

**Taxation of a Barrel of Oil Produced in Neighboring States  
Montana, Wyoming, North Dakota**

	<u>Montana</u>	<u>Wyoming</u>	<u>North Dakota</u>
Base Rate	9.26%	6.00%	11.50%
Rate on nonworking interests	15.06%	6.00%	11.50%
Combined Base Rate (weighted)	10.23%	6.00%	11.50%
Average Ad Valorem tax on oil		6.70%	
Total "Typical" Tax on Oil	10.23%	12.70%	11.50%

**NOTES:**

**Montana:** Special rates for new wells and stripper wells (less than 15 bbls per day)

**Wyoming:** Special rates for new wells, stripper wells (less than 15 bbls per day) tertiary production, incremental work-over and recompletion, and wildcat when prices are below \$25

**North Dakota:** Special rates for incremental enhanced recovery and stripper wells (less than 30 bbls per day at the time of certification), and price-triggered rates for new wells, work-over, recompletion, horizontal re-entry wells.

This is a simplistic summary of complex mineral tax statutes in these states.  
For more detailed information on any state's specific tax treatment of oil production, contact Office of State Tax Commissioner.

# Severance Tax Form Instructions

State of Wyoming  
Department of Revenue  
122 West 25th Street  
Cheyenne WY 82002-0110

## SEVERANCE TAX REPORT OIL

2000



Operator ID:  DEPARTMENT OF REVENUE USE ONLY:

Form Type:  O - Original  
A - Amended Taxpayer Name:

Contact Name:  Contact Phone Number:

	PRODUCTION PERIOD (mm/yyyy)	REPORTING GROUP NUMBER	RATE CODE	GROSS SALES VOLUME	GROSS SALES VALUE	EXEMPT ROYALTY AND TRANSPORTATION	TAXABLE VALUE	TOTAL TAX DUE																																																												
1	Equals the taxable value times the applicable tax rate per the Rate Code Table. →																																																																			
2																																																																				
3	<b>Severance Rate Code Table for Oil (as of 1/1/2002)</b> <table border="1"> <thead> <tr> <th>Rate Code</th> <th>Mineral</th> <th>Rate Type</th> <th>Description</th> <th>Severance Tax Rate</th> </tr> </thead> <tbody> <tr> <td>BAS</td> <td>Oil</td> <td>Group</td> <td>No Incentives (base rate)</td> <td>.060</td> </tr> <tr> <td>S10</td> <td>Oil</td> <td>Group</td> <td>Stripper up to 10 barrels per day</td> <td>.040</td> </tr> <tr> <td>S15</td> <td>Oil</td> <td>Group</td> <td>Stripper between 11 bbls and 15 bbls per day</td> <td>.040</td> </tr> <tr> <td>TER</td> <td>Oil</td> <td>Group</td> <td>Tertiary Unit</td> <td>.040</td> </tr> <tr> <td>LCD</td> <td>Oil</td> <td>Group</td> <td>Lease Condensate</td> <td>.060</td> </tr> <tr> <td>WRK</td> <td>Oil</td> <td>Well</td> <td>Workover - Incremental</td> <td>.020</td> </tr> <tr> <td>REC</td> <td>Oil</td> <td>Well</td> <td>Recompletion - Incremental</td> <td>.020</td> </tr> <tr> <td>NEW</td> <td>Oil</td> <td>Well</td> <td>New Well</td> <td>.020</td> </tr> <tr> <td>WLD</td> <td>Oil</td> <td>Well</td> <td>Wildcat</td> <td>.020</td> </tr> <tr> <td>COL</td> <td>Oil</td> <td>Well</td> <td>Collection Well</td> <td>.015</td> </tr> <tr> <td>REN</td> <td>Oil</td> <td>Well</td> <td>Renewed Production</td> <td>.015</td> </tr> </tbody> </table>								Rate Code	Mineral	Rate Type	Description	Severance Tax Rate	BAS	Oil	Group	No Incentives (base rate)	.060	S10	Oil	Group	Stripper up to 10 barrels per day	.040	S15	Oil	Group	Stripper between 11 bbls and 15 bbls per day	.040	TER	Oil	Group	Tertiary Unit	.040	LCD	Oil	Group	Lease Condensate	.060	WRK	Oil	Well	Workover - Incremental	.020	REC	Oil	Well	Recompletion - Incremental	.020	NEW	Oil	Well	New Well	.020	WLD	Oil	Well	Wildcat	.020	COL	Oil	Well	Collection Well	.015	REN	Oil	Well	Renewed Production	.015
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11	NOTE: Reporting Groups containing wells that qualify for well incentives, Rate Type "Well", must complete and attach 2002, Severance Tax Schedule.																																																																			
12																																																																				

NOTE: For amended returns (Form Type 'A') report VALUES ONLY.

NOTE: A change in Rate Code requires BOTH an amended for the originally reported rate code and an original report for the new rate code.

NOTE: For amendments Total Tax Due is the replacement will not reflect previous tax applied to your account. Be sure to account for tax previously applied to your account prior to remitting the current payment.

MTSII 10/8/01

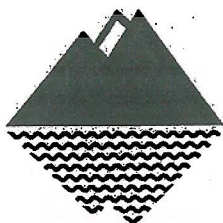
PAGE TOTAL:

I declare under penalty of perjury that I have examined this return and, to the best of my knowledge and belief, it is correct and complete.

Authorized Signature

Title

Date



Montana Department of  
**REVENUE**

Compliance, Valuation & Resolution  
Sam W. Mitchell Building

P. O. Box 5805  
Helena, Montana 59604-5805

TO: Oil and Natural Gas Operators

FROM: Montana Department of Revenue

DATE: July 1, 2001

RE: Montana Oil/Gas Tax Filings - Responsibility of Operator  
***Effective for production occurring on or after July 1, 2001***

**What has changed?**

The Montana Board of Oil and Gas Conservation has reduced the rate for the oil and gas privilege and license tax from .03% to .026% as authorized in 82-11-131 MCA. Because this tax is included in the Oil and Gas Production tax rates, a new COG2 form is required to be filed to reflect the reduced rates. All other production schedules remain unchanged. **The reduced tax rates are effective for production on or after July 1, 2001.** This memo describes the tax rates that will be used for tax reporting beginning with the third quarter of 2001.

**Filing and payment**

A production tax return and its accompanying payment is due 60 days after the end of each calendar quarter. All tax payments are to be made to the Montana Department of Revenue. **The first filing under these new tax rates affects production occurring on or after July 1, 2001 and is due November 30, 2001.**

**TAX RATES AS OF 7-1-2001**

Type of Production	Working Interest	Nonworking Interest	Reporting Schedule
<b>Natural Gas</b>			
Primary recovery production			
First 12 months of production	0.76%	15.06%	NG-INCENTIVE
Pre-1999 wells after incentive period	15.06%	15.06%	NG-PRE99
Post-1999 wells after incentive period	9.26%	15.06%	NG-POST99
Stripper wells (averaging < 60 MCF/day)			
Pre-1999 wells	11.26%	15.06%	NG-PRE99
Horizontally completed well production (drilled after 1-1-2000)			
First 18 months of qualifying production	0.76%	15.06%	NG-INCENTIVE
<b>Oil</b>			
Primary recovery production			
First 12 months of production	0.76%	15.06%	O-INCENTIVE
Pre-1999 wells after incentive period	12.76%	15.06%	O-REG
post-1999 wells after incentive period	→ 9.26%	15.06%	O-REG
stripper (wells averaging < 15 bbls/day)			
pre-1999 & post-1999 first 1-10 bbls	5.76%	15.06%	O-STRIP



STATE OF NORTH DAKOTA  
**OFFICE OF STATE TAX COMMISSIONER**  
Cory Fong, Commissioner

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**NORTH DAKOTA  
OIL EXTRACTION TAX INCENTIVE SUMMARY**

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**New Well Incentives**

- EN A new vertical well is eligible for a 15-month oil extraction tax exemption. (Suspended)
- HE A new horizontal well is eligible for a 24-month oil extraction tax exemption. (Suspended)
- FE A new well drilled and completed on Indian land is eligible for a 60-month oil extraction tax exemption.
- NW A new well is eligible for a reduced oil extraction tax rate of 4%. (Suspended)
- BN A new well drilled and completed in the Bakken formation, between July 1, 2007 and June 30, 2008, is eligible for a reduced oil extraction tax rate of 2% for the earlier of 18 months or 75,000 barrels.
- HN A new well drilled and completed after April 30, 2009 and completed before July 1, 2012 may be eligible for an oil extraction tax rate of 2% for the earliest of the following: 18 months, 75,000 barrels, or \$4.5 million of gross oil revenues. To receive this incentive a well must be completed during a month in which the incentive was active. Active months currently include May 2009 through October 2010. The incentive is inactive for completions made November 1, 2009 or later.

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**Horizontal Re-Entry Incentive (Suspended)**

- HR A horizontal reentry well, which is a vertical well bore reentered and recompleted horizontally, is eligible for a 9-month oil extraction tax exemption for each reentry.

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**Inactive Well Incentive (Suspended)**

- IE A well that has been inactive for two-years is eligible for a 10-year oil extraction tax exemption.

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**Workover Incentives (Suspended)**

- WP A work-over project well is eligible for a 12-month oil extraction tax exemption starting from the first day of the third month after completion of the work-over.
- W4 A work-over project, completed on a well originally reported with a WW well code is eligible for a reduced oil extraction tax rate of 4% after the 12-month exempt period.

## **NORTH DAKOTA OIL EXTRACTION TAX INCENTIVE SUMMARY**

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### **Enhanced Recovery Incentives**

#### ***Rate Reduction***

- SR    A secondary recovery project well eligible for a reduced oil extraction tax rate of 4%.  
(Suspended)
- TR    A tertiary recovery project well eligible for a reduced oil extraction tax rate of 4%.  
(Suspended)

#### ***Incremental Exemption***

- R1    Used by producers for qualified enhanced recovery reporting of production subject to 5% gross production and 0% oil extraction tax.
- R2    Used by producers for qualified enhanced recovery reporting of production subject to 5% gross production and 4% oil extraction tax. (Suspended)
- R3    Used by producers for qualified enhanced recovery reporting of production subject to 5% gross production and 6.5% oil extraction tax.

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### **Stripper Well Incentives**

- S1    A stripper well/property, with average daily production of oil not exceeding 10 barrels per day during a 12 month qualifying period, from a depth of 6,000 feet or less, is exempt from oil extraction tax.
- S2    A stripper well/property, with average daily production of oil not exceeding 15 barrels per day during a 12 month qualifying period, from a depth of more than 6,000 feet, but not more than 10,000 feet, is exempt from oil extraction tax.
- S3    A stripper well/property, with average daily production of oil not exceeding 30 barrels per day during a 12 month qualifying period, from a depth of more than 10,000 feet, is exempt from oil extraction tax.

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### **Full Rate**

- WW    A well not eligible for an oil extraction tax exemption or rate reduction.
- PT    A well eligible for an oil extraction tax exemption or rate reduction that has been suspended, returning the oil extraction tax rate to the full 6.5%.