UNIVERSITY OF WYOMING
SCHOOL OF ENERGY RESOURCES

ISSUE SNAPSHOT 2026

CENTER FOR ENERGY REGULATION & POLICY ANALYSIS

STATE OIL & NATURAL GAS SEVERANCE TAXES

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ISSUE SNAPSHOT

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INTRODUCTION

The United States ranks first in global oil and natural gas production. Currently, there are 32 states that produce oil and 34 states that produce natural gas.[1,2] Wyoming consistently falls within the top ten oil and natural gas producing states in the nation, ranking 7th in oil production and 10th in natural gas production in 2024.[3]

The states that have oil and natural gas production have enacted laws that tax the extraction, production and sale of these resources. These taxes are often referred to as severance taxes. This paper describes the different ways in which severance taxes are structured across the nation, including how they are specifically applied in each state (Appendix A). It does not evaluate or make recommendations regarding severance tax policy.

1 *Petroleum & Other Liquids*, U.S. ENERGY INFORMATION ADMINISTRATION (EIA) (Dec. 31, 2025), (https://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbl_a.htm.)

2 *Natural Gas*, EIA (Dec. 31, 2025), https://www.eia.gov/dnav/ng/ng_prod_sum_a_EPG0_FGW_mmcf_a.htm.

3 *Wyoming State Energy Profile,* EIA (Jul. 17. 2025), https://www.eia.gov/state/print.php?sid=WY.

SEVERANCE TAX STRUCTURES

In Wyoming, state severance taxes are levied on minerals that are extracted, or severed, from the ground. While other states also refer to these as severance taxes, there are some states that refer to them as production, privilege, and extraction taxes. Pennsylvania does not have a severance tax but instead imposes well fees based on years in operation and commodity pricing.[4] For simplification, throughout the remainder of this paper taxes and fees on the extraction, production and sale of oil and natural gas will collectively be referred to as severance taxes.

Severance taxes are generally calculated based on either the volume or value of oil or natural gas produced.[5] Most states, including Wyoming, impose severance taxes based on value. The tax amount is determined using a percentage of either the gross value or the fair market value as follows:

Gross value

The value of the oil or gas produced at the point of production. This value can be determined by the total gross amount of oil or gas produced, including royalty and other interests.

Fair market value

The assessed fair market value of the oil or gas extracted. This value is typically based on market prices when the oil and gas were extracted.[6]

Other states, such as Georgia and Ohio, calculate severance taxes based on the volume of oil or natural gas produced by levying a certain amount of tax per thousand cubic feet (MCF) of natural gas or per barrel of oil produced.

4 58 Pa. Cons. Stat. §2302 (2025).
5 Anne Kolesnikoff and Cassarah Brown, *State Oil and Gas Severance Taxes*, National Conference of State Legislatures (NACL) (Sep. 6, 2018), https://www.ncsl.org/energy/state-oil-and-gas-severance-taxes.
6 *Ibid.*

SEVERANCE TAX ALLOCATIONS

Severance tax revenues vary among the states and are influenced by factors such as production levels and state policies. For the most part, these revenues are allocated to:

- State general funds
- Mineral trust funds
- Conservation funds
- Orphan well funds
- Infrastructure maintenance and improvements
- Schools
- Emergency responders
- Government agencies

Wyoming severance tax revenues are allocated to the State's permanent mineral trust fund, common school account within the permanent land fund, and the severance tax distribution account. Funds in the severance tax distribution account are distributed in accordance with a statutory formula.[7]

CONSERVATION FEES

In addition to severance taxes, some states also charge a conservation tax, assessment, or site restoration fee. As with severance taxes, these fees are paid based on units extracted or sold. The funds from these fees are generally used for various state and local projects and services.

[7] WYO. STAT. ANN. §39-14-801 (2025).

WYOMING SEVERANCE TAXES

In 2024, Wyoming severance taxes on oil production were $417,503,546.00 and on natural gas were $140,176,766.00, for a total of $557,680,312.00 (Table 1).[8] This accounted for approximately 77% of the severance taxes assessed on all minerals extracted in the State in 2024.

Table 1. 2024 Wyoming Mineral Severance Taxes[9]

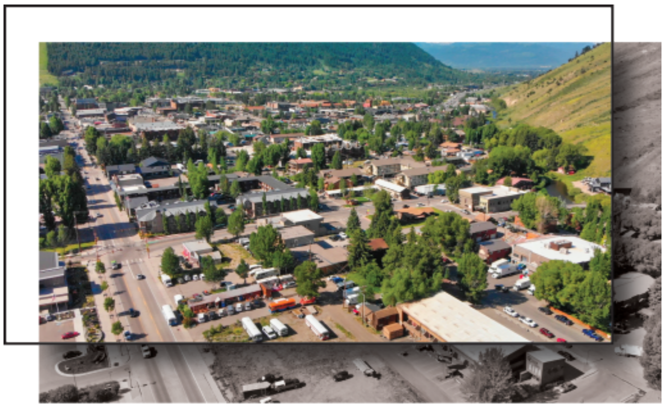
Minerals	Severance Tax Collectible
Bentonite	$ 1,399,636
Clay	$ 11,146
Coal	$ 136,044,659
Decorative Stone	$ 6,145
Frac Sand	$ 25,127
Granite Ballast	$ 108,829
Gypsum	$ 116,622
Jade	$ 105.00
Leonardite	$ 27,335
Limestone	$ 288,172
Natural Gas	$ 140,176,766
Oil	$ 417,503,546
Sand & Gravel	$ 716,322
Shale	$ 14,900
Moss Rock	$ 1,766
Trona	$ 23,281,908
Uranium	$ 402,440
Totals	**$ 720,115,424**

8 *State of Wyoming Department of Revenue 2025 Annual Report,* WYOMING DEP'T OF REVENUE (2025), https://drive.google.com/file/d/1lqfOHGmQIE6ng9L0JGA69u03Jp3xZcOK/view.

9 *Ibid.*

AD VALOREM TAXES

As with many other states, Wyoming also levies ad valorem, or property, taxes on mineral production at the county level. New York and Nevada do not have state severance taxes, however, they do impose county property taxes on oil and natural gas that are calculated based on production amounts.[10,11] Ad valorem taxes are not considered in this paper as they vary by county and while Wyoming only has 23 counties, some states have many more than that.



CONCLUSION

Thirty-one of the 34 states that have oil and/or natural gas production impose a state severance tax on the extraction, production and sale of these resources. A review of severance tax laws described in Appendix A reveals the varying approaches by states in how severance taxes are applied and the methods used to determine the marketable value.

Many states, including Wyoming, apply a flat tax on the value of oil and gas production but also provide exemptions for low producing wells. Other states, such as Mississippi, apply tax exemptions to high-cost gas wells, inactive wells and discovery wells in an attempt to incentivize production. Additionally, states such as Oklahoma, adjust the tax rate on the production value based on the current value of gas, which increases severance tax income when commodity prices are high and reduces it when they are low. Still other states, such as Colorado, provide tax credits to offset local taxes on oil and gas. All of these varying factors make it difficult to conduct a direct comparison of state-to-state severance tax revenue potentials.[12] CERPA is currently considering a methodology to devise a follow-up paper comparing potential state severance tax revenues based on similar production scenarios.

10 N.Y. Real Property Tax Law §593 (2026).
11 Nev. Rev. Stat. §362.140 (2025).
12 *See supra* note 5.

APPENDIX A

State Oil and Natural Gas Severance Tax Rates

Alabama

Oil and Gas Production Tax

- 2% of the gross value of gas or oil at point of production
  - Exceptions
    - 1% of the gross value for five years from first production for wells permitted July 1, 1996 through June 30, 2002[13]
    - 1.66% of the gross proceeds from offshore production at depths greater than 8,000 feet below mean sea level[14]

Oil and Gas Privilege Tax

- 8% of the gross value of gas or oil at point of production
  - Exceptions
    - 6% of the gross value of gas or oil at point of production for
      - Wells permitted after July 1, 1988
      - Offshore wells producing more than 200 MCF per day at depths less than 8,000 feet.
    - 4% of the gross value of gas or oil at point of production for
      - Oil wells producing 25 BBLs or less per day
      - Gas wells producing 200 MCF or less per day
      - Offshore wells producing 200 MCF or 25 BBLs or less per day at depths less than 8,000 feet
      - Incremental production from qualified enhanced recovery projects and supplemental enhanced recovery projects approved by the State Oil and Gas Board
  - 3.65% of proceeds from offshore production from depths greater than 8,000 feet below mean sea level.
  - 3% for wells normally qualifying for the 6% privilege tax rate and permitted from July 1, 1996 through July 1, 2002 for five years from first production
  - 2% for wells normally qualifying for the 4% privilege tax rate and permitted from July 1, 1996 through July 1, 2002 for five years from first production[15]

13 ALA. CODE §9-17-25 (2025).
14 ALA. CODE §9-17-35 (2025).
15 ALA. CODE §40-20-2 (2025).

Alaska

Oil and Gas Production Tax

- 35% of net production value for oil
- 3% on the gross value at point of production for gas
    - Exceptions
        - Oil produced from leases or properties that include land north of 68 degrees North latitude
            - 4% of the gross value when the average price per barrel for Alaska North Slope oil on the U.S. west coast during the calendar year for which the tax is due is more than $25
            - 3% of the gross value when the average price per barrel for Alaska North Slope oil on the U.S. west coast during the calendar year for which the tax is due is over $20 but not over $25
            - 2% of the gross value when the average price per barrel for Alaska North Slope oil on the U.S. west coast during the calendar year for which the tax is due is over $17.50 but not over $20
            - 1% of the gross value when the average price per barrel for Alaska North Slope oil on the U.S. west coast during the calendar year for which the tax is due is over $15 but not over $17.50
            - 0% of the gross value when the average price per barrel for Alaska North Slope oil on the U.S. west coast during the calendar year for which the tax is due is $15 or less
        - The tax on gas production from the Cook Inlet Sedimentary Basin may not exceed
            - For a lease or property that began gas production before April 1, 2006, the product obtained by multiplying (A) the amount of taxable gas produced during the calendar year from the lease or property, times (B) the average rate of tax that was imposed under this chapter for taxable gas produced from the lease or property for the 12-month period ending on March 31, 2006, times (C) the quotient obtained by dividing the total gross value at the point of production of the taxable gas produced from the lease or property during the 12-month period ending on March 31, 2006, by the total amount of that gas.
            - For a lease or property that began gas production after March 31, 2006, the product obtained by multiplying (A) the amount of taxable gas produced during the calendar year from the lease or property, times (B) the average rate of tax that was imposed under this chapter for taxable gas produced from all leases or properties in the Cook Inlet sedimentary basin for the 12-month period ending on March 31, 2006, times (C) the average prevailing value for gas delivered in the Cook Inlet area for the 12-month period ending March 31, 2006.[16]

Conservation Surcharge

- $0.05 per barrel of oil
    - $0.01 per barrel of oil per AK Stat § 43.55.201 (2022)
    - Additional $0.04 per barrel of oil per AK Stat § 43.55.300 (2024)[17]

16 ALASKA STAT. §43.55.011 (2025).
17 ALASKA STAT. §43.55.300 (2025).

Arizona

Transaction Privilege Tax

- State TPT rate is 5.6% which is combined with the applicable county excise tax rate for non-metal minerals[18]

Arkansas

Natural Gas Severance Tax on market value of gas produced

- 1.5% of market value for new discovery gas, 24 months from date of first production
- 1.5% of market value for high-cost gas, 36 months from date of first production, 12-month extension possible
- 1.25% of market value for marginal gas
- 5% of market value on natural gas not defined as new discovery or marginal gas
- 5% of market value on high-cost gas following cost recovery period[19,20]

Oil Tax

- Tax on market value at time and point of severance
    - 5% of the market value when production averages more than 10 barrels per well per day
    - 4% of the market value when production averages 10 barrels or less per well per day[21]
- Additional tax on oil (Arkansas Museum of Natural Resources Fund)
    - $0.02 cents per barrel of oil produced[22]

Oil and Gas Assessment

- Up to 50 mills per barrel of oil produced
- Up to 10 mills per MCF of natural gas produced[23]

California

Oil and Gas Production Assessment

- Rate established annually each June
- 2025/2026: $1.279550900 on each barrel of oil and 10 MCF of natural gas produced[24]

18 *Arizona State, County and City Transaction Privilege and Other Tax Rate Tables (Effective January 1, 2026),* ARIZONA DEP'T OF REVENUE (Jan. 1, 2026), https://azdor.gov/sites/default/files/document/TPT_RATETABLE_01012026.pdf. *See also Mining/Nonmetal,* ARIZONA DEP'T OF REVENUE (Feb. 2017), https://azdor.gov/sites/default/files/2023-03/PUBLICATION_2017_613.pdf.

19 ARK. CODE §25-58-127 (2025).

20 ARK. CODE §26-58-111(5) (2025).

21 ARK. CODE §26-58-111(6) (2025).

22 ARK. CODE §26-58-302(a)(1) (2025).

23 ARK. CODE §15-71-107 (2025).

24 *Assessment Process: Oil and Gas Assessment Rate per Fiscal Year,* CALIFORNIA DEP'T OF CONSERVATION, https://www.conservation.ca.gov/calgem/for_operators/Pages/Assessments.aspx (last visited Dec. 15, 2025).

Colorado

Severance Tax
Levied on the gross income from crude oil, natural gas and oil and gas based on gross income.
- 2% for gross income less than $25,000
- 3% for gross income $25,000-$99,999
- 4% for gross income $100,000-$299,999
- 5% for gross income $300,000 and over

Stripper Well Exemption
Oil produced from any well that produces 15 barrels per day or less of oil, and gas produced from wells that produce 90,000 cubic feet or less of gas per day exempt.

Severance taxpayers are allowed to claim a credit against their severance liability equal to 87.5% of the property taxes assessed or paid on their oil and gas production.[25]

Oil and Gas Conservation Levy
- $0.0015 per dollar[26]

Florida

Oil and Gas Production Tax
- 8% of the gross value
- 5% of the gross value on small well oil (less than 100 barrels/day)
- Tertiary oil and mature field recovery oil
    - 1% of the gross value of oil valued $60 and below per barrel
    - 7% of the gross value of oil valued above $60 and below $80 per barrel
    - 9% of the gross value of oil valued $80 and above per barrel[27]
- $0.171 per MCF on gas production (effective July 1, 2025). Tax rates for natural gas production are adjusted on July 1 of each year.[28,29]

25 COLO. REV. STAT. §39-29-105 (2025).
26 Colo. Energy & Carbon Management Commission Rule 217(b), COLORADO ENERGY AND CARBON MANAGEMENT COMM. (Oct. 30, 2025), https://ecmc.colorado.gov/sites/ecmc/files/documents/200%20Series%20-%20General%20Provisions_Effective%20October%2030%2C%202025.pdf
27 FLA. STAT. §211.02 (2025).
28 FLA. STAT. §211.025 (2025).
29 *Tax Information Publication - Gas and Sulfur Production Tax Rates for 2025-2026,* FLORIDA DEP'T OF REVENUE (May 5, 2025), https://www.floridarevenue.com/taxes/tips/Documents/TIP_25B07-02.pdf.

Georgia

State Oil and Gas Severance Tax
- $0.03 per barrel of oil
- $0.01 per MCF of gas

County and municipal governments are authorized to collect a severance tax on oil or gas severed within the jurisdiction of the county of municipality as follows
- An amount not to exceed $0.09 per barrel of oil
- An amount not to exceed $0.02 per MCF of gas[30]

Idaho

Oil and Gas Conservation Tax
- 2.5% of gross income received on oil and gas produced[31]

Illinois

Oil and gas Severance and Production Tax
- 3% tax on value of oil or gas severed during first 24 months of well production
- Beginning the 25th month of well production
  - 6% value of gas severed
  - Oil (tax on value)
    - 3% for wells producing less than 25 barrels per day;
    - 4% for wells producing 25 or more but less than 50 barrels per day;
    - 5% for wells producing 50 or more but less than 100 barrels per day;
    - 6% for wells producing 100 or more barrels per day[32]

Exceptions
- Wells producing 15 or less barrels per day[33]
- Tax rate reduced by 0.25% for wells when a minimum of 50% of the total workforce hours on the well site are performed by Illinois construction workers[34]

30 O.C.G.A. §12-4-54 (2025).
31 https://legislature.idaho.gov/statutesrules/idstat/Title47/T47CH3/SECT47-330/ IDA. STAT. §47-330 (2025).
32 86 ILL. ADMIN CODE §475.110 (2025).
33 86 ILL. ADMIN CODE §475.120 (2025).
34 86 ILL. ADMIN CODE §475.170 (2025).

Indiana

Petroleum Severance Tax

Tax at a rate equal to the greater of

- 1% of the value of the petroleum (defined as "all hydrocarbons produced at a well in a liquid or gaseous state"[35])
- $0.03 cents per MCF of natural gas
- $0.24 cents per barrel of oil[36]

Kansas

Mineral Severance Tax

- 8% tax on gross value of oil or natural gas
- Exceptions
  - Gas wells with gross value less than or equal to $87/day
  - Low producing oil wells[37]

Oil and Gas Conservation Fee

- 144.00 mills per barrel of oil[38]
- 20.50 mills per MCF of gas[39]

Kentucky

Natural Resources Severance and Processing Tax

- 4.5% gross value of natural gas[40]
  - Tax credit of 4.5% of gross value available for natural gas severed from a recovered inactive well[41]
- 4.5% of the market value of crude petroleum[42]
  - Tax credit of 4.5% of market value for crude oil produced from a recovered inactive well[43]

35 IND. CODE §6-8-1-5 (2025).
36 IND. CODE §6-8-1-8 (2025).
37 KANS. STAT. §79-4217 (2025).
38 KANS. ADMIN. REGS. 82-3-206 (2025).
39 KANS. ADMIN. REGS. 82-3-307 (2025).
40 KY. REV. STAT. §143A.020 (2025).
41 KY. REV. STAT. §143A.033 (2025).
42 KY. REV. STAT. §137.120 (2025).
43 KY. REV. STAT. §137.132 (2025).

Louisiana

Natural Resources Severance and Processing Tax

- **Gas severance tax rate adjusted annually and never to be less than 7 cents per MCF**
  Effective July 1, 2025 through June 30, 2026
  - Natural gas severance tax rate is $0.1052 cents per MCF
  - Natural gas produced from an inactive gas well is $0.0263 per MCF
  - Natural gas produced from an orphan gas well is $0.01315 per MCF[44]
- **Oil severance tax rates**
  - Full Rate
    - Wells completed after July 1, 2025: 6.5% of value
    - Wells completed before July 1, 2025: 12.5% of value
  - Inactive reduced oil rate (after October 2024): 3.125% of value
  - Inactive reduced oil rate (prior to October 2024): 6.25% of value
  - Orphan reduced oil rate (after October 2024): 1.5625% of value
  - Orphan reduced oil rate (prior to October 2024): 3.125% of value
  - Reclaimed oil: 3.125% of value
  - Orphan well rework program: 100% exempt for initial 3 months of production; then 1.5625% of value
  - Horizontal rate (wells completed after July 1, 2025)
    - 7/25 through 6/26: 1.3% of value
  - Horizontal rate (wells completed before July 1, 2025)
    - 7/22 through 6/23: 5.0 percent of value
    - 7/23 through 6/24: 5.0 percent of value
    - 7/24 through 6/25: 2.5 percent of value
    - 7/25 through 6/26: 2.5 percent of value
  - Produced water-full rate (wells completed after July 1, 2025): 5.2% of value
  - Produced water-full rate (wells completed before July 1, 2025): 10% of value
  - Produced water-incapable rate: 5%
  - Produced water-stripper rate: 2.5%
  - Tertiary-full rate (wells completed after July 1, 2025): 3.25% of value
  - Tertiary-full rate (wells completed before July 1, 2025): 6.25% of value
  - Tertiary – incapable rate: 3.125% of value
  - Tertiary – stripper rate: 1.5625% of value[45]

44 LA. REV. STAT. §47:633 (2025). *See also* Gas Severance Tax Rates, LOUISIANA DEP'T OF REVENUE (2025), https://revenue.louisiana.gov/businesses/severance-tax/gas/.

45 LA. REV. STAT. §47:633 (2025). *See also Oil Severance Tax Rates,* LOUISIANA DEP'T OF REVENUE (2025), https://revenue.louisiana.gov/businesses/severance-tax/oil/.

Louisiana (continued)

Oilfield Site Restoration Fee

- Oil wells
  - One and one-half cents per barrel on crude oil if the price of oil is at or below sixty dollars per barrel.
  - Three cents per barrel on crude oil if the price of oil is above sixty dollars and at or below ninety dollars per barrel.
  - Four and one-half cents per barrel on crude oil if the price of oil is above ninety dollars per barrel.

- Natural gas wells
  - Three-tenths of one cent per MCF[46]

Michigan

Oil and Gas Severance Tax

- 5% of the gross market value of gas
- 6.6% of the gross market value of oil
- 4% of the gross market value for stripper well oil[47]

Mississippi

Oil and Gas Privilege Tax

- 6% of production value for oil and gas at point of production
- 3% of production value for oil produced by enhanced oil recovery
- Tax exemptions and reduced rates for oil or gas produced from discovery wells, development wells and two-year inactive wells[48]

46 LA. REV. STAT. §30:87 (2025).
47 MICH. COMPILED LAWS §205-303 (2025).
48 MISS. CODE §27-25-503 (2025).

Montana

Natural Gas and Oil Production Tax

- Gas rates (percent of gross production value), working interest
  - First 12 months of qualifying production: 0.5%
  - After 12 months
    - Pre-1999 wells: 14.8%
    - Post-1999 wells: 9%
    - Stripper natural gas pre-1999 wells: 11%
  - Horizontally completed well production
    - First 18 months of qualifying production: 0.5%
    - After 18 months: 9%

- Oil rates (percent of gross production value), working interest
  - First 12 months of qualifying production: 0.5%
  - After 12 months
    - Pre-1999 wells: 12.5%
    - Post-1999 wells: 9%
  - Stripper oil production
    - Pre-1999 stripper wells: 9%
    - Pre-1999 stripper well exemption production: 0.5%
    - Pre-1999 stripper well bonus production: 5%
      Exemption only applies if the average price reported and received is less than $54 per barrel. If the price of oil is equal to or greater than $54 per barrel, there is no pre-1999 stripper well exemption tax rate and oil produced from a well that produces 3 barrels a day or less is taxed as pre-1999 stripper well bonus production.
    - Post-1999 stripper wells
      - Three through ten barrels a day production: 5%
      - More than ten barrels a day production: 9%
      - Stripper well exemption production: 0.5%
      - Stripper well bonus production: 5%
        Exemption only applies if the average price reported and received is less than $54 per barrel. If the price of oil is equal to or greater than $54 per barrel, there is no post-1999 stripper well exemption tax rate and oil produced from a well that produces 3 barrels a day or less is taxed as stripper well bonus production.

Montana (continued)

- Horizontally completed well production
  - First 18 months: 0.5%
  - After 18 months
    - Pre-1999 wells: 12.5%
    - Post-1999 wells: 9%
- Incremental production
  - New or expanded secondary recovery production: 8.5%
    This applies only if the average price reported and received by the producer during a calendar quarter is less than $54. If the price of oil is equal to or greater than $54 per barrel, then new or expanded secondary recovery production from pre-1999 and post-1999 wells is taxed at the rate imposed on primary recovery production, other than stripper well production.
  - New or expanded tertiary production: 5.8%
- Horizontally recompleted wells
  - First 18 months: 0.5%
  - After 18 months
    - Pre-1999 wells: 12.5%
    - Post-1999 wells: 9%
- Non-working interest owners: oil and gas wells subject to 14.8% tax[49]

Privilege and License Tax

- 0.3% of market value per barrel of oil or 10,000 cubic feet of natural gas produced, saved, marketed, or stored within the state or exported from the state[50]

Nebraska

Oil and Gas Severance Tax

- 3% on value of non-stripper oil and natural gas severed
- 2% on value for stripper oil severed[51]

Oil and Gas Conservation Tax

- 7 mills per dollar of the value of oil or natural gas at wellhead[52]

49 MONT. CODE ANN. §15-36-304 (2024). *See also Oil and Natural Gas Production Tax,* MONTANA DEP'T OF REVENUE, https://revenue.mt.gov/taxes/nature-resource-taxes/oil-and-natural-gas-production (last visited Jan. 2, 2026).

50 MONT. CODE ANN. §82-11-131 (2024).

51 NEBR. REV. STAT. §57-703 (2025).

52 NEBR. REV. STAT. §57-919 (2025). *See also NEBRASKA OIL AND GAS CONSERVATION COMMISSION* http://www.nogcc.ne.gov/Publications/NE_Rules.pdf (last visited Jan. 2, 2026).

Nevada

No severance tax

Net Proceeds of Minerals Tax is applied to revenue generated from the extraction of mineral resources

- A form of property tax that targets the mining industry
- Calculated based on the net proceeds which are the gross revenue from the minerals extracted minus allowable deductions
  - Deductions can include costs related to mining, processing and transporting the minerals. It can also include administrative and overhead expenses directly related to the operation.
- Tax Rate
  - Net proceeds less than 10% of gross proceeds – 2% tax
  - Net proceeds more than 10% but less than 18% of gross proceeds – 2.5% tax
  - Net proceeds more than 18% but less than 26% of gross proceeds – 3% tax
  - Net proceeds more than 26% but less than 34% of gross proceeds – 3.5% tax
  - Net proceeds more than 34% but less than 42% of gross proceeds – 4% tax
  - Net proceeds more than 42% but less than 50% of gross proceeds – 4.5% tax
  - Net proceeds 50% or more of gross proceeds; or net proceeds more than $4,000,000 per calendar year – 5% tax[53]

Administrative Fee (paid monthly)

- $0.15 per 50,000 cubic feet of natural gas
- $0.15 per barrel of oil[54]

53 See supra note 10.

54 NEV. REV. STAT. §522.150 (2025).

New Mexico

Oil and Gas Severance Tax

- 3.75% of taxable value of oil or natural gas severed and sold
- 1.875% of taxable value for enhanced recovery project oil and gas
- 2.45% of taxable value for well workover projects in excess of production projection
- 1.875% or 2.8125% of taxable value for stripper wells[55]

Oil and Gas Conservation Tax

- 0.19% of taxable value of sold oil or gas[56]

Oil and Gas Privilege Tax (Emergency School Tax)

- Oil
  - 3.15% of taxable value
  - 1.58% for stripper wells producing less than or equal to $15/barrel
  - 2.36% for stripper wells producing greater than $15 but less than $18/barrel

- Gas
  - 4% of taxable value
  - 2% for stripper wells with annual value less than $1.15 per MCF
  - 3% for stripper wells with annual value greater than $1.15 but less than $1.35 per MCF[57]

Natural Gas Processor's Tax

- 0.0065 per mmbtu of natural gas multiplied by an adjustment factor and then rounded to the nearest one-hundredth of one cent per mmbtu.
  - The adjustment factor is equal to the average value of natural gas produced in New Mexico during the preceding calendar year divided by $1.33[58]

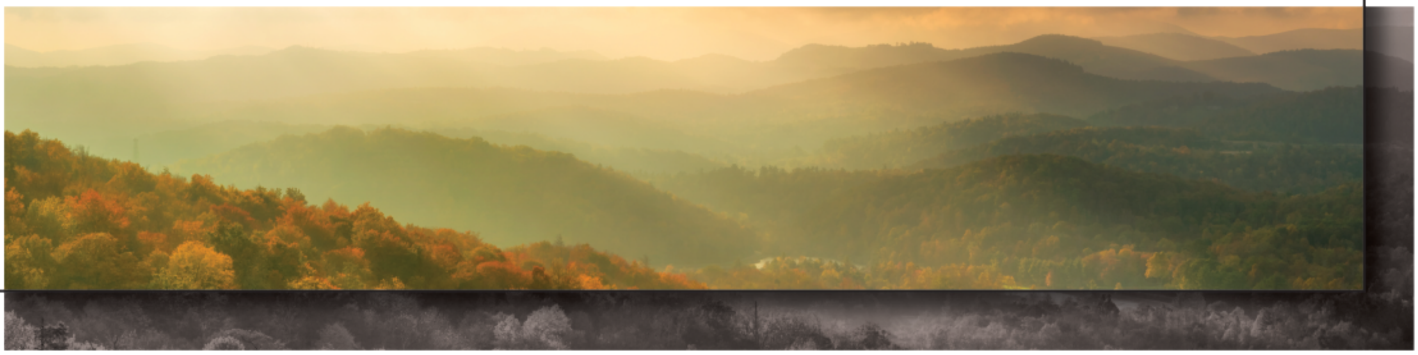
55 N. MEX. STAT. §7-29-4 (2025).
56 N. MEX. STAT. §7-30-4 (2025).
57 N. MEX. STAT. §7-31-4 (2025).
58 N. MEX. STAT. §7-33-4 (2025).

New York

No severance tax

Real Property Tax on Oil and Gas Unit Production

- Natural Gas produced (annual payment)
  - $3,000 for 1,000,000 MCF or more
  - $2,000 for 500,000 to 999,999 MCF
  - $1,000 for 100,000 to 499,000 MCF
  - Tiered thereafter based on amount
- Oil produced (annual payment)
  - $600 for 20,000 or more barrels
  - $300 for 10,000 to 19,999 barrels
  - $150 for 1,000 to 9,999 barrels
  - $25 for 1-999 barrels[59]



North Carolina

Oil and Gas Severance Tax

- Oil and condensates: 5% of the gross price paid
- Gas: the applicable percentage rate of the market value of the gas sold
  - $0 - $3.00 per MCF 0.9%
  - $3.01 - $4.00 per MCF 1.9%
  - $4.01 - $5.00 per MCF 2.9%
  - $5.01 - $6.00 per MCF 3.9%
  - $6.01 - $7.00 per MCF 4.9%
  - $7.01 - $8.00 per MCF 5.9%
  - $8.01 - $9.00 per MCF 6.9%
  - $9.01 - $10.00 per MCF 7.9%
  - $10.01 per MCF and above 9%
- Marginal Gas Rate: 0.8%[60]

[59] *See supra* note 9.

[60] N.C. GEN. STAT. §105-187.77 (2025).

North Dakota

Oil and Gas Gross Production Tax

- Oil: 5% of the gross value[61]
- Gas (determined annually on July 1): $0.0555 per MCF of gas produced (2025/2026)[62]

Oil Extraction Tax

- 5% of the gross value at the point of extraction
  - If the trigger price (determined annually on January 1) of $117.23 is exceeded for three consecutive months, the oil extraction rate increases to 6%
- 2% for qualified production for wells completed outside the Bakken and Three Forks formations
- Stripper wells are exempt[63]

Ohio

Severance Tax

- $0.025 per MCF of natural gas
- $0.10 per barrel of oil[64]

Oklahoma

Gross Production Severance Tax

- 7% of gross value of oil and gas production
  - 5% levy on new oil and gas wells for 36 months; then increases to 7%
- Production from secondary and tertiary recovery projects exempt from gross production tax for five years[65]

Petroleum Excise Tax

- 0.095% of the gross value on each barrel of petroleum oil (0.095 of 1 percent) until June 30, 2026
- Beginning July 1, 2026, .085% of the gross value of each barrel of petroleum oil (0.085 of 1 percent)[66]

[61] N. DAK. CENTURY CODE §57-51-02 (2025).

[62] N. DAK. CENTURY CODE §57-51-02.2 (2024). *See also Gas Tax Rate Notice for Fiscal Year 2026,* North Dakota Office of State Tax Commissioner (May 15, 2025), https://www.tax.nd.gov/sites/www/files/documents/newsletters/oil-gas/gas-tax-rate-notice.pdf.

[63] N. DAK. CENTURY CODE §57-51.1 (2024). *See also Oil and Gas Severance Tax,* North Dakota Office of State Tax Commissioner, https://www.tax.nd.gov/business/oil-and-gas-severance-tax (last visited Jan. 5, 2026).

[64] OHIO REV. CODE §5749.02 (2025).

[65] 68 OKLA. STAT. §1001 (2025).

[66] 68 OKLA. STAT. §1101 (2025).

Oregon

Oil and Gas Privilege Tax

- 6% of gross value of oil or gas well production[67]
- Exemption: First $3,000 in gross sales values from each calendar quarter from each well[68]
- Credits for ad valorem taxes on oil or gas production[69]

Pennsylvania

No severance tax

Unconventional Well Fee

Producers pay an annual fee during a natural gas well's first 15 years of operation. The fee varies based on the nationwide price of natural gas and generally decreases over time.

Year one:

- If the average annual price of natural gas is not more than $2.25, the fee shall be $40,000 for the calendar year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $2.25 and less than $3.00, the fee shall be $45,000 for the calendar year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $2.99 and less than $5.00, the fee shall be $50,000 for the calendar year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $4.99 and less than $6.00, the fee shall be $55,000 for the calendar year in which the unconventional gas well is spud.
- If the average annual price of natural gas is more than $5.99, the fee shall be $60,000 for the calendar year in which the unconventional gas well is spud.

Year two:

- If the average annual price of natural gas is not more than $2.25, the fee shall be $30,000 for the calendar year following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $2.25 and less than $3.00, the fee shall be $35,000 for the calendar year following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $2.99 and less than $5.00, the fee shall be $40,000 for the calendar year following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $4.99 and less than $6.00, the fee shall be $45,000 for the calendar year following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is more than $5.99, the fee shall be $55,000 for the calendar year following the year in which the unconventional gas well is spud.

67 ORE. REV. STAT. §324.070 (2025).
68 ORE. REV. STAT. §324.080 (2025).
69 ORE. REV. STAT. §324.090 (2025).

Pennsylvania (continued)

Year three:

- If the average annual price of natural gas is not more than $2.25, the fee shall be $25,000 for the second calendar year following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $2.25 and less than $3.00, the fee shall be $30,000 for the second calendar year following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $2.99 and less than $5.00, the fee shall be $30,000 for the second calendar year following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $4.99 and less than $6.00, the fee shall be $40,000 for the second calendar year following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is more than $5.99, the fee shall be $50,000 for the second calendar year following the year in which the unconventional gas well is spud.

Years 4, 5, 6, 7, 8, 9 and 10:

- If the average annual price of natural gas is not more than $2.25, the fee shall be $10,000 for the third through ninth calendar years following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $2.25 and less than $3.00, the fee shall be $15,000 for the third through ninth calendar years following the year in which the unconventional gas well is spud.
- If the average annual price of natural gas is greater than $2.99, the fee shall be $20,000 for the third through ninth calendar years following the year in which the unconventional gas well is spud.

Years 11, 12, 13, 14 and 15:

- If the average annual price of natural gas is less than $3.00, the fee shall be $5,000 for the 10th through 14th calendar years following the year in which the unconventional well is spud.
- If the average annual price of natural gas is greater than $2.99, the fee shall be $10,000 for the 10th through 14th calendar years following the year in which the unconventional well is spud.

Nonproducing unconventional gas wells

If a spud unconventional gas well begins paying the unconventional well fee and is subsequently capped or does not produce natural gas in quantities greater than that of a stripper well within two years after paying the initial fee, the fee shall be suspended.[70]

70 *See supra* note 4.

South Dakota

Energy Minerals Severance Tax
4.5% of taxable value of oil and gas[71]

Conservation Tax on Severance of Energy Minerals
2.4 mills of the taxable value of oil and gas severed[72]

Tennessee

Gas and Oil Severance Tax
3% of sale price of natural gas and crude oil[73]

Texas

Gas and Oil Production Tax
- 7.5% of market value of natural gas produced[74]
- 4.6% of the market value of oil produced or 4.6 cents for each barrel of oil produced, whichever results in the greater amount of tax
  - 2.3% of oil produced from new or expanded enhanced recovery project[75]
- Incentives and exemptions for inactive wells, marginal wells, and high-cost gas wells[76]

Oil and Gas Field Clean-Up Regulatory Fee
- Five-eighths of one cent per barrel of crude oil[77]
- One-fifteenth of one cent per MCF of gas[78]

71 S. DAK. CODIFIED LAW §10-39A-1 (2025).
72 S. DAK. CODIFIED LAW §10-39B-2 (2024).
73 TENN. CODE ANN. §60-1-301 (2025).
74 TEX. TAX CODE §201.052 (2025).
75 TEX. TAX CODE §202.052 (2025).
76 TEX. TAX CODE §§201 and 202 (2025).
77 TEX. NAT. RESOURCES CODE §81.116 (2025).
78 TEX. NAT. RESOURCES CODE §81.117 (2025).

Utah

Oil and Gas Severance Tax

- Oil
    - 3% if valued at $13 or less per barrel
    - 5% if valued above $13 per barrel
- Gas
    - 3% if valued at $1.50 or less per MCF
    - 5% if valued above $1.51 per MCF
    - 4% of value for natural gas liquids
- Taxes not imposed on oil and gas stripper wells, the first 12 months of production for wildcat wells, and the first six months of production for development wells.
- Enhanced recovery projects receive a 50% tax reduction[79]

Oil and Gas Conservation Fee

$0.002 of the value of gas or oil[80]

Virginia

City and County License Taxes on Severed Materials

- Cities and counties can levy up to 3% gross tax on natural gas[81]

West Virginia

Oil and Gas Severance Tax

- For wells producing in excess of 60 MCF per day or 10 barrels of oil per day, 5% of gross value of natural gas or oil produced
- For wells using horizontal drilling producing 5 to 60 MCF per day or ½ to 10 barrels per day, 5% of the gross value of the natural gas or oil produced
- For wells not using horizontal drilling producing 5 to 60 MCF per day or .5 to 10 barrels per day, 2.05% of the gross value of the natural gas or oil produced
- Exception: Natural gas from wells producing less than 5,000 MCF/day and oil wells producing less than 0.5 barrels/day[82]

Worker's Compensation Debt Reduction Tax

- $0.047 per MCF of natural gas[83]

79 UTAH CODE §59-5-102 (2025).
80 UTAH CODE §40-6-14 (2025).
81 VA. CODE §§58.1-3712, 58.1-3713 and 58.13713.4 (2025).
82 W. VA. CODE §11-13A-3a (2025).
83 W. VA. CODE §11-13V-4 (2025).

Wisconsin

Oil and Gas Severance Tax

- 7% of market value of total oil or gas production[84]

Wyoming

Oil and Natural Gas Severance Tax

- 6% of fair market value for oil or natural gas[85]
    - Exemptions
        - Stripper wells
        - Tertiary oil production: severance taxes paid on the carbon dioxide gas injected deducted from and allowed as a credit against the severance taxes imposed on the oil produced by injection
        - Renewed production: exempt for first 60 months[86]

Oil and Gas Conservation Tax

- 5 mills on the fair market value for oil or natural gas

84 WIS. STAT. §70.397 (2025).
85 WYO. STAT. ANN. §39-14-204 (2025).
86 WYO. STAT. ANN. §39-14-205 (2025).

ISSUE

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