five percent for gas</li> <li>▪ 6.6 percent for oil</li> <li>▪ Four percent (oil from stripper wells and marginal properties) of gross cash market value of the total production</li> <li>▪ Maximum additional fee of 1 percent gross cash market value on all oil and gas produced in state in previous year</li> </ul>
<b>Mississippi</b>	Oil and Gas Severance Tax	<ul style="list-style-type: none"> <li>▪ Six percent of the value at point of gas production</li> <li>▪ Three percent of gross value of occluded natural gas from coal seams at point of production for the well's first five years</li> <li>▪ Maximum 35 mills/bbl. oil or four mills/1,000 cubic feet of gas (Oil and Gas Board maintenance tax)</li> <li>▪ Six percent of value at the point of oil production</li> <li>▪ Three percent of value at production when enhanced oil recovery is used</li> </ul>
<b>Montana</b>	Oil or Gas Conservation Tax	<ul style="list-style-type: none"> <li>▪ Maximum of 0.3 percent on the market value of each barrel of crude petroleum oil or 10,000 cubic feet of natural gas produced, saved and marketed or stored within or exported from the state</li> </ul>
	Oil or Natural Gas Production Tax	<ul style="list-style-type: none"> <li>▪ Varies from 0.5 percent to 14.8 percent according to the well and</li> </ul>

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		type of production
<b>Nebraska</b>	Oil and Gas Severance Tax	<ul style="list-style-type: none"> <li>▪ Three percent of value of nonstripper oil and natural gas</li> </ul>
	Oil and Gas Conservation Tax	<ul style="list-style-type: none"> <li>▪ Two percent of value of stripper oil. Maximum of 15 mills/\$1 of value at wellhead</li> </ul>
<b>Nevada</b>	Oil and Gas Conservation Tax	<ul style="list-style-type: none"> <li>▪ \$50/mills/bbl of oil and 50 mills/50,000 cubic feet of gas</li> </ul>
<b>New Hampshire</b>	Refined Petroleum Products Tax	<ul style="list-style-type: none"> <li>▪ 0.1 percent of fair market value</li> </ul>
	Excavation Tax	<ul style="list-style-type: none"> <li>▪ \$0.02 per cubic yard of earth excavated</li> </ul>
<b>New Mexico</b>	Oil and Gas Severance Tax	<ul style="list-style-type: none"> <li>▪ 3.75 percent of value of oil, other liquid hydrocarbons, natural gas and carbon dioxide</li> </ul>
	Oil and Gas Emergency School Tax	<ul style="list-style-type: none"> <li>• 3.15 percent of value of oil, other liquid hydrocarbons and carbon dioxide; Four percent of the value of natural gas</li> </ul>
	Natural Gas Processor's Tax	<ul style="list-style-type: none"> <li>▪ \$0.0220/mmBtu tax on the volume</li> </ul>
	Oil and Gas Ad Valorem Production Tax	<ul style="list-style-type: none"> <li>▪ Based on property tax in the district of production</li> </ul>
	Oil and Gas Conservation Tax	<ul style="list-style-type: none"> <li>▪ 0.19 percent of value</li> </ul>
<b>North Carolina</b>	Oil and Gas Conservation Tax	<ul style="list-style-type: none"> <li>▪ Maximum of five mills/barrel of oil and 0.5 mill/1,000 cubic feet of gas</li> </ul>
<b>North Dakota</b>	Oil Gross Production Tax	<ul style="list-style-type: none"> <li>▪ Five percent of gross value at the well</li> </ul>
	Gas Gross Production Tax	<ul style="list-style-type: none"> <li>▪ \$0.04 per 1,000 cubic feet of gas produced. The rate is subject to a gas rate adjustment each fiscal year.</li> </ul>
	Oil Extraction Tax	<ul style="list-style-type: none"> <li>▪ 6.5 percent of gross value at the well. Exceptions exist for certain production volumes and incentives for enhanced recovery projects.</li> </ul>
<b>Ohio</b>	Resource Severance Tax	<ul style="list-style-type: none"> <li>▪ \$0.10/bbl of oil</li> <li>▪ \$0.025/1,000 cubic feet of natural gas</li> </ul>
<b>Oklahoma</b>	Oil, Gas and Mineral Gross Production Tax and Petroleum Excise Tax	<ul style="list-style-type: none"> <li>▪ Seven percent if greater than \$2.10 mcf; four percent if greater than \$1.75 mcf but less than \$2.10 mcf; and one percent if less than \$1.75 mcf natural gas and casinghead gas (a byproduct of natural gas extraction), and 0.95 percent levied on crude oil, casinghead gas and natural gas.</li> <li>▪ Oil Gross Production Tax is variable based on the average price of Oklahoma oil. The tax rate is seven percent if average price is equal to or exceeds \$17/bbl; four percent if the average price is less than \$17/bbl but equal to or exceeds \$14/bbl; and one</li> </ul>

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		percent if the average price is less than \$14/bbl.
<b>Oregon</b>	Oil and Gas Production Tax	<ul style="list-style-type: none"> <li>▪ Six percent of gross value at well</li> </ul>
<b>South Dakota</b>	Energy Minerals Severance Tax	<ul style="list-style-type: none"> <li>▪ 4.5 percent of taxable value of all energy minerals</li> </ul>
	Conservation Tax	<ul style="list-style-type: none"> <li>▪ 2.4 mills of taxable value of all energy minerals</li> </ul>
<b>Tennessee</b>	Oil and Gas Severance Tax	<ul style="list-style-type: none"> <li>▪ Three percent of sales price</li> </ul>
<b>Texas</b>	Natural Gas Production Tax	<ul style="list-style-type: none"> <li>▪ 7.5 percent of market value of gas</li> <li>▪ Condensate Production Tax is 4.6 percent of market value of gas</li> </ul>
	Oil-Field Cleanup Regulatory Fees	<ul style="list-style-type: none"> <li>▪ 5/8 of \$0.01/barrel</li> <li>▪ 1/15 of \$0.01/1,000 cubic feet of gas</li> </ul>
<b>Utah</b>	Oil and Gas Severance Tax	<ul style="list-style-type: none"> <li>▪ Three percent of value for the first \$13 per barrel of oil and five percent if the value is \$13.01 or higher</li> <li>▪ Three percent of value for the first \$1.50/mcf and five percent if the value is \$1.51 or higher</li> <li>▪ Four percent of taxable value of natural gas liquids</li> </ul>
	Oil and Gas Conservation Fee	<ul style="list-style-type: none"> <li>▪ 0.002 percent of market value at the wellhead</li> </ul>
<b>West Virginia</b>	Natural Resource Severance Taxes	<ul style="list-style-type: none"> <li>▪ Five percent of gross value for natural gas; ten percent of net tax is distributed to local governments</li> <li>▪ Five percent of gross value for oil; ten percent of net tax is distributed to local governments</li> <li>▪ Additional tax for workers' compensation debt reduction rate of \$0.047/mcf of natural gas produced</li> </ul>
<b>Wisconsin</b>	Oil and Gas Severance Tax	<ul style="list-style-type: none"> <li>▪ Seven percent of market value of oil or gas at the mouth of the well</li> </ul>
<b>Wyoming</b>	Severance Taxes	<ul style="list-style-type: none"> <li>▪ Six percent on crude oil, lease condensate or natural gas</li> <li>▪ Four percent for stripper oil</li> </ul>

*Source: Various state websites and the Council of State Governments*