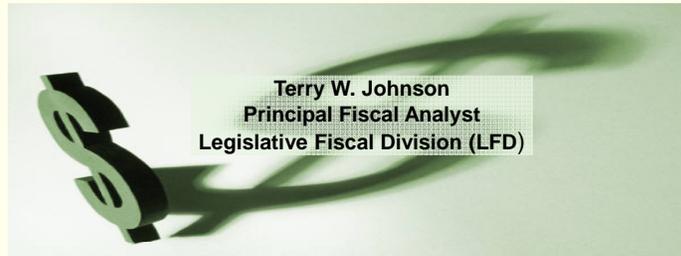




## State Oil and Gas Production Data How Big and Where it Goes !



April 19 , 2012



1



Legislative Fiscal Division

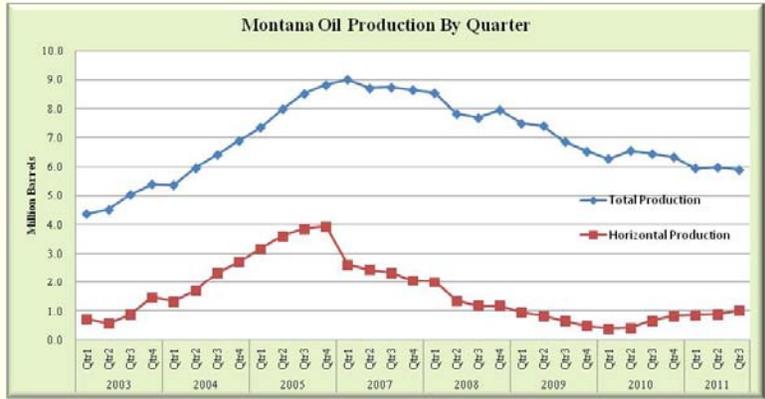


## Presentation Outline

- **Production Statistics**
- **Relevant Tax Sources – Rates and Distribution**
  - Oil & Gas Production Tax
  - Federal Lands Mineral Revenue
  - State Lands Mineral Revenue
- **Other Tax Sources**
  - Individual Income Tax
  - Corporation Income Tax
  - Property Tax
- **Questions**

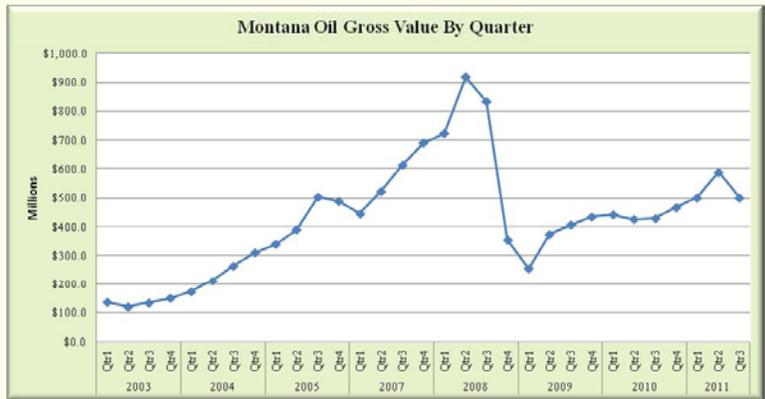
2

## Oil Production Statistics



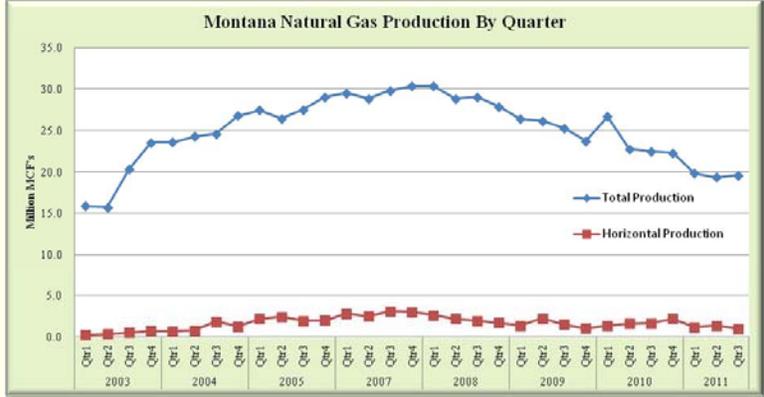
3

## Oil Production Statistics



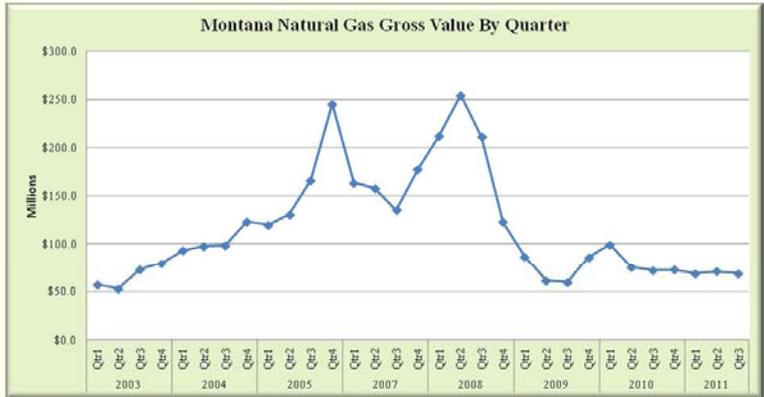
4

## Natural Gas Production Statistics



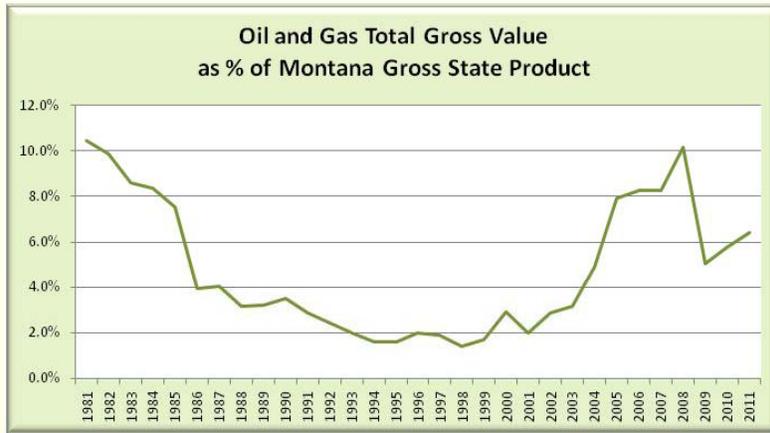
5

## Natural Gas Production Statistics



6

## Oil & Gas Gross Value - % GSP



7

## Oil & Natural Gas Tax Rates

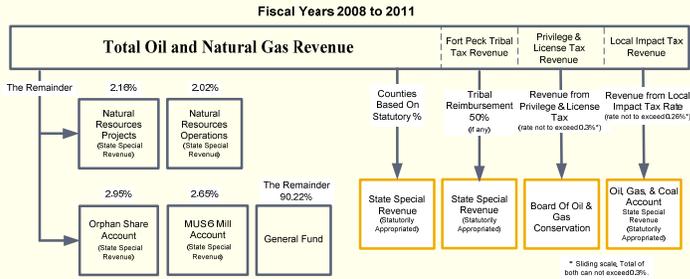
Oil Tax Rates 15-36-304(5), MCA	
<b>Working Interest</b>	
<b>Primary recovery production</b>	
First 12 months of qualifying production	0.5%
After 12 months:	
pre-1999 wells	12.5%
post-1999 wells	9.0%
<b>Stripper oil production (&gt;3 and &lt; 15 barrels/day if oil &lt;\$30)</b>	
1 through 10 barrels a day production	5.5%
>10 through 14 barrels a day production	9.0%
<b>Stripper oil production (&gt;3 and &lt; 15 barrels/day if oil &gt;=\$30)</b>	
<b>Stripper wells (3 barrels or less/day)</b>	
Stripper well exemption production (if oil <\$38)	0.5%
Stripper well bonus production (if oil >=\$38)	6.0%
<b>Horizontally completed well production</b>	
First 18 months of qualifying production	0.5%
After 18 months:	
pre-1999 wells	12.5%
post-1999 wells	9.0%
<b>Incremental production (if oil &lt;\$30/barrel)</b>	
New or expanded secondary recovery production	8.5%
New or expanded tertiary production	5.8%
<b>Incremental production (if oil &gt;=\$30/barrel)</b>	
Pre-1999 wells	12.5%
Post-1999 wells	9.0%
<b>Horizontally recompleted well</b>	
First 18 months	5.5%
After 18 months:	
pre-1999 wells	12.5%
post-1999 wells	9.0%
<b>Nonworking Interest</b>	
	14.8%

\* No stripper tax rate. Taxed at primary recovery rates. See 15-36-303(22a).

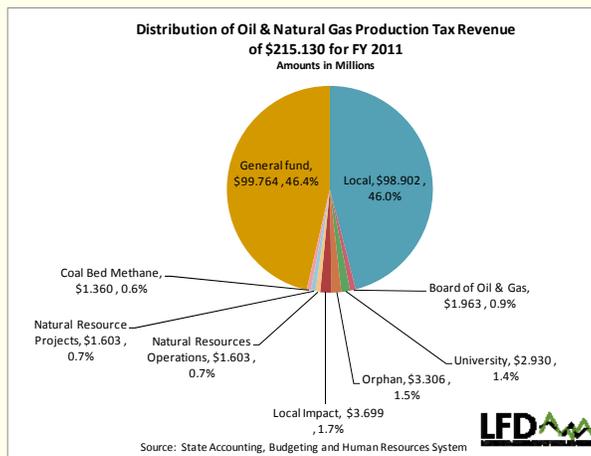
Natural Gas Tax Rates 15-36-304(2), MCA	
<b>Working Interest</b>	
<b>Qualified production</b>	
First 12 months	0.5%
After 12 months:	
pre-1999	14.8%
post-1999*	9.0%
<b>Stripper natural gas pre-1999 wells</b>	
Horizontally completed well production	11.0%
First 18 months of qualifying production	0.5%
After 18 months	9.0%
<b>Nonworking Interest</b>	
	14.8%

8

# Oil and Gas Distribution Diagram



# Oil & Natural Gas Revenue Flow – FY 2011



## Federal Lands Mineral Revenue

- Revenue from Sales, Bonuses, Royalties, and Rents on federal lands
  - Federal share is 52% (Retained by Federal Government)
  - State Share is 48%
- State Share Distribution is as Follows:



## State Lands Mineral Revenue

- Revenue from Sales, Bonuses, Rents on State lands
  - 95% to State Special Accounts
  - 5% to Trust Land Accounts
- Revenue from Royalties on State Lands
  - 100% to Trust Land Accounts

Note : All revenues from designated capitol building lands are expended for building projects.

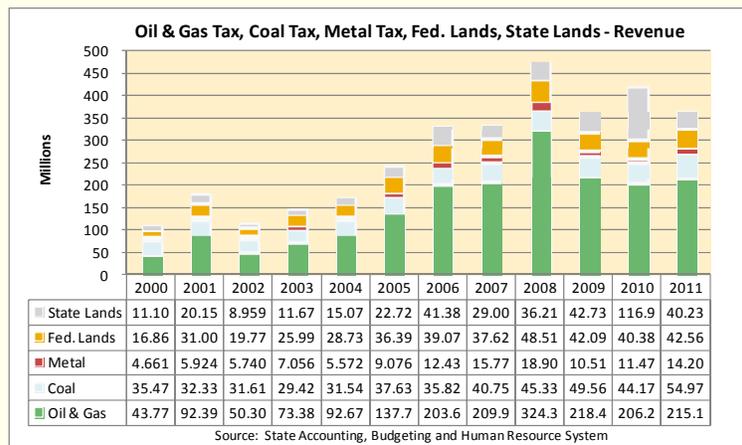
## Natural Resource Revenue By Year

Oil & Gas Tax, Coal Tax, Metal Tax, Federal Lands, State Lands  
Revenue By Natural Resource Category

Figure 1

Fiscal Year	Oil & Gas Tax	Coal Tax	Metal Tax	Fed. Lands Revenue	State Lands Revenue	Total Revenue
A 2000	43,772,950	35,469,791	4,661,369	16,860,397	11,099,829	111,864,336
A 2001	92,395,790	32,337,172	5,923,752	31,007,874	20,157,136	181,821,724
A 2002	50,303,611	31,614,049	5,740,242	19,772,193	8,958,637	116,388,732
A 2003	73,389,377	29,423,546	7,055,900	25,989,828	11,675,063	147,533,714
A 2004	92,676,049	31,544,681	5,572,192	28,736,303	15,073,469	173,602,694
A 2005	137,754,331	37,634,510	9,076,338	36,391,633	22,728,034	243,584,846
A 2006	203,681,078	35,821,524	12,435,050	39,071,469	41,382,043	332,391,164
A 2007	209,946,350	40,758,738	15,774,412	37,627,625	29,007,308	333,114,433
A 2008	324,311,269	45,331,870	18,902,178	48,518,078	36,210,000	473,273,395
A 2009	218,425,215	49,564,120	10,513,899	42,097,818	42,735,546	363,336,598
A 2010	206,286,268	44,177,434	11,475,975	40,383,725	116,900,598	419,224,000
A 2011	215,129,820	54,970,717	14,204,440	42,564,410	40,232,740	367,102,127

## Natural Resource Revenue By Year



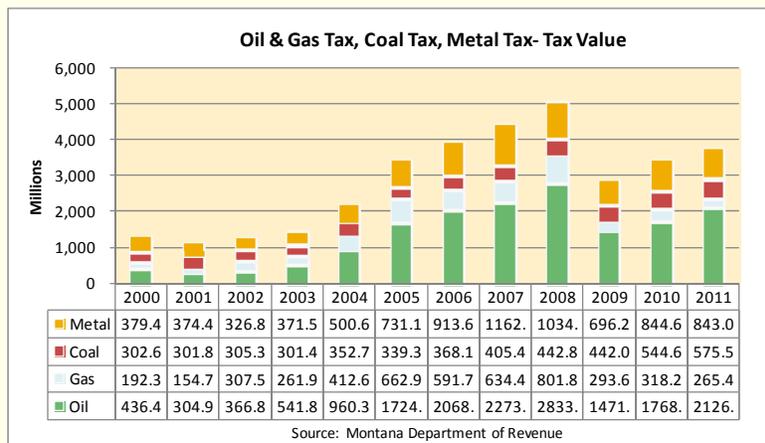
## Natural Resources Total Gross Value

**Oil & Gas Tax, Coal Tax, Metal Tax**  
**Tax Value By Natural Resource Category (in Millions) (2011 is preliminary)**

Figure 3

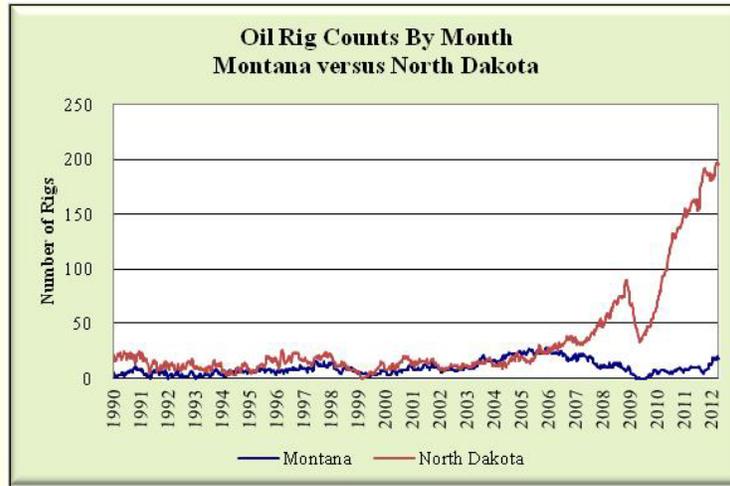
Cal. Year	Oil Value	Gas Value	Coal Value	Metal Value	Total Value	Percent Change
A 2000	436.436	192.374	302.646	379.448	1,310.904	
A 2001	304.908	154.762	301.864	374.455	1,135.989	-13.34%
A 2002	366.815	307.514	305.302	326.831	1,306.463	15.01%
A 2003	541.896	261.902	301.407	371.564	1,476.768	13.04%
A 2004	960.339	412.625	352.744	500.601	2,226.310	50.76%
A 2005	1,724.104	662.994	339.340	731.128	3,457.566	55.30%
A 2006	2,068.324	591.700	368.100	913.629	3,941.753	14.00%
A 2007	2,273.674	634.434	405.429	1,162.054	4,475.591	13.54%
A 2008	2,833.194	801.864	442.851	1,034.502	5,112.411	14.23%
A 2009	1,471.605	293.648	442.029	696.219	2,903.501	-43.21%
A 2010	1,768.646	318.293	544.623	844.654	3,476.217	19.72%
A 2011	2,126.434	265.429	575.540	843.008	3,810.411	9.61%

## Natural Resources Total Gross Value





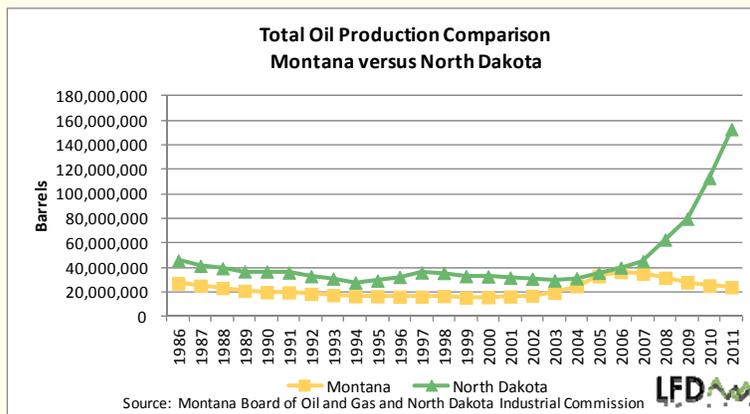
## Oil Rig Counts Show Uptick



17



## Oil Production Comparison



18



## Wage Income Comparison



## Questions?

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Montana Coal Production By Quarter

The above chart shows Montana coal production by quarter since calendar year 2003. As indicated by the chart total production by quarter has varied between 7 to 13 million tons since 2003. Total quarterly production peaked in the third and fourth quarter of 2010 at 10.5 and 12.4 million tons, respectively. Source: Montana Department of Revenue tax return data.

