

ANALYSIS OF OIL AND NATURAL GAS TAX PRODUCTION INCENTIVES FOR PRODUCTION IN CALENDAR YEARS 2003 THROUGH 2007

EFFECT ON STATE FUNDS

OIL

GOVERNMENT ENTITY	PRODUCTION YEAR	Percent Reduction due to Incentive Rates	Tax Distributed (Current Law)	Total Tax without Reduction in Tax due to Reduced Rate Incentives	Total Reduced Rate Incentives	Holiday Horizontal 18 Month	Holiday Vertical 12 Month	Horizontal Recomplete	Secondary	Stripper Bonus (<3 bbl/day)	Stripper Exemption (<3 bbl/day)	Stripper 10-15 Bbl/Day	Reduced Rate For Post-99 Production
COUNTY PORTION	2003	28%	21,827,155	30,462,018	8,634,863	3,346,577	650,674	334,143	258,252	0	1,128,460	169,089	2,747,668
COUNTY PORTION	2004	36%	35,257,375	54,686,825	19,429,450	10,516,958	1,284,219	435,415	0	0	331,594	0	6,861,264
COUNTY PORTION	2005	44%	55,829,734	99,430,541	43,600,807	26,119,736	562,729	405,910	0	592,556	3,821	302	15,915,753
COUNTY PORTION	2006	42%	69,997,465	120,483,956	50,486,491	27,513,582	861,554	300,893	0	1,142,587	0	0	20,667,875
COUNTY PORTION	2007	35%	87,307,757	133,406,735	46,098,978	23,595,675	1,127,200	108,960	0	1,190,924	0	0	20,076,219
FIVE YEAR TOTAL		38%	270,219,486	438,470,075	168,250,589	91,092,528	4,486,376	1,585,321	258,252	2,926,067	1,463,875	169,391	66,268,779
STATE PORTION	2003	27%	26,476,608	36,343,607	9,866,999	4,249,158	737,600	408,040	374,529	0	565,891	141,654	3,390,127
STATE PORTION	2004	36%	41,141,533	64,588,621	23,447,088	12,852,137	1,488,564	487,076	0	0	190,007	0	8,429,304
STATE PORTION	2005	44%	65,105,399	115,750,940	50,645,541	30,314,398	647,139	476,130	0	401,119	3,237	164	18,803,354
STATE PORTION	2006	41%	80,727,292	137,386,063	56,658,771	30,839,668	894,044	355,427	0	915,213	0	0	23,654,419
STATE PORTION	2007	34%	100,175,713	151,441,914	51,266,201	26,068,810	1,098,684	144,814	0	951,412	0	0	23,002,481
FIVE YEAR TOTAL		38%	313,626,545	505,511,145	191,884,600	104,324,171	4,866,031	1,871,487	374,529	2,267,744	759,135	141,818	77,279,685
COUNTY & STATE	2003	28%	48,303,763	66,805,625	18,501,862	7,595,735	1,388,274	742,183	632,781	0	1,694,351	310,743	6,137,795
COUNTY & STATE	2004	36%	76,398,908	119,275,446	42,876,538	23,369,095	2,772,783	922,491	0	0	521,601	0	15,290,568
COUNTY & STATE	2005	44%	120,935,133	215,181,481	94,246,348	56,434,134	1,209,868	882,040	0	993,675	7,058	466	34,719,107
COUNTY & STATE	2006	42%	150,724,757	257,870,019	107,145,262	58,353,250	1,755,598	656,320	0	2,057,800	0	0	44,322,294
COUNTY & STATE	2007	34%	187,483,470	284,848,649	97,365,179	49,664,485	2,225,884	253,774	0	2,142,336	0	0	43,078,700
FIVE YEAR TOTAL		38%	583,846,031	943,981,220	360,135,189	195,416,699	9,352,407	3,456,808	632,781	5,193,811	2,223,010	311,209	143,548,464

OIL

Reduction to Coal Bed Methane Account	Reduction to R & D Grants Account	Reduction to Orphan Share Account	Reduction to University SSR Account	Reduction to State General Fund	Total Reduction to State
121,364	291,076	291,076	261,475	8,902,008	9,866,999
288,399	691,689	691,689	621,348	21,153,963	23,447,088
622,940	1,494,043	1,494,043	1,342,107	45,692,408	50,645,541
696,903	1,671,434	1,671,434	1,501,457	51,117,543	56,658,771
630,574	1,512,353	1,512,353	1,358,554	46,252,367	51,266,201
2,360,180	5,660,595	5,660,595	5,084,941	173,118,289	191,884,600

NATURAL GAS

GOVERNMENT ENTITY	PRODUCTION YEAR	Percent Reduction due to Incentive Rates	Tax Distributed (Current Law)	Total Tax without Reduction in Tax due to Reduced Rate Incentives	Total Reduced Rate Incentives	Holiday Horizontal 18 Month	Holiday Vertical 12 Month	Horizontal Recomplete	Secondary	Stripper Bonus (<3 bbl/day)	Stripper Exemption (<3 bbl/day)	Stripper (<60 mcf/day)	Reduced Rate For Post-99 Production
COUNTY PORTION	2003	36%	12,476,092	19,387,333	6,911,241	172,513	1,703,046		0			1,229,489	3,806,193
COUNTY PORTION	2004	40%	18,288,046	30,477,840	12,189,794	600,357	3,511,040		0			1,631,154	6,447,243
COUNTY PORTION	2005	42%	27,765,381	48,140,710	20,375,329	1,959,597	4,433,363		0			2,494,146	11,488,223
COUNTY PORTION	2006	44%	24,199,338	43,102,211	18,902,873	3,198,672	2,931,009		0			1,866,023	10,907,169
COUNTY PORTION	2007	47%	24,746,894	46,885,759	22,138,865	6,140,946	3,019,999		0			1,761,659	11,216,261
FIVE YEAR TOTAL		43%	107,475,751	187,993,853	80,518,102	12,072,085	15,598,457		0			8,982,471	43,865,089
STATE PORTION	2003	36%	11,142,301	17,475,776	6,333,475	210,649	1,535,335		0			1,006,181	3,581,310
STATE PORTION	2004	42%	16,060,820	27,515,979	11,455,158	607,574	3,377,009		0			1,260,042	6,210,533
STATE PORTION	2005	44%	25,289,334	44,888,609	19,599,275	2,161,219	4,153,464		0			1,943,060	11,341,532
STATE PORTION	2006	44%	22,506,130	40,247,465	17,741,336	2,810,130	2,830,751		0			1,508,935	10,591,520
STATE PORTION	2007	46%	23,249,187	42,946,819	19,697,632	4,639,128	2,894,578		0			1,431,914	10,732,012
FIVE YEAR TOTAL			98,247,771	173,074,647	74,826,876	10,428,700	14,791,137		0			7,150,132	42,456,907
COUNTY & STATE	2003	36%	23,618,393	36,863,109	13,244,716	383,162	3,238,381		0			2,235,670	7,387,503
COUNTY & STATE	2004	41%	34,348,866	57,993,819	23,644,952	1,207,931	6,888,049		0			2,891,196	12,657,776
COUNTY & STATE	2005	43%	53,054,715	93,029,319	39,974,604	4,120,816	8,586,827		0			4,437,206	22,829,755
COUNTY & STATE	2006	44%	46,705,468	83,349,676	36,644,209	6,008,802	5,761,760		0			3,374,958	21,498,689
COUNTY & STATE	2007	47%	47,996,081	89,832,578	41,836,497	10,780,074	5,914,577		0			3,193,573	21,948,273
FIVE YEAR TOTAL		43%	205,723,522	361,068,500	155,344,978	22,500,785	30,389,594		0			16,132,603	86,321,996

NATURAL GAS

Reduction to Coal Bed Methane Account	Reduction to R & D Grants Account	Reduction to Orphan Share Account	Reduction to University SSR Account	Reduction to State General Fund	Total Reduction to State
77,902	186,838	186,838	167,837	5,714,060	6,333,475
140,898	337,927	337,927	303,562	10,334,844	11,455,158
241,071	578,179	578,179	519,381	17,682,465	19,599,275
218,218	523,369	523,369	470,145	16,006,235	17,741,336
242,281	581,080	581,080	521,987	17,771,204	19,697,632
920,370	2,207,393	2,207,393	1,982,912	67,508,808	74,826,876

ANALYSIS OF OIL AND NATURAL GAS TAX PRODUCTION INCENTIVES FOR PRODUCTION IN CALENDAR YEARS 2003 THROUGH 2007

EFFECT ON STATE FUNDS

OIL & NATURAL GAS COMBINED

GOVERNMENT ENTITY	PRODUCTION YEAR	Percent Reduction due to Incentive Rates	Tax Distributed (Current Law)	Total Tax without Reduction in Tax due to Reduced Rate Incentives	Total Reduced Rate Incentives	Holiday Horizontal 18 Month	Holiday Vertical 12 Month	Horizontal Recomplete	Secondary	Stripper Bonus (<3 bbl/day)	Stripper Exemption (<3 bbl/day)	Stripper 10-15 Bbl/Day	Reduced Rate For Post-99 Production
COUNTY PORTION	2003	31%	34,303,247	49,849,351	15,546,104	3,519,090	2,353,720	334,143	258,252	0	1,128,460	1,398,578	6,553,861
COUNTY PORTION	2004	37%	53,545,421	85,164,665	31,619,244	11,117,315	4,795,259	435,415	0	0	331,594	1,631,154	13,308,507
COUNTY PORTION	2005	43%	83,595,115	147,571,251	63,976,136	28,079,333	4,996,092	405,910	0	592,556	3,821	2,494,448	27,403,976
COUNTY PORTION	2006	42%	94,196,803	163,586,167	69,389,364	30,712,254	3,792,563	300,893	0	1,142,587	0	1,866,023	31,575,044
COUNTY PORTION	2007	38%	112,054,651	180,292,494	68,237,843	29,736,621	4,147,199	108,960	0	1,190,924	0	1,761,659	31,292,480
FIVE YEAR TOTAL		40%	377,695,237	626,463,928	248,768,691	103,164,613	20,084,833	1,585,321	258,252	2,926,067	1,463,875	9,151,862	110,133,868
STATE PORTION	2003	30%	37,618,909	53,819,383	16,200,474	4,459,807	2,272,935	408,040	374,529	0	565,891	1,147,835	6,971,437
STATE PORTION	2004	38%	57,202,353	92,104,600	34,902,246	13,459,711	4,865,573	487,076	0	0	190,007	1,260,042	14,639,837
STATE PORTION	2005	44%	90,394,733	160,639,549	70,244,816	32,475,617	4,800,603	476,130	0	401,119	3,237	1,943,224	30,144,886
STATE PORTION	2006	42%	103,233,422	177,633,528	74,400,107	33,649,798	3,724,795	355,427	0	915,213	0	1,508,935	34,245,939
STATE PORTION	2007	37%	123,424,900	194,388,733	70,963,833	30,707,938	3,993,262	144,814	0	951,412	0	1,431,914	33,734,493
FIVE YEAR TOTAL		39%	411,874,316	678,585,792	266,711,476	114,752,871	19,657,168	1,871,487	374,529	2,267,744	759,135	7,291,950	119,736,592
COUNTY & STATE	2003	31%	71,922,156	103,668,734	31,746,578	7,978,897	4,626,655	742,183	632,781	0	1,694,351	2,546,413	13,525,298
COUNTY & STATE	2004	38%	110,747,774	177,269,265	66,521,490	24,577,026	9,660,832	922,491	0	0	521,601	2,891,196	27,948,344
COUNTY & STATE	2005	44%	173,989,848	308,210,800	134,220,952	60,554,950	9,796,695	882,040	0	993,675	7,058	4,437,672	57,548,862
COUNTY & STATE	2006	42%	197,430,225	341,219,695	143,789,471	64,362,052	7,517,358	656,320	0	2,057,800	0	3,374,958	65,820,983
COUNTY & STATE	2007	37%	235,479,551	374,681,227	139,201,676	60,444,559	8,140,461	253,774	0	2,142,336	0	3,193,573	65,026,973
FIVE YEAR TOTAL		39%	789,569,553	1,305,049,720	515,480,167	217,917,484	39,742,001	3,456,808	632,781	5,193,811	2,223,010	16,443,812	229,870,460

OIL & NATURAL GAS COMBINED

Reduction to Coal Bed Methane Account	Reduction to R & D Grants Account	Reduction to Orphan Share Account	Reduction to University SSR Account	Reduction to State General Fund	Total Reduction to State
199,266	477,914	477,914	429,313	14,616,067	16,200,474
429,298	1,029,616	1,029,616	924,910	31,488,806	34,902,246
864,011	2,072,222	2,072,222	1,861,488	63,374,873	70,244,816
915,121	2,194,803	2,194,803	1,971,603	67,123,777	74,400,107
872,855	2,093,433	2,093,433	1,880,542	64,023,570	70,963,833
3,280,551	7,867,988	7,867,988	7,067,856	240,627,093	266,711,476

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