

**MONTANA OIL AND NATURAL GAS PRODUCTION TAX RATES**

**OIL**

<b>PRIMARY PRODUCTION</b>	<b>Working Interest*</b>	<b>Nonworking Interest*</b>
Vertical wells		
First 12 months	0.5%	**
After 12 months		
Pre-1999 wells	12.5%	**
Post-1999 wells	9.0%	**
Horizontally completed wells		
First 18 months	0.5%	**
After 18 months		
Pre-1999 wells	12.5%	**
Post-1999 wells	9.0%	**

<b>INCREMENTAL OIL PRODUCTION</b>	<b>Tax rates on production above a certified decline curve</b>	
Horizontally recompleted wells		
First 18 months	5.5%	**
After 18 months		
Pre-1999 wells	12.5%	**
Post-1999 wells	9.0%	**
New or expanded (after 12/31/93) secondary recovery production***	8.5%	**
New or expanded (after 12/31/93) tertiary recovery production***	5.8%	**

Tax rate on production below the decline curve, is the primary or stripper rate that is applicable for the level of production and date of the original well.

**STRIPPER OIL PRODUCTION**

Less than 15 bbls/day per well based on annual production by lease or unit.

First 10 bbls of production/day	5.5%	**
Production above 10 bbls/day	9.0%	**
Stripper Well Exemption****	0.5%	**
For wells that produce 3 bbls or less per day.		

Pre-1999 wells = drilled before January 1, 1999  
 Post-1999 wells = drilled on or after January 1, 1999

\*\* 14.8% is the tax rate for all Nonworking Interest production

\* Add 0.26% (eff. 7/1/01) to all rates for Bd of Oil & Gas Conservation License & Privilege Tax

\*\*\*lower tax rate suspended when WTI crude price exceeds \$30 for calendar quarter

\*\*\*\*lower tax rate suspended when WTI crude price exceeds \$38 for calendar quarter

## MONTANA OIL AND NATURAL GAS PRODUCTION TAX RATES

### NATURAL GAS

	Working Interest*	Nonworking Interest*
Vertical wells		
First 12 months	0.5%	**
After 12 months		
Pre-1999 wells	14.8%	**
Post-1999 wells	9.0%	**
Horizontally completed wells		
First 18 months	0.5%	**
After 18 months	9.0%	**
Stripper natural gas production Less that 60 mcf/day per well based on annual production by lease or unit.		
Pre-1999 wells	11.0%	**

Pre-1999 wells = drilled before January 1, 1999

Post-1999 wells = drilled on or after January 1, 1999

\*\* 14.8% is the tax rate for all Nonworking Interest production

\*Add 0.26% (eff. 7/1/01) to all rates for Bd of Oil & Gas Conservation License & Privilege Tax