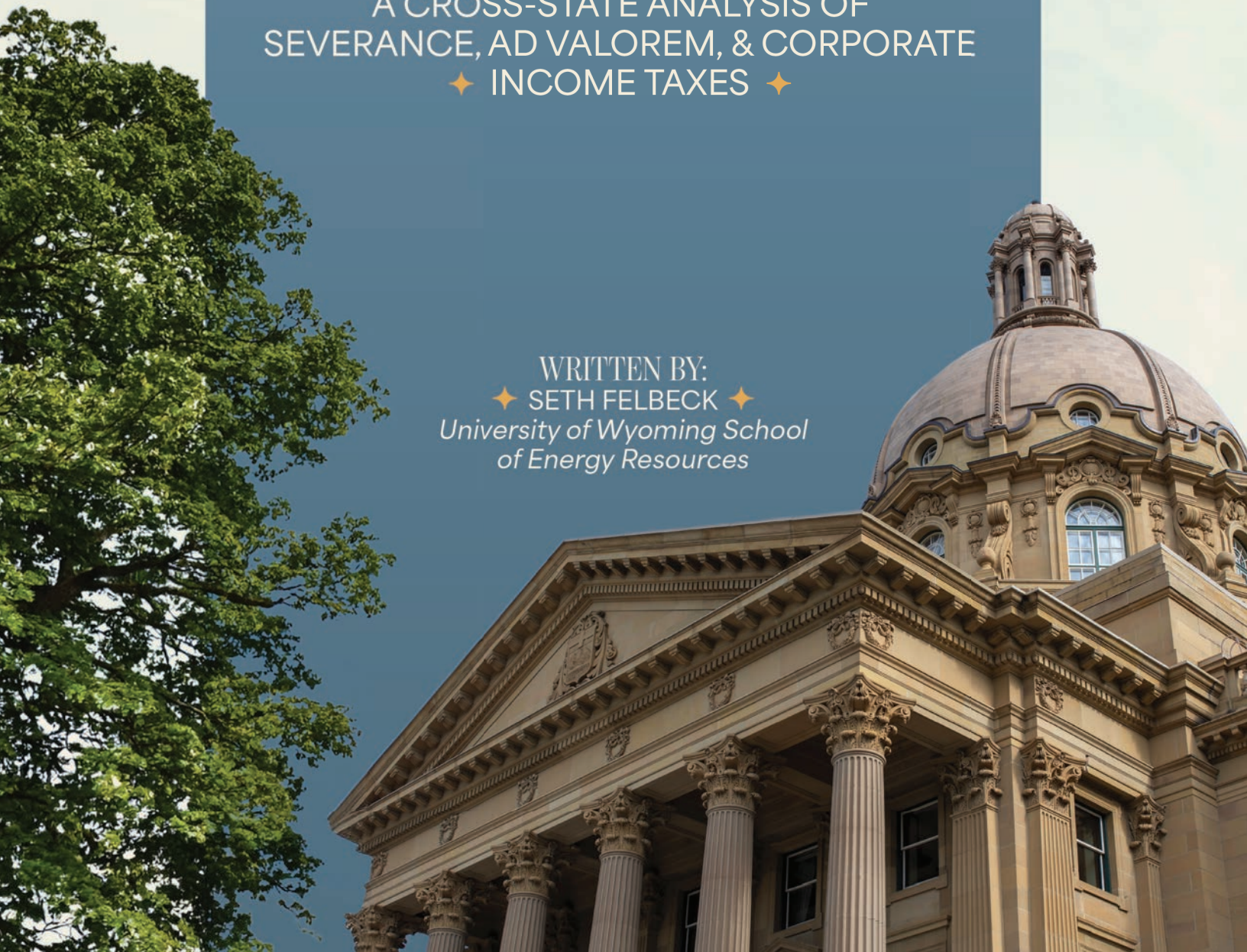
Center for Energy Regulation & Policy Analysis,
School of Energy Resources

STATE OIL & NATURAL GAS TAX BURDEN:

A CROSS-STATE ANALYSIS OF SEVERANCE, AD VALOREM, & CORPORATE INCOME TAXES



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ABOUT THE

SCHOOL OF ENERGY RESOURCES

SER collaborates with stakeholders at the state, national and international levels to advance energy technologies and policies to grow and support Wyoming's robust energy sector. SER's mission is to promote energy-driven economic development for the state, and it leads the University of Wyoming's talent and resources for interdisciplinary research and outreach, fulfilling Wyoming's promise to be a global leader in a thriving and sustainable energy future.



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SECTION 01

INTRODUCTION

As global energy demand has grown in recent years, the study of energy production and taxation has become increasingly important. The United States remains the top global producer of oil and natural gas, and within the US, Wyoming stands out as the state with the highest energy production relative to energy consumption.[1] In the US, 32 states produce oil and 34 produce natural gas, with Wyoming ranking 8th and 10th, respectively, in production amounts in 2024.[2,3] As oil and natural gas are produced, the process of taxation greatly benefits the surrounding communities by providing state and local tax revenue, increasing the necessity of a clear understanding of tax policy for policymakers, industry operators, and the communities that depend on the revenue.

Given the many oil- and natural gas-producing states in the U.S. and the varying forms of industry in these locations, none of these states have the same tax policies on oil and natural gas. The states differ in geology, production volume, political leanings, and fiscal needs, which all shape how states approach taxation. States leverage severance, ad valorem, and conservation taxes on production amounts and corporate income taxation to generate state revenue. This paper examines the four tax types across the 35 producing states, models their combined burden on a standard production scenario, and presents the results for direct comparison of taxation burden. This paper, however, does not make recommendations regarding tax policy or production decisions.



1 U.S. Energy Information Administration. State Energy Profiles. Accessed June 2026. www.eia.gov/states/overview

2 U.S. Energy Information Administration. Petroleum and Other Liquids -- Crude Oil Production by State. Accessed June 2026. https://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbl_a.htm

3 U.S. Energy Information Administration. Natural Gas -- Marketed Production by State. Accessed June 2026. https://www.eia.gov/dnav/ng/ng_prod_sum_a_EPG0_FGW_mmcf_a.htm



SECTION 02

TAX STRUCTURE OVERVIEW

States use multiple forms of taxation to generate their state funds from the oil and natural gas industry. These taxation forms, as mentioned, are severance tax, conservation tax and other related fees, ad valorem tax, and the state corporate income tax.

Severance Tax

Severance tax is the primary tool for taxing oil and natural gas production. It is levied on the producer when the resource is extracted or severed from the ground.[4] Most states have a direct severance tax, but some refer to the taxation as production, privilege, or extraction taxes. For the context of this paper, taxes and fees on the extraction, production, and sale of oil and natural gas will be referred to as severance taxes. Severance tax is typically calculated by applying a tax rate to the value of the product or to the volume produced of the product.

Most states, including Wyoming, apply a severance tax to the market value of oil and natural gas. This can be done with the gross value or fair market value of the severed product. Gross value is the value of the extracted product at the point of production, including royalties and other interests. The fair market value method uses the assessed value of the oil and natural gas based on market prices when it was extracted. A few states, like Georgia and Ohio, base severance tax on volume severed by having a tax per barrel of oil produced or one thousand cubic feet (MCF) of natural gas.[5,6]

4 Kolesnikoff, Anne and Cassarah Brown. "State Oil and Gas Severance Taxes." National Conference of State Legislatures. September 6, 2018. https://www.ncsl.org/energy/state-oil-and-gas-severance-taxes

5 GA Code § 12-4-54 (2024)

6 Ohio Rev. Code Ann. § 5749.02 (West 2024).

Ad Valorem Tax

Ad valorem taxes are another large form of taxation that directly translates from Latin to mean "according to value." Meaning ad valorem taxes are imposed on the value of the product, just as property taxes are applied to assessed land value. The market value of the minerals is multiplied by an assessment rate and then multiplied again by the local mill levy that is selected by voters in state elections.[7]

A single mill is 1/1000th of a dollar, and counties often levy up to 100 mills on property value. This can be seen in Wyoming, where the assessment rate for minerals is 100%, and the average mill levy for the state in 2025 is 69.187 mills.[8] The calculations for ad valorem taxes on $1,000,000 worth of minerals for Wyoming are seen below:

$1,000,000 x 100% x (69.187/1000) = $69,187

Mills are levied by individual counties in each state, meaning citizens of the state can vote and determine the number of mills they want to be applied to their property and minerals in kind. Because of this, ad valorem taxes are incredibly difficult to compare since the applied rate varies not just state to state, but county to county. This paper has calculated applied ad valorem rates using state averages of county mill levies. This was deemed the most reasonable course of action to present an example of tax burdens from state to state.

Conservation Tax and Fees

Conservation taxes and fees operate similarly to severance taxes and are frequently calculated per unit of production but can also be levied as a recurring fee.[9] Conservation taxes are much smaller than severance and ad valorem taxes and are generally used to fund environmental oversight, well plugging, and regulatory agencies that oversee conservation and reclamation of lands after extraction.[10]

State Corporate Income Tax

Unlike the previously mentioned taxes, the state corporate income tax (CIT) is not based on extracted mineral value or volume but is determined by applying tax rates to the profit of operations.[11] CIT is applied after all previously mentioned production taxes and expenditures have been paid. Because production taxes are deducted before CIT, states with higher production tax burdens indirectly reduce the CIT base.

Since the CIT base can be reduced by production taxes, there is the potential for production taxes to create a negative taxable income. In this case, production taxes remove any profit remaining from operations, and the CIT rate cannot be applied to a profit of $0. This is seen in the model presented in the Appendix's Corporate Income Tax Section with Alabama, Alaska, Colorado, Kansas, Montana, and New Mexico. This results in the State CIT Rate effectively being 0%. Negative net income after production taxes is unlikely under typical real-world conditions. But it is shown here as a function of the cost assumptions and uniform production inputs that were applied across all states. It is presented here to illustrate the full range of potential tax outcomes across the producing states.

7 Lincoln Institute of Land Policy. "State and Local Ad Valorem Taxation of Mineral Interests." Working Paper. May 29, 2024. https://www.lincolninst.edu/publications/working-papers/state-local-ad-valorem-taxation-mineral-interests/

8 Wyoming Department of Revenue, Ad Valorem Tax Division (used throughout our tables for Wyoming mill levy data). https://drive.google.com/file/d/1lqfOHGmQIE6ng9L0JGA69u03Jp3xZcOK/view

9 Kolesnikoff, Anne, and Cassarah Brown. "State Oil and Gas Severance Taxes." National Conference of State Legislatures. September 6, 2018. https://www.ncsl.org/energy/state-oil-and-gas-severance-taxes

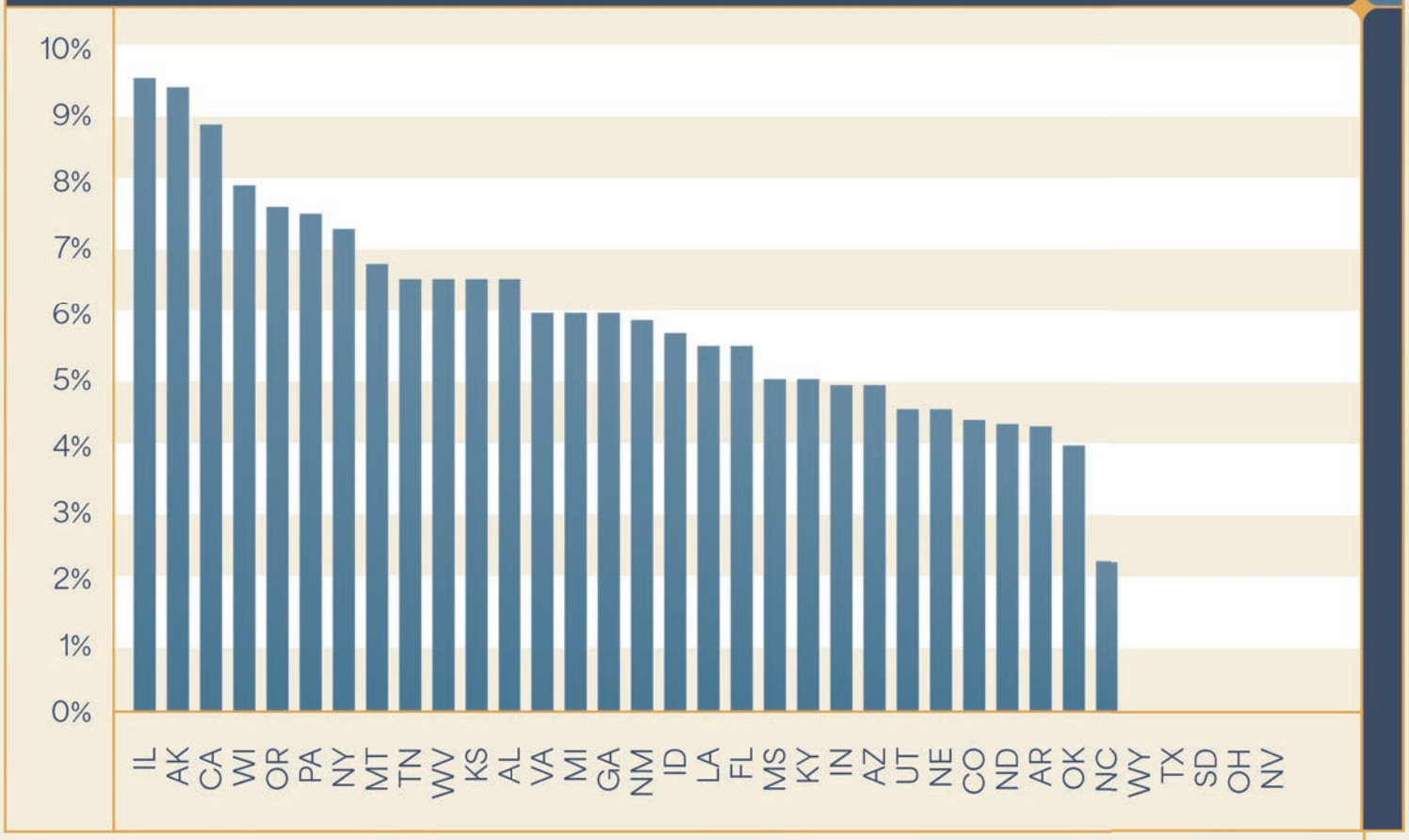
10 Interstate Oil and Gas Compact Commission, Legal and Regulatory Affairs Committee. "State Financial Assurance Requirements." 2016. https://ogcc.idaho.gov/wpcontent/uploads/2016_StatesFinancialAssurances_IOGCC.pdfii.

11 Mandal, Abir. "State Corporate Income Tax Rates and Brackets, 2025." Tax Foundation. March 20, 2025. https://taxfoundation.org/data/all/state/state-corporate-income-tax-rates-brackets/

It should be noted that the CIT rates presented in the Appendix's Summary Tables reflect the top marginal statutory rate in each state, rather than an effective rate as a share of gross revenue. This mode is intended to be used as a policy comparison and not a revenue prediction, so the statutory rate is used because the effective rate varies drastically based on production volume and commodity price assumptions and would create inaccurate comparisons of policy. Because CIT is calculated as a share of net income after production taxes, the effective rates would vary substantially under different models making it much less comparable across states. Using the statutory rate avoids this issue. Figure 1 presen the top marginal statutory CIT rate for all 35 states.

Figure 1

CIT Rates by State



SECTION 03

METHODOLOGICAL FRAMEWORK

This paper creates a standardized production model to compare the tax burdens of the 35 producing states. Production taxes include severance, ad valorem, conservation, and gross production taxes, though CIT is not a production tax. Because every state has varying tax rates, structures, and rules, the only way to make a fair comparison of production taxes is to run the same hypothetical production scenario through each state's tax code and compare the resulting tax amounts. The result is a complete picture of each state's effective production tax burden that is directly comparable to the others.



Model Inputs

For the standardized model, the following production assumptions were utilized across all states, allowing the rate differences to drive the results:

Table 1: Model Inputs

Parameter	Oil	Natural gas
Production Volume	1,000,000 BBL	1,000,000 MCF
Benchmark Price	$75.00 / BBL (WTI)	$4.10 / MCF (Henry Hub)
Operating Cost	$65.00 / BBL	$3.80 / MCF

Table 2: Extrapolated Data

Parameter	Formula	Oil	Natural gas
Production Volume	-	1,000,000 BBL	1,000,000 MCF
Price Per Unit	-	$75.00 / BBL	$4.10 / MCF
Gross Revenue	Price Per Unit × Production Volume	$75,000,000	$4,100,000
Operating Cost Per Unit	-	$65.00 / BBL	$3.80 / MCF
Total Operating Expenditures	Operating Cost Per Unit × Production Volume	($65,000,000)	($3,800,000)
Net Income Before Tax	Gross Revenue - Total Operating Expenditures	$10,000,000	$300,000

Price and Cost Assumptions

As seen in Table 1, the Benchmark Price assumptions for oil and natural gas were $75.00 and $4.10, respectively. $75.00 was chosen for the uniform price of oil per barrel to showcase the average WTI spot price since late 2017.[12] This period shows a time before the COVID-19 pandemic with relative price stability, and post- pandemic recovery. This produces a long-run average that is representative of typical market conditions rather than any single period of volatility. The uniform natural gas price of $4.10 per MCF was selected to reflect the long-run average Henry Hub spot price since 1997.[13] A longer historical window is used for natural gas than for oil because natural gas prices are generally less volatile. Though this time period does include a period in 2005-2007 where natural gas prices reached over $10/MCF, meaning it does also include a period with high prices, making a multi-decade average more representative of typical market conditions.

Cost assumptions for both oil and natural gas were derived based on operating costs estimated by the Federal Reserve. Operating costs for oil are set at $65.00 per barrel, drawn from the Federal Reserve Bank of Dallas Q1 2025 Energy Survey[14] , resulting in a net income before tax of $10,000,000 as seen in Table 2. Operating costs for natural gas are set at $3.80 per MCF from the Federal Reserve Bank of Kansas City Q1 2025 Energy Survey[15], resulting in net income before tax of $300,000 as seen in Table 2. It is worth noting that the $65.00 and $3.80 figures represent the price at which a new well becomes profitable rather than a pure lease operating cost, meaning it incorporates return on investment. This covers the entire costs of the wells, including drilling costs and investment returns.



[12] U.S. Energy Information Administration. “Cushing, OK WTI Spot Price FOB (Dollars per Barrel).” Accessed June 2026. https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RWTC&f=A

[13] U.S. Energy Information Administration. “Henry Hub Natural Gas Spot Price (Dollars per Million Btu).” Accessed June 2026. https://www.eia.gov/dnav/ng/hist/rngwhhdA.htm

[14] Federal Reserve Bank of Dallas. “Dallas Fed Energy Survey: Oil and Gas Activity Rises Amid Elevated Uncertainty.” March 25, 2026. https://www.dallasfed.org/news/releases/2026/nr260325des

[15] Federal Reserve Bank of Kansas City. “Tenth District Energy Survey, First Quarter 2025.” April 11, 2025. https://www.kansascityfed.org/documents/10801/Q125.pdf

Scope and Limitations

This model is a simplified view of the production taxation process for oil and natural gas to enable direct comparison. With that, there are restrictions on the scope of the model and limitations within that. First, federal taxes and mineral royalties are fully excluded, along with federal, state, and private mineral costs. This model only uses actual market prices and state-specific statutory rates and is meant to be a comparison of taxation between the 35 producing states. Therefore, consistent federal taxation and mineral royalties would create undue complexity and are left out.

Second, as mentioned before, there is the potential for negative net income. In these situations, production taxes take away all profit from the corporation, and this results in the State CIT Rate effectively being 0%. This is unlikely in real-world conditions, but it is shown in the model as a function of the cost assumptions and uniform production inputs.

Third, for ad valorem tax calculations, this model uses average mill levies across all counties within each state. This is not a perfect representation of effective ad valorem rates, as averaging across all counties includes those with little to no oil and natural gas production and may skew the result. However, given the availability of data, a statewide average mill levy represents a justifiable and consistent method of comparison across all 35 states.

Finally, for CIT, there are eight states with graduated corporate income brackets, meaning that as taxable income increases, higher rates apply only to the portion of income within each bracket. These states are Alaska, Arkansas, Florida, Kansas, Mississippi, New York, North Dakota, and Oregon.[16] Since the net taxable income in this model is uniform and substantial, the top marginal rate falls within the applicable bracket for all eight states and is applied accordingly. This is therefore a minor simplification consistent with common practice in policy modeling. The remaining states have consistent CIT rates regardless of profit margins and therefore can disproportionately burden smaller producers. This effect is not captured in the present model given the uniform production scenario applied across all states.

It is worth noting that this analysis does not include sales and use tax, which can be levied on oil and gas production and transportation equipment, maintenance supplies, and other inputs. The sales and use tax burden varies widely across producing states, making it difficult to standardize across states and therefore outside the scope of this analysis. Some states, like Arkansas and Texas, provide exemptions that cover wellsite equipment, while others like Oklahoma explicitly exclude oil and gas extraction from manufacturing exemptions.[17] Wyoming specifically exempts several categories of equipment and services relevant to oil and gas production under W.S. § 39-15-105, including pre-production well-site services and fuel consumed in manufacturing processes.[18] Given Wyoming's broad exemptions under W.S. § 39-15-105, this analysis potentially understates Wyoming's competitive advantage and positioning when compared to states like Oklahoma that provide no exemptions.

[16] Mandal, Abir. "State Corporate Income Tax Rates and Brackets, 2025." Tax Foundation. March 20, 2025.

[17] Oklahoma Society of CPAs. "Sales and Use Tax for Oil and Gas Producers in Arkansas, Oklahoma, and Texas." November 10, 2022. https://www.oscpa.com/news/00000000-0000-0000-0000-000000000766:sales-and-use-tax-for-oil-and-gas-producers-in-arkansas-oklahoma-and-texas

[18] WY Stat § 39-15-105 (2025)

SECTION 04

NOTABLE STATE VARIATIONS



As mentioned, the variance in tax policies across the 35 producing states is substantial, and multiple states do not fit perfectly within the standard framework discussed above. The following section highlights those varying states whose tax structures differ substantially from the norm and explains how they are treated within the model.

States Without a Traditional Severance Tax

Pennsylvania - Although Pennsylvania is a large producing state, ranking 18th nationally in oil production[19] and 2nd in natural gas[20] production in 2024, it lacks a severance tax. This makes the state the only large producer that does not levy a severance tax. Instead, the tax is replaced by a flat impact fee charged on a per-well basis.[21] This impact fee is tied to the age of the well and the commodity price rather than production volume or value, like a traditional severance tax. This is a very unusual methodology that no other state has replicated. For modeling purposes, wells are assumed to be one year old. This reflects the cost structure of a new well and applies the highest impact fee rate to present the maximum tax burden under Pennsylvania's system.

19 U.S. Energy Information Administration. Petroleum and Other Liquids -- Crude Oil Production by State. Accessed June 2026. https://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbl_a.htm

20 U.S. Energy Information Administration. Natural Gas -- Marketed Production by State. Accessed June 2026. https://www.eia.gov/dnav/ng/ng_prod_sum_a_EPG0_FGW_mmcf_a.htm

21 58 PA Cons Stat § 2302 (2025)

Nevada – Nevada is much lower in national production ranking, being 27th in oil and 33rd in natural gas production in 2024.[22, 23] The state does not apply a severance tax; it only imposes a county ad valorem tax.[24] Nevada is a very small producer among the states considered and likely does not lose a large amount of revenue due to the smaller production volumes.

New York – New York also does not apply a standard severance tax and is similar to Nevada in that it only levies ad valorem county taxes on oil and natural gas.[25] Production in the state is limited, being ranked 26th in oil and 22nd in natural gas in 2024, and it primarily produces in the Western part of the state, explaining the lack of additional taxation.[26, 27]

Volume-Based vs. Value-Based Oil Severance Structures

North Dakota – North Dakota has a complicated procedure for its severance taxation process. Within the state, two main production taxes apply to oil, the Gross Production Tax (GPT)[28] and an Oil Extraction Tax.[29] These taxes were combined to attain the model's 10% GPT total for the state. The GPT rate across the state is 5%, and the Oil Extraction Tax rate is another 5% for standard production, but it can increase to 6% if WTI prices exceed $90 for three months consecutively. This model operates at a WTI price of $75, resulting in a total tax of 10%.

Net-Value Production Tax and Price-Sensitive Tax Structures

Alaska – Alaska is one of the largest producing states, ranking 5th for both oil and natural gas production, while also boasting one of the most complicated taxation policies of the producing states.[30,31] Unlike every other state, Alaska's state taxes are applied to the net production value rather than the gross value[32,33] This means the state taxes are based on the profit remaining after costs are removed from the revenue generated from production. This results in a much higher effective production tax ranking than other states, being ranked 1st for both oil and natural gas, as seen in the Appendix Summary, due to the tax base being profit rather than revenue.

[22] U.S. Energy Information Administration. Petroleum and Other Liquids -- Crude Oil Production by State. Accessed June 2026. https://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbl_a.htm

[23] U.S. Energy Information Administration. Natural Gas -- Marketed Production by State. Accessed June 2026. https://www.eia.gov/dnav/ng/ng_prod_sum_a_EPG0_FGW_mmcf_a.htm

[24] NV Rev Stat § 362.140 (2025)

[25] NY Real Prop. Tax Law § 592 (2025)

[26] New York State Department of Environmental Conservation. "Finding and Identifying Oil and Gas Wells." Accessed June 2026. https://dec.ny.gov/environmental-protection/oil-gas/finding-identifying-oil-and-gas-wells

[27] New York Department of Taxation and Finance, Office of Real Property Tax Services. "Oil and Gas Overview Manual." 2015. https://www.tax.ny.gov/pdf/publications/orpts/oilgasoverviewmanual%202015.pdf

[28] N.D. Cent. Code § 57-51-02 (2025)

[29] N.D. Cent. Code § 57-51.1 (2025)

[30] U.S. Energy Information Administration. Petroleum and Other Liquids -- Crude Oil Production by State. Accessed June 2026. https://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbl_a.htm

[31] U.S. Energy Information Administration. Natural Gas -- Marketed Production by State. Accessed June 2026. https://www.eia.gov/dnav/ng/ng_prod_sum_a_EPG0_FGW_mmcf_a.htm

[32] Alaska Stat. § 43.55.011 (2025)

[33] Alaska Stat. § 43.55.300 (2025)

New Mexico - New Mexico, like many states, levies a conservation tax. Unlike any other state, New Mexico has a price-triggered oil conservation rate where a lower rate of 0.19% applies with a WTI price less than $70/BBL and a higher rate of 0.24% when above $70/BBL.[34] Given the model's rate of $75/BBL, the higher rate applies for oil. This creates a small but notable difference in the conservation tax between oil and natural gas.



States with No Corporate Income Tax

Ohio - Ohio does not have a traditional CIT and therefore has a rate listed as 0% in this model. This is not a perfect representation of the tax burden for the state, however, because Ohio does levy a Commercial Activity Tax that is based on gross receipts.[35] This differs greatly from the CIT being based on net income and therefore does not fit within this model and is excluded from this analysis, providing a slightly reduced effective rate for the state than a real-world situation would present.

Texas - Texas also does not have a traditional CIT, but instead levies a Franchise Tax, also known as Margin Tax, rather than a CIT based on a modified version of gross receipts.[36] Because the tax base differs fundamentally from the net income framework used in this model, the Franchise Tax is excluded from the CIT tax calculations for the same reason as Ohio's Commercial Activity Tax.

Nevada, South Dakota, and Wyoming - Unlike the above-mentioned states, Nevada, South Dakota, and Wyoming have no CIT and do not levy an equivalent gross receipts tax.[37, 38, 39] This results in the 0% CIT tax rate being a true 0% for the three states, rather than a structural mismatch like Ohio and Texas.

[34] N.M. Stat. Ann. § 70-15-14 (2025)

[35] Ohio Rev. Code Ann. § 5751.01 (2025)

[36] Tex. Tax Code Ann. § 171.001 (2025)

[37] Wyoming Legislative Service Office / NCSL. "IRC Corporate Income Tax Rates and System." September 20, 2018. https://wyoleg.gov/InterimCommittee/2018/03-20180920NCSL-IRCorporateIncomeTaxRatesandSystem.pdf

[38] Nevada Department of Taxation. "Nevada Tax Notes." March 2026. https://tax.nv.gov/wp-content/uploads/2026/03/Nevada-Tax-Notes-March-2026.pdf

[39] South Dakota Department of Revenue. "Business Tax." Accessed June 2026. https://dor.sd.gov/businesses/taxes/



SECTION 05

WYOMING PRODUCTION TAX BURDEN

As mentioned, Wyoming is ranked 8th and 10th in U.S. oil and
n duction. Wyoming is also the least populous state
a elies primarily on industry for taxation. In the 2025
D Revenue's Annual Report, the following figures
v d:[40]

Tax Category	Amount
Oil Severance Tax	$417,503,546
Natural Gas Severance Tax	$140,176,766
Oil Ad Valorem Tax	$444,250,806
Natural Gas Ad Valorem Tax	$149,118,524
Oil & Natural Gas Subtotal	$1,151,049,642

40 Wyoming Department of Revenue, 2025 Annual Report (FY2025: July 1, 2024 – June 30, 2025), Mineral Tax Division Performance Highlights (p. 46); Taxable Production, Valuation and Taxes (p. 60); Excise Tax FY 2025 Summary (p. 65); Administrative Services Division Performance Highlights (p. 2). Available at: https://revenue.wyo.gov/home. Accessed June 2026.

The total deposits for the Department of Revenue (DOR) in 2025 were recorded at $2.850 billion from the same source, meaning the mineral tax burden for oil and natural gas made up 40.39% of the total collections by the DOR. This showcases the importance of the mineral industry in Wyoming and the policies and taxation practices that are applied to it.

Figure 2

DOR Oil, Natural Gas, and Other Deposits

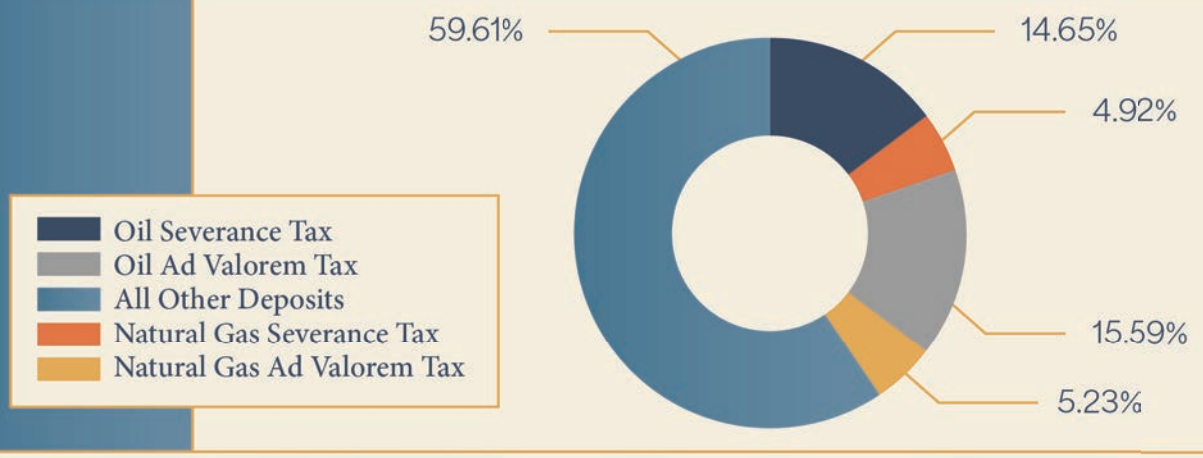
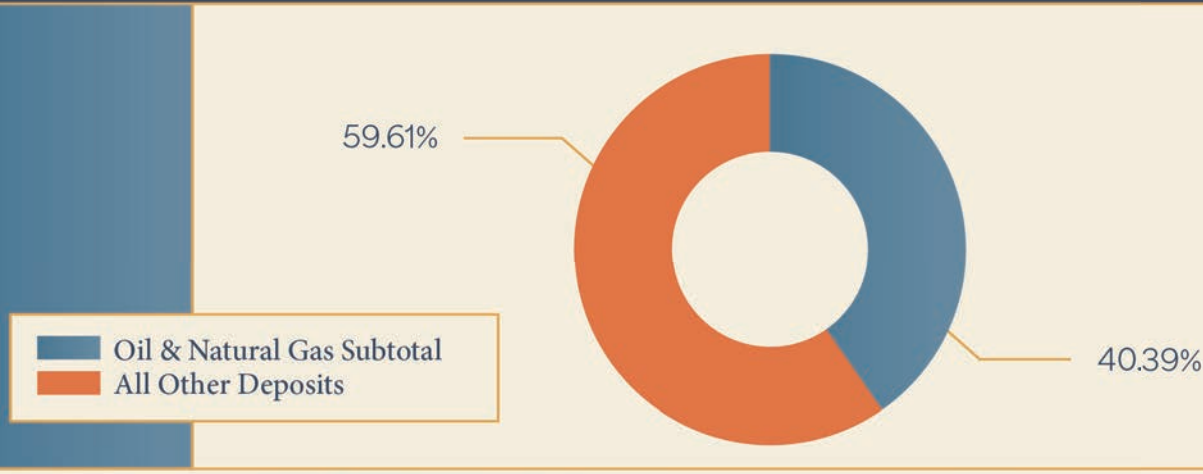


Figure 3

DOR Total Deposits



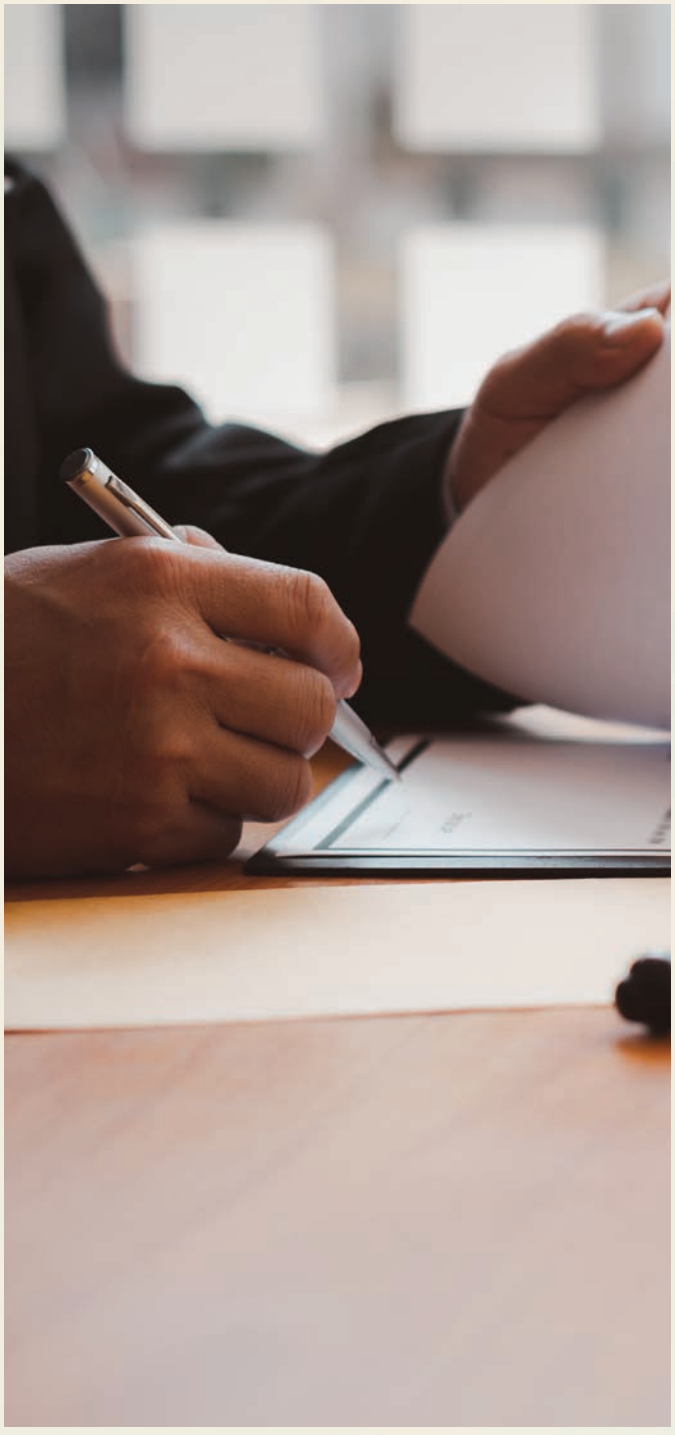
Wyoming Severance Tax

As seen above, oil and natural gas severance tax contributes $557.7 million to DOR's collection, which is just shy of 20% of all collections. Wyoming levies a 6% tax on the fair market value of gross products at the point of production, ranking the state 8th and 6th for oil and natural gas severance taxes of all producing states, respectively, as shown in the Appendix Summary.[41, 42] There are numerous statutory exemptions and low-production well provisions for Wyoming, along with many other states, though this model excludes such provisions to maintain a consistent and manageable model.[43]

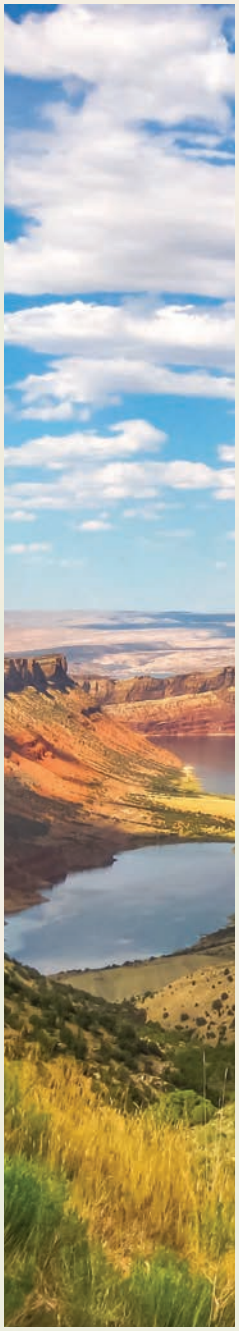
Severance tax is allocated to various activities within all producing states. For most situations, the tax revenue is distributed to the following:

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

Wyoming specifically distributes severance tax funds to the state's permanent mineral trust fund, common school account within the permanent land fund, and the severance tax distribution account at a predetermined statutory formula.[44]



[41] WY Stat § 39-14-203 (2025)
[42] WY Stat § 39-14-204 (2025)
[43] WY Stat § 39-14-205 (2025)
[44] WY Stat § 39-14-801 (2025)



Wyoming Conservation Tax

Wyoming levies a small conservation fee on the fair market value of all oil and natural gas produced in the state.[45] This fee is set by the Wyoming Oil and Gas Conservation Commission (WOGCC) and is capped by statute at 0.8 mills, or $0.0008 of every dollar of production value. This fee is not a general revenue generation tool, and all funds are directly deposited into a separate account for the use of the WOGCC's administration, enforcement, and reclamation costs. This includes the plugging of abandoned wells and reclamation obligations when operators fail to meet regulatory requirements. With the model's price of $75/BBL, the price of the conservation tax comes to about $0.06 per barrel or an effective rate of 0.08%. The model's price of $4.10/MCF also creates a negligible figure at an effective rate of 0.08% as well, or $0.0033 per MCF. This is a negligible figure, but worth noting as a layer of state oversight.

Wyoming's Ad Valorem Tax

Wyoming operates similarly to most other producing states when levying ad valorem, or property, taxes on minerals. Wyoming's ad valorem tax is levied at the county level on the assessed value of mineral production. As mentioned previously, the assessed value of the minerals is multiplied by an assessment rate and then multiplied again by the local mill levy that is selected by voters in state elections.[46] Wyoming has 23 counties with an average mill levy of 69.187 mills, or a cost of $0.069187 for every dollar of fair market value production.[47] The assessed value is multiplied first by the assessment rate, which is 100% in Wyoming, then by the mill amount for the designated county, which is the final ad valorem taxation amount.[48]

Wyoming's ad valorem tax effective tax rate comes out to 6.39%, making it a large portion of taxation on the oil and natural gas industry, shown to have brought $444,250,806 in collections for oil and $149,118,524 for natural gas in 2024, as seen in Table 2 above.[49] This is a high effective rate, ranking Wyoming the highest of all producing states, with Colorado being 2nd at 6.19%, and all other producing states being below 4%, as seen in the comparison tables in the Appendix.

[45] WY Stat § 30-5-116 (2025)

[46] Lincoln Institute of Land Policy. "State and Local Ad Valorem Taxation of Mineral Interests." Working Paper. May 29, 2024. https://www.lincolninst.edu/publications/working-papers/state-local-ad-valorem-taxation-mineral-interests/

[47] Wyoming Department of Revenue, 2025 Annual Report (FY2025: July 1, 2024 – June 30, 2025). Available at: https://revenue.wyo.gov/home. Accessed June 2026.

[48] WY Stat § 39-13-103 (2025)

[49] Wyoming Department of Revenue, 2025 Annual Report (FY2025: July 1, 2024 – June 30, 2025), Mineral Tax Division Performance Highlights (p. 46); Taxable Production, Valuation and Taxes (p. 60); Excise Tax FY 2025 Summary (p. 65); Administrative Services Division Performance Highlights (p. 2). Available at: https://revenue.wyo.gov/home. Accessed June 2026.

Wyoming Corporate Income Tax

Despite having relatively high severance and ad valorem effective tax rates (ranking 1st in ad valorem for both products and 8th and 6th in severance tax for oil and natural gas), Wyoming imposes no CIT.[50] This absence of a CIT is a critically advantageous structural offset. So, while the state would otherwise rank among the most expensive regions for producers at 3rd and 2nd for production taxes of oil and natural gas, it instead lands at 15th in total oil tax burden and 12th in total natural gas tax burden. This is notable given the high percentage of tax revenue still generated by the state from the oil and natural gas industries. With no CIT, Wyoming can generate substantial tax revenue from these industries with production taxes while remaining competitive on the total tax burden for producers.



[50] Wyoming Legislative Service Office / NCSL. "IRC Corporate Income Tax Rates and System." September 20, 2018. https://wyoleg.gov/InterimCommittee/2018/03-20180920NCSL-IRCorporateIncomeTaxRatesandSystem.pdf

SECTION 06

VARIATION IN TAX BURDEN



Within the U.S., every state varies in its taxation policy for oil and natural gas, reflecting differences in production volume, fiscal structure, and revenue needs. States that rely on oil and natural gas as a main budget source, like North Dakota and Alaska, generally impose higher tax rates. States with a more diversified revenue base can impose lower rates without risking financial instability. In general, states whose oil and natural gas production is large relative to their overall revenue base can afford to set lower tax rates, generating necessary funds while minimizing the burden on the industry.[51] This is well reflected in Texas, which is ranked 1st for both oil and natural gas production in 2024, but is ranked 32nd for oil and 26th for natural gas in the Production Tax and Corporate Income Tax Burden Summary Metric Table found in the Appendix Summary.[52,53] Texas is the largest petrochemical producer[54] in the world, and that industry generates a large taxation base and can provide a low effective tax rate and still maintain necessary revenue generation.[55] Figures 4 and 5 show this relationship for the top 10 producing states in 2024, showing that production volume does not always correspond to higher tax burden.

51 U.S. Energy Information Administration. "Major Fossil Fuel-Producing States Rely Heavily on Severance Taxes." Today in Energy. August 20, 2015 (republished August 21, 2015). https://www.eia.gov/todayinenergy/detail.php?id=22612. Accessed June 2026.

52 U.S. Energy Information Administration. Petroleum and Other Liquids -- Crude Oil Production by State. Accessed June 2026. https://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbl_a.htm

53 U.S. Energy Information Administration. Natural Gas -- Marketed Production by State. Accessed June 2026. https://www.eia.gov/dnav/ng/ng_prod_sum_a_EPG0_FGW_mmcf_a.htm

54 Office of the Texas Governor, Economic Development & Tourism. (n.d.). Petroleum refining & chemicals. Texas Economic Development. Retrieved July 16, 2026, from https://gov.texas.gov/business/page/petroleum-refining-chemical-products

55 Texas Comptroller of Public Accounts. "Texas Comptroller Glenn Hegar Announces State Revenue for Fiscal 2024." September 3, 2024. https://comptroller.texas.gov/about/media-center/news/20240903-texas-comptroller-glenn-hegar-announces-state-revenue-for-fiscal-2024.php. Accessed June 2026.

Figure 4

Top 10 Producers: Oil 2024

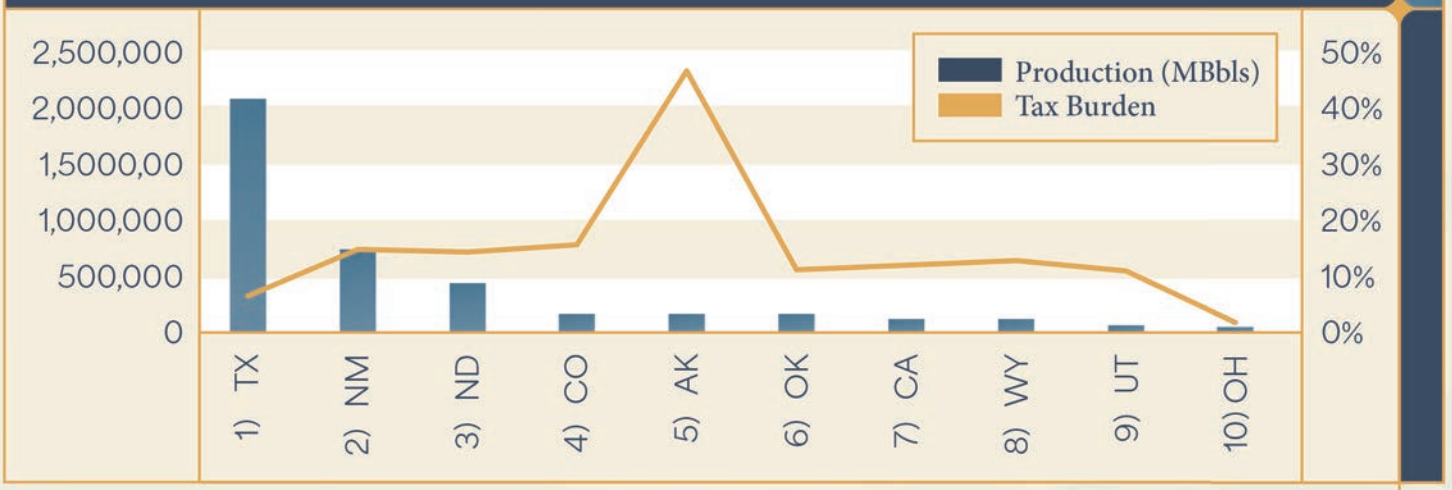
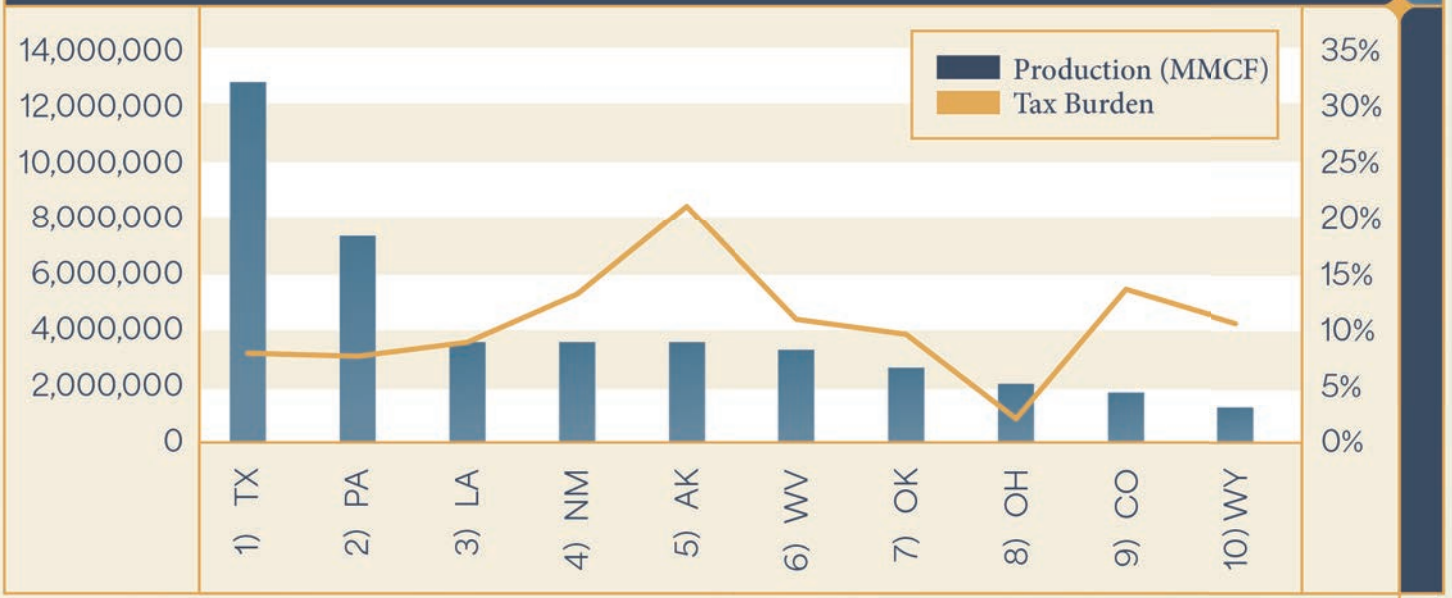


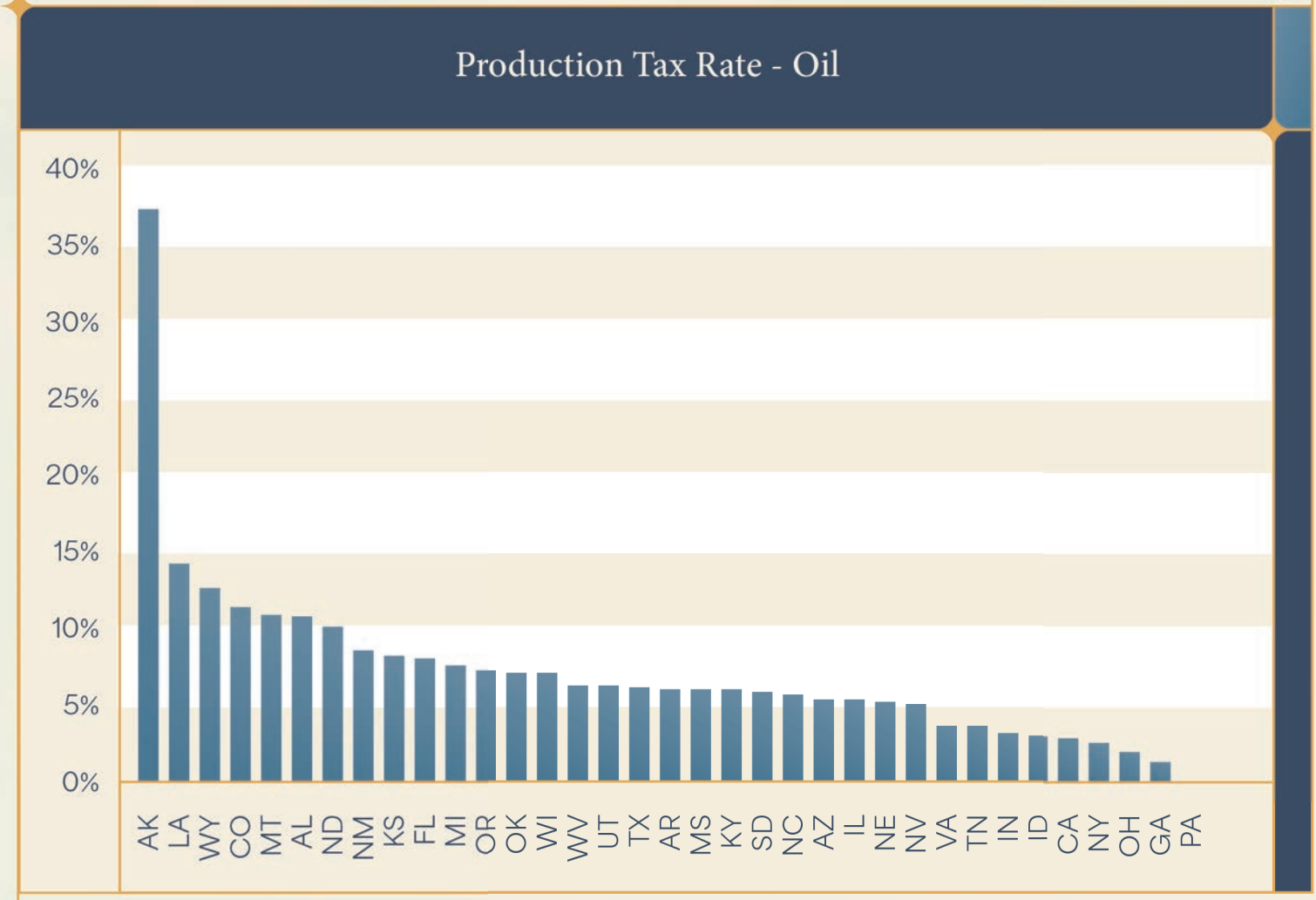
Figure 5

Top 10 Producers: Natural Gas 2024



A few states stand out as having a greater dependence on oil and natural gas and therefore higher production levels and tax rates, with Alaska potentially the most notable. As shown in the Appendix Summary, Alaska ranks 1st in production taxes for both oil and natural gas. Including CIT, Alaska ranks 1st for oil and 1st for natural gas, despite being ranked 5th for oil and natural gas production.[56,57] Alaska varies in this sense due to a lack of diversification in state revenue generation. In the 2025 Spring Revenue Forecast, Alaska shows it had $2.269 billion from Petroleum Revenue, $3.674 billion of investment revenue generated from its general fund, which was originally funded by petroleum taxation, but only $487 million from other funds in 2024.[58] This illustrates the importance of oil and natural gas for Alaska and explains its increased taxation rate. Figures 8 and 9 present the total tax burden across all 35 states for oil and natural gas, broken down by production.

Figure 6

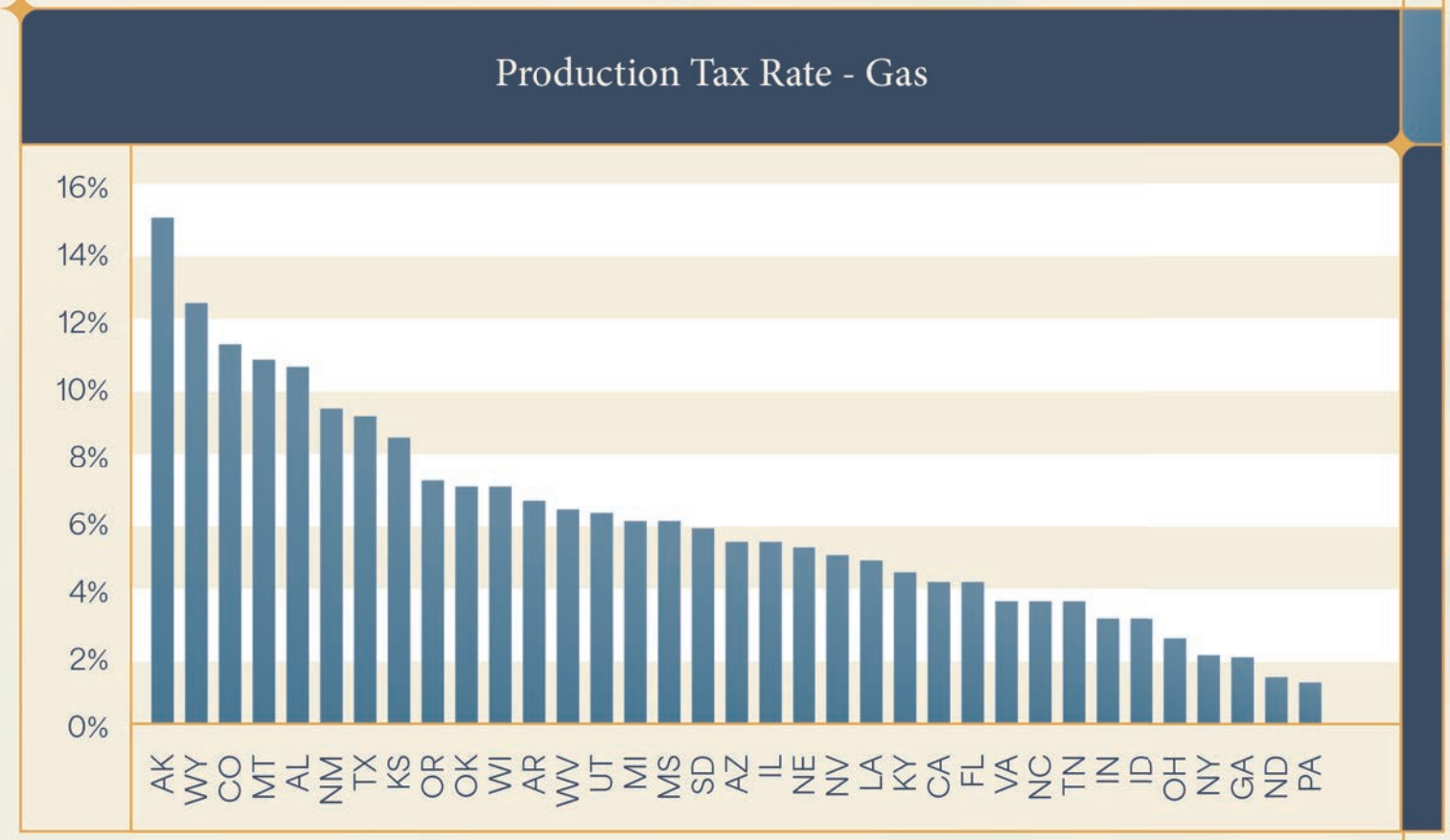


[56] U.S. Energy Information Administration. Petroleum and Other Liquids -- Crude Oil Production by State. Accessed June 2026. https://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbl_a.htm

[57] U.S. Energy Information Administration. Natural Gas -- Marketed Production by State. Accessed June 2026. https://www.eia.gov/dnav/ng/ng_prod_sum_a_EPG0_FGW_mmcf_a.htm

[58] Alaska Department of Revenue, Tax Division. Spring 2025 Revenue Forecast. Adam Crum, Commissioner. March 12, 2025. https://dor.alaska.gov/docs/default-source/homepage-documents/revenue-spring-2025-forecast.pdf. Accessed June 2026

Figure 7



Oil vs Natural Gas Burden Divergence

The basis of the model presented here includes a slight burden divergence between oil and natural gas. This model assumes a price of $4.10/MCF for gas and $75/BBL for oil, while costs are estimated via Federal Reserve data to be $3.80/MCF and $65.00/BBL for oil.[59,60] This results in a pre-tax profit margin for natural gas being lower at 7.3% than for oil at 13.3%. Due to these thin margins, several states have production taxes high enough to eliminate all remaining net income from operations for this specific model, resulting in a $0 CIT despite having active statutory CIT rates. With the differing profit margins, there are only two states with a negative net income for oil, and six states for natural gas. These states include Alaska and Louisiana for oil and Alabama, Alaska, Colorado, Kansas, Montana, and New Mexico for natural gas, as mentioned previously in the methodology section. With this, there is also further divergence in the average production taxes for oil and gas. Oil is taxed on average at 7% while natural gas is only taxed at 6%, allowing for another slight divergence. Figures 6 and 7 show the effective production tax rates across all 35 states for oil and natural gas, respectively, further illustrating this slight divergence.

[59] Federal Reserve Bank of Dallas. "Dallas Fed Energy Survey: Oil and Gas Activity Rises amid Elevated Uncertainty." March 26, 2025. https://www.dallasfed.org/research/surveys/des/2025/2501

[60] Federal Reserve Bank of Kansas City. "Tenth District Energy Survey, First Quarter 2025." March 2025. https://www.kansascityfed.org/documents/10801/Q125.pdf

Figure 8

Total Tax Rate: Oil

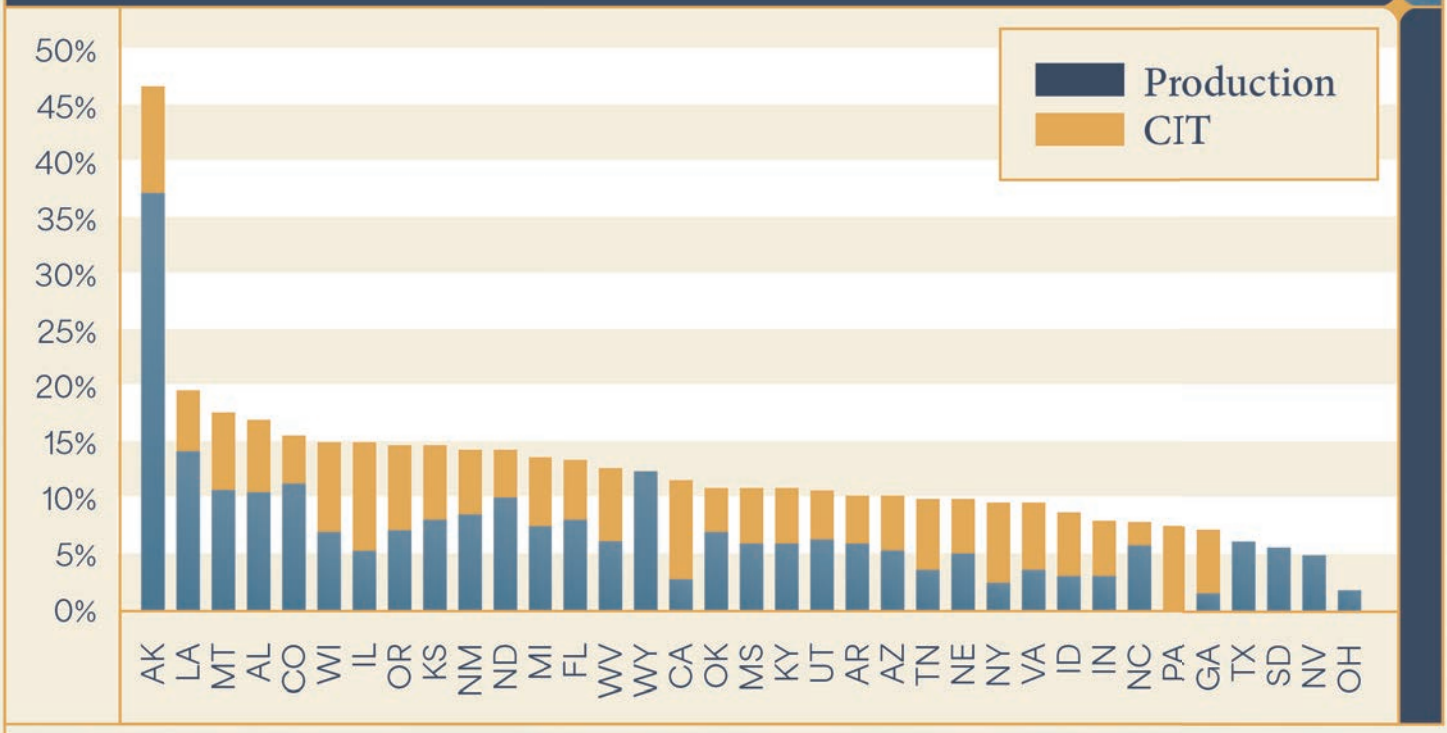
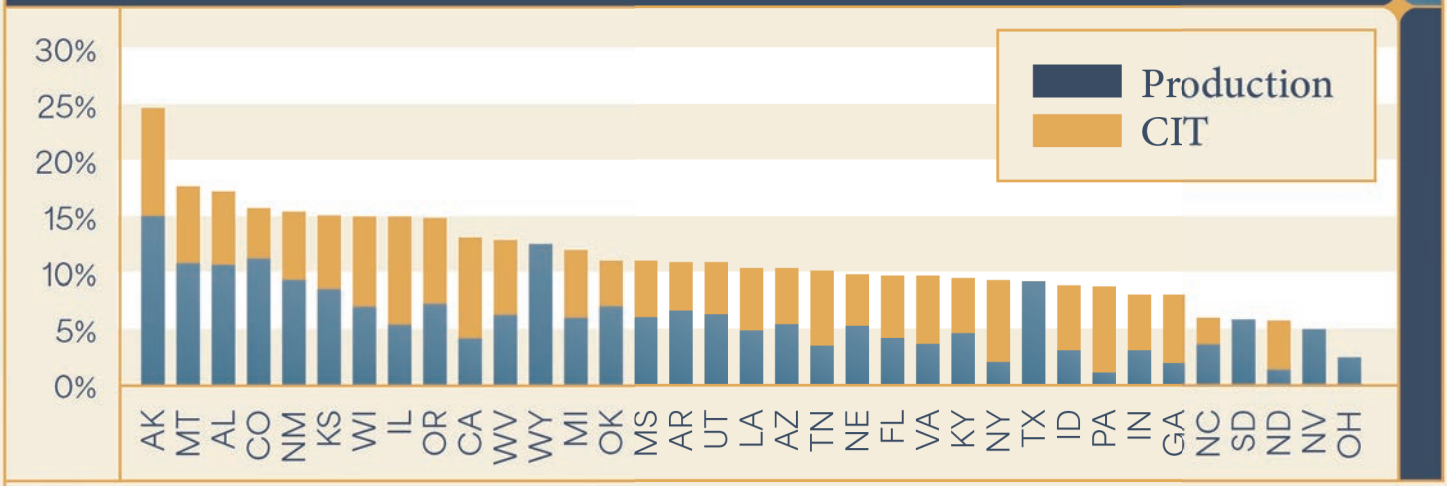


Figure 9

Total Tax Rate: Natural Gas





This model presents a comprehensive study of four of the taxation methods imposed on the production of oil and natural gas in 35 U.S. producing states. Studying one of the four taxation policies provides an incomplete picture, and this model overcomes this by analyzing severance, conservation, ad valorem, and CIT policies applied in a standardized production scenario, so that all taxation methods can be compared and understood. The multilayered analysis methodology presented here allows for a more comprehensive and directly comparable assessment of the tax burden imposed on all producing states.

Wyoming provides an example of a well-balanced state with current taxation policies. Wyoming is a top ten producer for both oil and natural gas but ranks 15th for oil and 12th for natural gas in total tax burden. Although it ranks 3rd and 2nd in effective production tax for oil and natural gas, respectively, the lack of a state CIT offsets these higher production taxes, allowing the state to maintain substantial tax revenue for the state from these industries while remaining competitive on the total tax burden for producers.

When observed together, the 35-state model with a four-layered taxation analysis shown in the paper suggests that there is no single “right” way to tax oil and natural gas. Instead, there are clear trade-offs between revenue stability, competitiveness, and fiscal dependence on the oil and natural gas industry. By placing severance, conservation, ad valorem, and CITs on the same footing with a standardized model, the results provide a comprehensible benchmark for how different state policies affect the total effective tax burden. This model and framework provide policymakers and operators with a standardized reference point that states can use to compare themselves to their peers.

SECTION 08

APPENDIX SUMMARY

STATE OIL AND NATURAL GAS TAX RATE SUMMARY





Production Tax Summary Metrics

Oil ($75/BBL · 1,000,000 BBL)

State	Ad Valorem Tax	Ad Valorem Tax Ranking	Severance Tax	Severance Tax Ranking	Conservation / Other	Gross Prod. Tax	Avg. Effective Rate	Total Rank
Alaska	2.00%	7	-	N/A	0.07%	35.00%	37.07%	1
Louisiana	1.57%	11	12.50%	1	0.04%	-	14.11%	2
Wyoming	6.39%	1	6.00%	8	0.08%	-	12.47%	3
Colorado	6.19%	2	4.90%	16	0.13%	-	11.23%	4
Montana	1.50%	13	9.30%	2	-	-	10.80%	5
Alabama	0.60%	26	8.00%	3	0	2.00%	10.60%	6
North Dakota	-	N/A	-	N/A	-	10.00%	10.00%	7
New Mexico	1.39%	15	6.90%	6	0.24%	-	8.53%	8
Kansas	3.67%	3	4.30%	20	0.19%	-	8.16%	9
Florida	-	28	8.00%	3	-	-	8.00%	10
Michigan	-	28	6.60%	7	1.00%	-	7.60%	11
Oregon	1.20%	19	6.00%	8	-	-	7.20%	12
Oklahoma	-	N/A	-	N/A	-	7.00%	7.00%	13
Wisconsin	-	28	7.00%	5	-	-	7.00%	14
West Virginia	1.30%	17	5.00%	11	-	-	6.30%	15
Utah	1.02%	21	5.00%	11	0.20%	-	6.22%	16
Texas	1.59%	10	4.60%	17	0.01%	-	6.20%	17
Arkansas	0.98%	22	5.00%	11	0.03%	-	6.01%	18
Mississippi	-	28	6.00%	8	-	-	6.00%	19
Kentucky	1.41%	14	4.50%	18	-	-	5.91%	20
South Dakota	1.31%	16	4.50%	18	-	-	5.81%	21
North Carolina	0.73%	23	5.00%	11	-	-	5.73%	22
Arizona	1.68%	9	-	N/A	-	3.71%	5.39%	23
Illinois	2.35%	5	3.00%	21	-	-	5.35%	24
Nebraska	1.53%	12	3.00%	21	0.70%	-	5.23%	25
Nevada	-	28	5.00%	11	-	-	5.00%	26
Virginia	0.65%	24	3.00%	21	-	-	3.65%	27
Tennessee	0.61%	25	3.00%	21	-	-	3.61%	28
Indiana	2.12%	6	1.00%	26	-	-	3.12%	29
Idaho	0.58%	27		29	-	2.50%	3.08%	30
California	1.10%	20	1.71%	25	-	-	2.81%	31
New York	2.52%	4	-	29	-	-	2.52%	32
Ohio	1.90%	8	0.13%	27	-	-	2.03%	33
Georgia	1.20%	18	0.04%	28	0.12%	-	1.36%	34
Pennsylvania	-	28	-	29	-	-	-	35

GPT = Gross Production Tax levied in lieu of ad valorem.

Rank = 1 (highest total burden) to 35 (lowest).

Conservation / Other includes conservation fees, regulatory fees, impact fees, and other per-unit levies where applicable.



Production Tax and Corporate Income Tax Burden Summary

Oil ($75/BBL · 1,000,000 BBL)

State	Avg. Effective Production Tax	Prod. Tax Rank	Corporate Income Tax Rate	CIT Rank	Total Tax Rate	Total Rank
Alaska	37.07%	1	9.40%	2	46.47%	1
Louisiana	14.11%	2	5.50%	18	19.61%	2
Montana	10.80%	5	6.75%	8	17.55%	3
Alabama	10.60%	6	6.50%	9	17.10%	4
Colorado	11.23%	4	4.40%	26	15.63%	5
Wisconsin	7.00%	14	7.90%	4	14.90%	6
Illinois	5.35%	24	9.50%	1	14.85%	7
Oregon	7.20%	12	7.60%	5	14.80%	8
Kansas	8.16%	9	6.50%	9	14.66%	9
New Mexico	8.53%	8	5.90%	16	14.43%	10
North Dakota	10.00%	7	4.31%	27	14.31%	11
Michigan	7.60%	11	6.00%	13	13.60%	12
Florida	8.00%	10	5.50%	18	13.50%	13
West Virginia	6.30%	15	6.50%	9	12.80%	14
Wyoming	12.47%	3	0.00%	31	12.47%	15
California	2.81%	31	8.84%	3	11.65%	16
Oklahoma	7.00%	13	4.00%	29	11.00%	17
Mississippi	6.00%	19	5.00%	20	11.00%	18
Kentucky	5.91%	20	5.00%	20	10.91%	19
Utah	6.22%	16	4.55%	24	10.77%	20
Arkansas	6.01%	18	4.30%	28	10.31%	21
Arizona	5.39%	23	4.90%	22	10.29%	22
Tennessee	3.61%	28	6.50%	9	10.11%	23
Nebraska	5.23%	25	4.55%	24	9.78%	24
New York	2.52%	32	7.25%	7	9.77%	25
Virginia	3.65%	27	6.00%	13	9.65%	26
Idaho	3.08%	30	5.70%	17	8.78%	27
Indiana	3.12%	29	4.90%	22	8.02%	28
North Carolina	5.73%	22	2.25%	30	7.98%	29
Pennsylvania	0.00%	35	7.49%	6	7.49%	30
Georgia	1.36%	34	6.00%	13	7.36%	31
Texas	6.20%	17	0.00%	31	6.20%	32
South Dakota	5.81%	21	0.00%	31	5.81%	33
Nevada	5.00%	26	0.00%	31	5.00%	34
Ohio	2.03%	33	0.00%	31	2.03%	35

Rank = 1 (highest total burden) to 35 (lowest).

Corporate Income Tax Rate reflects the top marginal statutory rate applied to net income after production taxes. Federal income tax is excluded from all calculations.

All calculations disregard federal income tax.



Production Tax Summary Metrics

Natural gas ($4.10/MCF · 1,000,000 MCF)

State	Ad Valorem Tax	Ad Valorem Tax Ranking	Severance Tax	Severance Tax Ranking	Conservation / Other	Gross Prod. Tax	Avg. Effective Rate	Total Rank
Alaska	2.00%	6	-	N/A	-	13.00%	15.00%	1
Wyoming	6.39%	1	6.00%	6	0.08%	-	12.47%	2
Colorado	6.19%	2	4.90%	14	0.13%	-	11.23%	3
Montana	1.50%	13	9.30%	1	-	-	10.80%	4
Alabama	0.60%	26	8.00%	2	2.00%	-	10.60%	5
New Mexico	1.39%	14	7.75%	3	0.19%	-	9.33%	6
Texas	1.59%	10	7.50%	4	0.02%	-	9.11%	7
Kansas	3.67%	3	4.30%	17	0.50%	-	8.47%	8
Oregon	1.20%	19	6.00%	6	-	-	7.20%	9
Oklahoma	-	N/A	-	N/A	-	7.00%	7.00%	10
Wisconsin	-	29	7.00%	5	-	-	7.00%	11
Arkansas	0.98%	22	5.00%	9	0.61%	-	6.59%	12
West Virginia	1.30%	16	5.00%	9	-	-	6.30%	13
Utah	1.02%	21	5.00%	9	0.20%	-	6.22%	14
Michigan	-	29	5.00%	9	1.00%	-	6.00%	15
Mississippi	-	29	6.00%	6	-	-	6.00%	16
South Dakota	1.31%	15	4.50%	15	-	-	5.81%	17
Arizona	1.68%	9	3.71%	19	-	-	5.39%	18
Illinois	2.35%	4	3.00%	21	-	-	5.35%	19
Nebraska	1.53%	12	3.00%	21	0.70%	-	5.23%	20
Nevada	-	29	5.00%	9	-	-	5.00%	21
Louisiana	1.57%	11	2.57%	26	0.73%	-	4.86%	22
Kentucky	0.02%	28	4.50%	15	-	-	4.52%	23
California	1.10%	20	3.12%	20	-	-	4.22%	24
Florida	-	29	4.17%	18	-	-	4.17%	25
Virginia	0.65%	24	3.00%	21	-	-	3.65%	26
North Carolina	0.73%	23	2.90%	25	-	-	3.63%	27
Tennessee	0.61%	25	3.00%	21	-	-	3.61%	28
Indiana	2.12%	5	1.00%	28	-	-	3.12%	29
Idaho	0.58%	27	2.50%	27	-	-	3.08%	30
Ohio	1.90%	8	0.61%	29	-	-	2.51%	31
New York	1.93%	7	-	31	0.07%	-	2.00%	32
Georgia	1.20%	18	0.24%	30	0.49%	-	1.93%	33
North Dakota	-	N/A	-	N/A	-	1.35%	1.35%	34
Pennsylvania	1.22%	17	-	31	-	-	1.22%	35

"-" = Not applicable or zero. | GPT = Gross Production Tax levied in lieu of ad valorem.

Rank = 1 (highest total burden) to 35 (lowest). | Top 10 ranks highlighted in gold.

Conservation / Other includes conservation fees, regulatory fees, impact fees, and other per-unit levies where applicable.

**Indicates states with state-level income taxation to show tax revenue diversity*



Production Tax and Corporate Income Tax Burden Summary

Natural gas ($4.10/MCF · 1,000,000 MCF)

State	Avg. Effective Production Tax	Prod. Tax Rank	Corporate Income Tax Rate	CIT Rank	Total Tax Rate	Total Rank
Alaska	15.00%	1	9.40%	2	24.40%	1
Montana	10.80%	4	6.75%	8	17.55%	2
Alabama	10.60%	5	6.50%	9	17.10%	3
Colorado	11.23%	3	4.40%	26	15.63%	4
New Mexico	9.33%	6	5.90%	16	15.23%	5
Kansas	8.47%	8	6.50%	9	14.97%	6
Wisconsin	7.00%	11	7.90%	4	14.90%	7
Illinois	5.35%	19	9.50%	1	14.85%	8
Oregon	7.20%	9	7.60%	5	14.80%	9
California	4.22%	24	8.84%	3	13.06%	10
West Virginia	6.30%	13	6.50%	9	12.80%	11
Wyoming	12.47%	2	0.00%	31	12.47%	12
Michigan	6.00%	15	6.00%	13	12.00%	13
Oklahoma	7.00%	10	4.00%	29	11.00%	14
Mississippi	6.00%	16	5.00%	20	11.00%	15
Arkansas	6.59%	12	4.30%	28	10.89%	16
Utah	6.22%	14	4.55%	24	10.77%	17
Louisiana	4.86%	22	5.50%	18	10.36%	18
Arizona	5.39%	18	4.90%	22	10.29%	19
Tennessee	3.61%	28	6.50%	9	10.11%	20
Nebraska	5.23%	20	4.55%	24	9.78%	21
Florida	4.17%	25	5.50%	18	9.67%	22
Virginia	3.65%	26	6.00%	13	9.65%	23
Kentucky	4.52%	23	5.00%	20	9.52%	24
New York	2.00%	32	7.25%	7	9.25%	25
Texas	9.11%	7	0.00%	31	9.11%	26
Idaho	3.08%	30	5.70%	17	8.78%	27
Pennsylvania	1.22%	35	7.49%	6	8.71%	28
Indiana	3.12%	29	4.90%	22	8.02%	29
Georgia	1.93%	33	6.00%	13	7.93%	30
North Carolina	3.63%	27	2.25%	30	5.88%	31
South Dakota	5.81%	17	0.00%	31	5.81%	32
North Dakota	1.35%	34	4.31%	27	5.66%	33
Nevada	5.00%	21	0.00%	31	5.00%	34
Ohio	2.51%	31	0.00%	31	2.51%	35

Rank = 1 (highest total burden) to 35 (lowest).

Corporate Income Tax Rate reflects the top marginal statutory rate applied to net income after production taxes. Federal income tax is excluded from all calculations.

All calculations disregard federal income tax.

Corporate Income Tax (CIT) Methodology & Supporting Data

Below is the methodology and supporting data used to calculate Effective Corporate Income Tax rates. Federal income tax is excluded from all calculations. All calculations use the uniform model inputs shown below.

Section 1 - Model Price Inputs

The following inputs are applied across all 35 states for both oil and natural gas calculations.

Oil Inputs

Input	Value
Oil Price ($/BBL) WTI	$75.00
Oil Operating Cost ($/BBL)	$65.00[61]
vOil Production Volume	1,000,000 BBL
Gross Revenue (Oil)	$75,000,000
Net Income Before Tax (Oil)	$10,000,000

Natural Gas Inputs

Input	Value
Natural gas Price ($/MCF) Henry Hub	$4.10
Natural gas Operating Cost ($/MCF)	$3.80[62]
Natural gas Production Volume	1,000,000 MCF
Gross Revenue (Natural gas)	$4,100,000
Net Income Before Tax (Natural gas)	$300,000

Notes

Note 1: *Natural gas Operating Cost: The natural gas operating cost of $3.80/MCF is from the Federal Reserve Bank of Kansas City Q1 2025 Energy Survey, which reports the average Henry Hub price required for drilling to be profitable, or the breakeven point in operation. This is different from the Dallas Fed survey used for oil, as the Kansas City Fed does not publish a natural gas operating-only cost amount, so this assumption uses new well investment returns alongside pure operating expenses. This makes for a more conservative estimate of net taxable income for natural gas production across all states.*

Note 2: *Federal Income Tax Acknowledgement: All calculations are made disregarding federal income tax.*

Note 3: *Negative Net Income: States where production taxes exceed net income before tax show negative net income after production taxes. In these cases, CIT = $0. These rows are highlighted in red on the main tables. Negative net income after production taxes is unlikely under typical real-world conditions. It is shown here as a function of the cost assumptions and uniform production inputs applied across all states, and is presented here to illustrate the full range of potential tax outcomes across applicable states.*

[61] Federal Reserve Bank of Dallas. "Dallas Fed Energy Survey: Oil and Gas Activity Rises Amid Elevated Uncertainty." March 25, 2026. https://www.dallasfed.org/news/release

[62] Federal Reserve Bank of Kansas City. "I pril 11, 2025. https://www.kansascityfed.org/documents/10801/Q125.pdf.



Section 2 - CIT Calculation Methodology

State CIT is calculated as follows for each state:

- **Step 1:** Start with Net Income Before Tax (Oil: $10,000,000 | Natural gas: $300,000)
- **Step 2:** Calculate the Average Effective Production Tax Rate for each state (severance + ad valorem + conservation taxes combined, as a % of gross revenue)
- **Step 3:** Multiply Gross Revenue by the Average Effective Production Tax Rate to get the Production Tax Amount
- **Step 4:** Subtract the Production Tax Amount from Net Income Before Tax → Net Income After Production Taxes
- **Step 5:** If Net Income After Production Taxes is negative → CIT = $0 (no taxable income)
- **Step 6:** If positive → multiply by the State CIT Rate to get the CIT Amount
- **Step 7:** Divide CIT Amount by Gross Revenue → Effective CIT Rate

[63] Tax Foundation. Mandal, Abir. "State Corporate Income Tax Rates and Brackets, 2025." March 20, 2025. https://taxfoundation.org/data/all/state/state-corporate-income-tax-rates-brackets/

Section 3 - State CIT Rates Applied

The following rates are applied in Step 6 of the calculation. Source: Tax Foundation[63]. States marked with * use graduated bracket rates, the top marginal rate is shown and applied.

State	State CIT Rate
Alabama	6.5%
*Alaska	9.4%
Arizona	4.9%
*Arkansas	4.3%
California	8.84%
Colorado	4.4%
*Florida	5.5%
Georgia	6%
Idaho	5.695%
Illinois	9.5%
Indiana	4.9%
*Kansas	6.5%
Kentucky	5%
Louisiana	5.5%
Michigan	6%
*Mississippi	5%
Montana	6.75%
Nebraska	4.55%
Nevada	None
New Mexico	5.9%
*New York	6.5%
North Carolina	2.25%
*North Dakota	4.31%
Ohio	None
Oklahoma	4%
*Oregon	7.6%
Pennsylvania	7.49%
South Dakota	None
Tennessee	6.5%
Texas	None
Utah	4.55%
Virginia	6%
West Virginia	6.5%
Wisconsin	7.9%
Wyoming	None

Oil CIT Table

$75/BBL, 1,000,000 BBL

Inputs: *Oil: $75.00/BBL | Op. Cost $65.00/BBL[64] | 1,000,000 BBL | Gross Rev. $75,000,000 | Net Income BT $10,000,000 | CIT Rates: Tax Foundation, State CIT Rates and Brackets, 2025[65]*

** Graduated bracket states – top marginal rate applied to full income. N/A = no CIT (Nevada, Ohio, South Dakota, Texas, Wyoming). Red shading = negative net income after production taxes; CIT = $0.*

State	Net Income Before Tax (in Millions)	Avg Eff. Production Tax Rate	Production Tax Amount	Net Income After Prod. Taxes	State CIT Rate	CIT Amount	Effective CIT Rate
Alabama	$10	10.60%	$7,951,785.00	$2,048,215.00	6.500%	$133,133.98	0.178%
*Alaska	$10	37.07%	$27,800,000.00	-$17,800,000.00	9.400%	$0.00	0.000%
Arizona	$10	5.39%	$4,043,737.50	$5,956,262.50	4.900%	$291,856.86	0.389%
*Arkansas	$10	6.01%	$4,508,500.00	$5,491,500.00	4.300%	$236,134.50	0.315%
California	$10	2.81%	$2,104,550.90	$7,895,449.10	8.840%	$697,957.70	0.931%
Colorado	$10	11.23%	$8,418,768.75	$1,581,231.25	4.400%	$69,574.18	0.093%
*Florida	$10	8.00%	$6,000,000.00	$4,000,000.00	5.500%	$220,000.00	0.293%
Georgia	$10	1.36%	$1,020,000.00	$8,980,000.00	6.000%	$538,800.00	0.718%
Idaho	$10	3.08%	$2,310,000.00	$7,690,000.00	5.695%	$437,945.50	0.584%
Illinois	$10	5.35%	$4,015,732.50	$5,984,267.50	9.500%	$568,505.41	0.758%
Indiana	$10	3.12%	$2,340,000.00	$7,660,000.00	4.900%	$375,340.00	0.500%
*Kansas	$10	8.16%	$6,121,500.00	$3,878,500.00	6.500%	$252,102.50	0.336%
Kentucky	$10	5.91%	$4,431,900.00	$5,568,100.00	5.000%	$278,405.00	0.371%
Louisiana	$10	14.11%	$10,579,869.14	-$579,869.14	5.500%	$0.00	0.000%
Michigan	$10	7.60%	$5,700,000.00	$4,300,000.00	6.000%	$258,000.00	0.344%
*Mississippi	$10	6.00%	$4,500,000.00	$5,500,000.00	5.000%	$275,000.00	0.367%
Montana	$10	10.80%	$8,097,435.00	$1,902,565.00	6.750%	$128,423.14	0.171%
Nebraska	$10	5.23%	$3,924,450.00	$6,075,550.00	4.550%	$276,437.53	0.369%
Nevada	$10	5.00%	$3,750,000.00	$6,250,000.00	0.000%	$0.00	0.000%
New Mexico	$10	8.53%	$6,396,294.26	$3,603,705.74	5.900%	$212,618.64	0.283%
*New York	$10	2.52%	$1,888,360.00	$8,111,640.00	7.250%	$588,093.90	0.784%
North Carolina	$10	5.73%	$4,297,275.00	$5,702,725.00	2.250%	$128,311.31	0.171%
*North Dakota	$10	10.00%	$7,500,000.00	$2,500,000.00	4.310%	$107,750.00	0.144%
Ohio	$10	2.03%	$1,523,800.00	$8,476,200.00	0.000%	$0.00	0.000%
Oklahoma	$10	7.00%	$5,253,500.00	$4,746,500.00	4.000%	$189,860.00	0.253%
*Oregon	$10	7.20%	$5,397,757.50	$4,602,242.50	7.600%	$349,770.43	0.466%
Pennsylvania	$10	0.00%	$0.00	$10,000,000.00	7.490%	$749,000.00	0.999%
South Dakota	$10	5.81%	$4,359,300.00	$5,640,700.00	0.000%	$0.00	0.000%
Tennessee	$10	3.61%	$2,705,625.00	$7,294,375.00	6.500%	$474,134.38	0.632%
Texas	$10	6.20%	$4,648,750.00	$5,351,250.00	0.000%	$0.00	0.000%
Utah	$10	6.22%	$4,665,759.22	$5,334,240.78	4.550%	$242,707.96	0.324%
Virginia	$10	3.65%	$2,737,500.00	$7,262,500.00	6.000%	$435,750.00	0.581%
West Virginia	$10	6.30%	$4,722,000.00	$5,278,000.00	6.500%	$343,070.00	0.457%
Wisconsin	$10	7.00%	$5,250,000.00	$4,750,000.00	7.900%	$375,250.00	0.500%
Wyoming	$10	12.47%	$9,352,500.00	$647,500.00	0.000%	$0.00	0.000%

[64] Federal Reserve Bank of Dallas. "Dallas Fed Energy Survey: Oil and Gas Activity Rises amid Elevated Uncertainty." March 26, 2025. https://www.dallasfed.org/research/surveys/des/2025/2501

[65] Federal Reserve Bank of Kansas City. "Tenth District Energy Survey, First Quarter 2025." March 2025. https://www.kansascityfed.org/documents/10801/Q125.pdf

Natural Gas CIT Table

$4.10/MCF, 1,000,000 MCF

Inputs: Natural gas: $4.10/MCF | Op. Cost $3.80/MCF[66] | 1,000,000 MCF | Gross Rev. $4,100,000 | Net Income BT $300,000 | CIT Rates: Tax Foundation, State CIT Rates and Brackets, 2025[67]

** Graduated bracket states – top marginal rate applied to full income. N/A = no CIT (Nevada, Ohio, South Dakota, Texas, Wyoming). Red shading = negative net income after production taxes; CIT = $0.*

State	Net Income Before Tax (in Millions)	Avg Eff. Production Tax Rate	Production Tax Amount	Net Income After Prod. Taxes	State CIT Rate	CIT Amount	Effective CIT Rate
Alabama	$0.3 M	10.6024%	$434,698	-$134,698	6.5%	$0	0%
*Alaska	$0.3 M	15%	$615,000	-$315,000	2%	$0	0%
Arizona	$0.3 M	5.3917%	$221,058	$78,942	4.9%	$3,868	0.0943%
*Arkansas	$0.3 M	6.5878%	$270,098	$29,902	4.3%	$1,286	0.0314%
California	$0.3 M	4.2209%	$173,055	$126,945	8.84%	$11,222	0.2737%
Colorado	$0.3 M	11.225%	$460,226	-$160,226	4.4%	$0	0%
*Florida	$0.3 M	4.1707%	$171,000	$129,000	5.5%	$7,095	0.1730%
Georgia	$0.3 M	1.9317%	$79,200	$220,800	6%	$13,248	0.3231%
Idaho	$0.3 M	3.08%	$126,280	$173,720	5.695%	$9,893	0.2413%
Illinois	$0.3 M	5.3543%	$219,527	$80,473	9.5%	$7,645	0.1865%
Indiana	$0.3 M	3.12%	$127,920	$172,080	4.9%	$8,432	0.2057%
*Kansas	$0.3 M	8.47%	$347,270	-$47,270	3.5%	$0	0%
Kentucky	$0.3 M	4.515%	$185,115	$114,885	5%	$5,744	0.1401%
Louisiana	$0.3 M	4.8641%	$199,426	$100,574	5.5%	$5,532	0.1349%
Michigan	$0.3 M	6%	$246,000	$54,000	6%	$3,240	0.0790%
*Mississippi	$0.3 M	6%	$246,000	$54,000	5%	$2,700	0.0659%
Montana	$0.3 M	10.7966%	$442,660	-$142,660	6.75%	$0	0%
Nebraska	$0.3 M	5.2326%	$214,537	$85,463	4.55%	$3,889	0.0949%
Nevada	$0.3 M	5%	$205,000	$95,000	N/A	$0	0%
New Mexico	$0.3 M	9.3284%	$382,464	-$82,464	5.9%	$0	0%
*New York	$0.3 M	1.999%	$81,960	$218,040	6.5%	$14,173	0.3856%
North Carolina	$0.3 M	3.6297%	$148,818	$151,182	2.25%	$3,402	0.0830%
*North Dakota	$0.3 M	1.3537%	$55,500	$244,500	4.31%	$10,538	0.2570%
Ohio	$0.3 M	2.5082%	$102,834	$197,166	N/A	$0	0%
Oklahoma	$0.3 M	7.0037%	$287,150	$12,850	4%	$514	0.0125%
*Oregon	$0.3 M	7.197%	$295,077	$4,923	6.6%	$325	0.0091%
Pennsylvania	$0.3 M	1.2195%	$50,000	$250,000	7.49%	$18,725	0.4567%
South Dakota	$0.3 M	5.8124%	$238,308	$61,692	N/A	$0	0%
Tennessee	$0.3 M	3.6075%	$147,908	$152,093	6.5%	$9,886	0.2411%
Texas	$0.3 M	9.1063%	$373,360	-$73,360	N/A	$0	0%
Utah	$0.3 M	6.221%	$255,062	$44,939	4.55%	$2,045	0.0499%
Virginia	$0.3 M	3.65%	$149,650	$150,350	6%	$9,021	0.2200%
West Virginia	$0.3 M	6.296%	$258,136	$41,864	6.5%	$2,721	0.0664%
Wisconsin	$0.3 M	7%	$287,000	$13,000	7.9%	$1,027	0.0250%
Wyoming	$0.3 M	12.5%	$511,270	-$211,270	N/A	$0	0%

[66] Federal Reserve Bank of Kansas City. "Tenth District Energy Survey, First Quarter 2025." April 11, 2025. https://www.kansascityfed.org/documents/10801/Q125.pdf. The natural gas operating cost of $3.80/MCF is from the Federal Reserve Bank of Kansas City Q1 2025 Energy Survey, which reports the average Henry Hub price required for drilling to be profitable. Unlike the Dallas Fed survey, the Kansas City Fed does not publish a gas-specific operating-only cost figure, so this assumption incorporates new well investment returns in addition to pure operating expenses. This results in a conservative estimate of net taxable income for natural gas production across all states.



SECTION 09

APPENDIX

STATE RATES

State Oil and Natural gas Severance, Conservation, Ad Valorem, and Corporate Income Tax Rates - With Tax Payments

Based on uniform model inputs:

- *Oil $75/BBL (WTI) 1,000,000 BBL*
- *Natural gas $4.10/MCF (Henry Hub) 1,000,000 MCF*



Alabama

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[68]	8%	$6,000,000	8%	$328,000
Ad Valorem Tax				
Ad Valorem Tax Rate[69, 70]	0.6024%	$451,785	0.6024%	$24,698
Conservation / Production Tax				
Conservation Tax[71]	2%	$1,500,000	2%	$82,000
Total Effective Tax				
Total Effective Rate	10.6024%	$7,951,785	10.6024%	$434,698



Notes

[68] Ala. Code § 40-20-2 (Severance Tax Rate)
[69] AL Code § 40-8-1 (2025) (Assessment Rate of 20%)
[70] Alabama Department of Revenue, Average Mill Rates by County 2024, https://www.revenue.alabama.gov/wp-content/uploads/2025/05/MILLS24-1.pdf
[71] Ala. Code § 40-20-2; Ala. Admin. Code r. 810-5-1-.193 (Production Tax 2%)



Alaska

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Gross Production Tax Rate[72, 73, 74, 75]	35%	$26,250,000	13%	$533,000
Ad Valorem Tax				
Ad Valorem Tax Rate[76]	2%	$1,500,000	2%	$82,000
Conservation / Production Tax				
Conservation Tax[77, 78]	0.0667%	$50,000	-	-
Total Effective Tax				
Total Effective Rate	37.0667%	$27,800,000	15%	$615,000

Notes

** FORECAST - Oil GPT effective rate and revenue forecast derived from Alaska DOR Spring 2025 Revenue Forecast.*

** Alaska's production tax is one of the most complicated in the world. These numbers may be subject to debate. Alaska does not have a separate gross production tax alongside severance. The Oil and Natural gas Production Tax from AS 43.55 is a combined severance-like production tax, with a net-profits component and a gross value minimum (up to 4% of gross for oil).*

** Alaska ad valorem: Under AS 43.56.010(a), oil and natural gas exploration, production, and pipeline transportation property is subject to a state property tax of 20 mills (2%) on full and true value. Municipalities may also levy property tax on this same property under AS 29.45.080, but taxes paid to municipalities are credited against the state 20-mill tax under AS 43.56.010(d). This model therefore uses 2% of assessed value as a representative ad valorem rate.*

[72] AK Stat § 43.55.160 (2025) - Oil and Gas Production Tax and Oil Surcharge

[73] Alaska Department of Natural Resources, Reference Summary of Oil and Gas Production Tax (2023), https://dog.dnr.alaska.gov/Documents/Programs/2023-08-03_Reference_Summary_Of_Oil_and_Gas_Production_Tax.pdf

[74] Alaska Department of Revenue, Spring 2025 Revenue Forecast (oil GPT effective rate), https://dor.alaska.gov/docs/ default-source/ homepage-documents/ revenue-spring-2025-forecast.pdf?sfvrsn= c1a81c75_1

[75] Alaska Statutes § 43.55.011(e)(3)(B) - Gas production tax at 13%

[76] AS 43.56.010 - State ad valorem tax of 20 mills on oil and gas property

[77] AS 43.55.201 - Conservation Tax of $0.01 per barrel of oil

[78] AK Stat § 43.55.300 - Conservation tax surcharge per barrel of oil



Arizona

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Production Tax (Transaction Privilege Tax)[79]	3.707%	$2,780,250	3.707%	$151,987
Ad Valorem Tax				
Ad Valorem Tax Rate[80,81]	1.6847%	$1,263,488	1.6847%	$69,071
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	5.3917%	$4,043,738	5.3917%	$221,058



Notes

Mining-Nonmetal TPT statewide average of 3.707%.

[79] Arizona Department of Revenue, Transaction Privilege Tax Rate Table (Jan. 1, 2026), https://azdor.gov/sites/default/files/document/TPT_RATETABLE_01012026.pdf

[80] Arizona Department of Revenue, Arizona Property Taxation (Assessment Rate 16.5%), https://azdor.gov/sites/default/files/2023-03/PROPERTY_AZPropertyTaxation.pdf

[81] Arizona Department of Revenue, GPLET Average Property Tax Rates by County, https://azdor.gov/business/government- property-lease-excise-tax-gplet/gplet-average-property-tax-rates



Arkansas

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[82, 83]	5%	$3,750,000	5%	$205,000
Ad Valorem Tax				
Ad Valorem Tax Rate[84, 85]	0.978%	$733,500	0.978%	$40,098
Conservation / Production Tax				
Conservation Tax[86, 87]	0.0333%	$25,000	0.6098%	$25,000
Total Effective Tax				
Total Effective Rate	6.0113%	$4,508,500	6.5878%	$270,098



Notes

[82] A.C.A. § 26-58-111(6)(a) - Oil Severance Tax (5%)
[83] A.C.A. § 26-58-111(5)(D) - Gas Severance Tax (5%)
[84] A.C.A. § 26-26-303(c) - 20% Assessment Rate
[85] Arkansas Department of Finance and Administration, 2024 Millage Report (average 48.90 mills), https://www.dfa.arkansas.gov/wp-content/uploads/2024-millage-2025-collections.pdf
[86] A.C.A. § 26-58-301 - Oil and Gas Conservation ($0.005/Barrel or MCF)
[87] A.C.A. § 26-58-302 - Oil Extra Fee ($0.02/Barrel or MCF)



California

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Oil and Natural gas Production Assessment[88]	1.7061%	$1,279,551	3.1209%	$127,955
Ad Valorem Tax				
Ad Valorem Tax Rate[89, 90]	1.1%	$825,000	1.1%	$45,100
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	2.8061%	$2,104,551	4.2209%	$173,055



Notes

$1.2795509 on each barrel of oil and per 10 MCF of natural gas produced.

Statewide average effective rates applied to production value for model consistency.

Statewide average effective property tax rate per California BOE FY2023-24 Annual Report, applied to estimated assessed value of producing property. This model assumes the ad valorem average is applied to production value for consistency among models and may vary from actual costs.

[88] California Department of Conservation, Assessment Process: Oil and Gas Assessment Rate per Fiscal Year, https://www.conservation.ca.gov/calgem/for_operators/Pages/Assessments.aspx

[89] California State Board of Equalization, Annual Report FY 2023-24, Table 14 - 1.10% statewide average effective rate

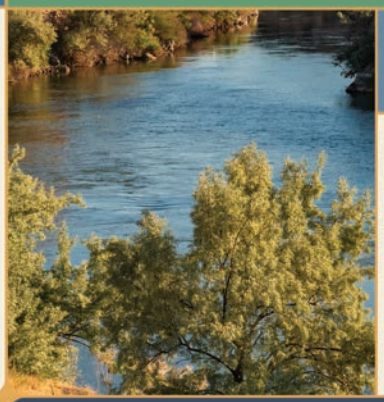
[90] Cal. Const. Art. XIII A, § 1(a); Cal. Rev. & Tax. Code § 93 - 1% base rate cap



Colorado

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[91]	4.9%	$3,675,000	4.9%	$200,900
Ad Valorem Tax				
Ad Valorem Tax Rate[92]	6.1938%	$4,645,331	6.1938%	$253,945
Conservation / Production Tax				
Conservation Tax[93]	0.1313%	$98,438	0.1313%	$5,381
Total Effective Tax				
Total Effective Rate	11.225%	$8,418,769	11.225%	$460,226



Notes

**Uses a scale - less than $300,000 net profit receives a lower rate, but 5% should be considered general. 4.9% is the effective rate from Colorado Legislative Council Staff 2025 report on Effective Severance Tax Rates.*

[91] Colorado Legislative Council Staff, Effective Severance Tax Rates (2025), https://content.leg.colorado.gov/sites/default/files/r25-328_effective_severance_tax_rates-accessible_0.pdf

[92] C.R.S. § 39-29-105 - Severance and Ad Valorem statutes (average mill levy 70.786 mills)

[93] Colorado ECMC, 2 CCR 404-1-217 Form 8 - Oil and Gas Conservation Levy at 1.5 mills, https://ecmc.colorado.gov/sites/ecmc/files/documents/200%20Series%20-%20General%20Provisions_ Effective%20October%2030%2C%202025.pdf



Florida

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[94, 95]	8%	$6,000,000	4.1707%	$171,000
Ad Valorem Tax				
Ad Valorem Tax Rate[96]	-	-	-	-
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	8%	$6,000,000	4.1707%	$171,000



Notes

Natural gas severance is determined by $0.171/MCF divided by the natural gas price point ($4.10/MCF used here).

See Note - Florida Stat. § 211.13 makes the severance tax the exclusive production-related excise tax, producing wells and equipment are not subject to additional ad valorem burden.

Florida's oil and natural gas production taxes are found in Chapter 211, Part I, of Florida Statutes. Section 211.13 makes the severance tax the "exclusive production-related excise tax" and stops local governments from increasing property assessments because of producing oil or natural gas equipment or the presence of taxable products under the land.

[94] Fla. Stat. § 211.02 (2024) - Severance statute for oil, https://www.flsenate.gov/Laws/Statutes/2024/211.02

[95] Fla. Admin. Code Ann. R. 12B-7.004 - Flat rate for gas severance of $0.171/MCF, https://www.law.cornell.edu/regulations/florida/Fla-Admin-Code-Ann-R-12B-7-004

[96] Fla. Stat. § 211.13 (2024) - Severance tax as exclusive production-related excise tax; no additional ad valorem on producing wells, https://www.flsenate.gov/Laws/Statutes/2024/0211.13



Georgia

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[97, 98]	0.04%	$30,000	0.2439%	$10,000
Ad Valorem Tax				
Ad Valorem Tax Rate[99, 100]	1.2%	$900,000	1.2%	$49,200
Conservation / Production Tax				
Conservation Tax[101, 102]	0.12%	$90,000	0.4878%	$20,000
Total Effective Tax				
Total Effective Rate	1.36%	$1,020,000	1.9317%	$79,200



Notes

[97] O.C.G.A. § 12-4-54(b)(1)(A) - Severance Tax Rate of $0.03/Barrel of oil
[98] O.C.G.A. § 12-4-54(b)(1)(B) - Severance Tax Rate of $0.01/MCF for gas
[99] O.C.G.A. § 48-5-7 - Assessment rate of 40%
[100] Georgia Department of Revenue, Local Government Services Division, Property Tax Millage Rates (2025) - average 30 mills
[101] O.C.G.A. § 12-4-54(c)(1)(A) - Conservation tax max $0.09 per barrel
[102] O.C.G.A. § 12-4-54(c)(1)(B) - Conservation tax max $0.02 per MCF



Idaho

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[103]	2.5%	$1,875,000	2.5%	$102,500
Ad Valorem Tax				
Ad Valorem Tax Rate[104, 105]	0.58%	$435,000	0.58%	$23,780
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	3.08%	$2,310,000	3.08%	$126,280



Notes

[103] Idaho Code § 47-330 - Oil & Gas Production Tax of 2.5%

[104] Idaho Code § 63-314 - 100% assessment rate

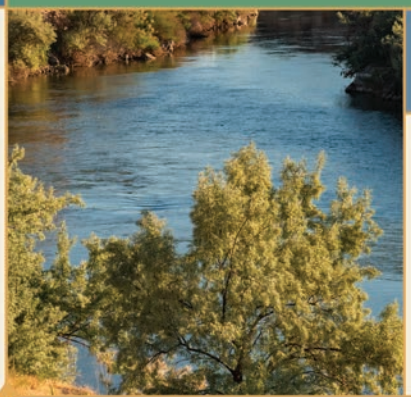
[105] Idaho State Tax Commission, Property Tax Rates 2025 (average 0.58% effective rate), https://tax.idaho.gov/wp-content/uploads/reports/EPB00129/EPB00129_12-04-2025.pdf



Illinois

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[106]	3%	$2,250,000	3%	$123,000
Ad Valorem Tax				
Ad Valorem Tax Rate[107, 108]	2.3543%	$1,765,733	2.3543%	$96,527
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	5.3543%	$4,015,733	5.3543%	$219,527



Notes

See Note - Illinois severance tax is tiered by production level and well age: First 24 months (any production level): 3% oil, 3% natural gas; After 24 months: <25 BBL/day: 3%; 25-49 BBL/day: 4%; 50-99 BBL/day: 5%; ≥100 BBL/day: 6%; Exemption: wells ≤15 BBL/day average over prior 12 months are fully exempt. Rate shown (3%) is the base/entry-level rate.

See Notes - Assessment rate: 33⅓% of FMV (35 ILCS 200/1-130). Average mineral tax rate 7.07 per $100 AV used (statewide all-property average: 7.89; mineral-specific 2024 average: 7.07).

[106] 86 Ill. Admin. Code § 475.110 (2025) - Severance Tax Rate

[107] 35 ILCS 200/1-130 - Oil and gas assessed as real property at 33⅓%

[108] Illinois Department of Revenue, Property Tax Statistics Table 8 - Average Tax Rates 2020-2024 (mineral-specific 2024 average: 7.07), https://tax.illinois.gov/content/dam/soi/en/web/tax/research/publications/documents/pios/pio-16.pdf



Indiana

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[109]	1%	$750,000	1%	$41,000
Ad Valorem Tax				
Ad Valorem Tax Rate[110]	2.12%	$1,590,000	2.12%	$86,920
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	3.12%	$2,340,000	3.12%	$127,920



Notes

Average Effective Rate: 2.116255838539164% (derived from DLGF 2025 Certified Tax Rates by District).

[109] IC 6-1.1-4-12.4 - Severance tax: greater of 1% or $0.24 per barrel of oil, or $0.03 per MCF of gas; all oil and gas property assessed as real property at 100%, https://law.justia.com/codes/indiana/title-6/article-1-1/chapter-4/section-6-1-1-4-12-4/

[110] Indiana DLGF, 2025 Certified Tax Rates by District - derived average effective tax rate, https://www.in.gov/dlgf/files/2025-reports/2025_Certifed_Tax_Rates_by_District.pdf



Kansas

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[111]	4.3%	$3,225,000	4.3%	$176,300
Ad Valorem Tax				
Ad Valorem Tax Rate[112, 113]	3.67%	$2,752,500	3.67%	$150,470
Conservation / Production Tax				
Conservation Tax[114, 115]	0.192%	$144,000	0.5%	$20,500
Total Effective Tax				
Total Effective Rate	8.162%	$6,121,500	8.47%	$347,270



Notes

Severance Statutory rate is 8% less Ad Valorem of 3.67%. Net severance shown is 4.33%.

144 mills per barrel (oil); 20.5 mills per MCF (natural gas).

[111] K.S.A. § 79-4217 - Severance Tax Rate (statutory rate 8% less ad valorem credit of 3.67%)
[112] K.S.A. § 79-4219 - Ad Valorem Tax Rate
[113] Kansas Department of Revenue, Current Tax Rates (MT-21), https://ksrevenue.gov/pdf/mt-21.pdf
[114] K.A.R. § 82-3-206 - Oil Conservation: 144 mills per barrel
[115] K.A.R. § 82-3-307 - Gas Conservation: 20.5 mills per MCF



Kentucky

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[116]	4.5%	$3,375,000	4.5%	$184,500
Ad Valorem Tax				
Ad Valorem Tax Rate[117, 118]	1.4092%	$1,056,900	0.015%	$615
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	5.9092%	$4,431,900	4.515%	$185,115



Notes

For Ad Valorem Oil assessed at 100% FCV using statewide average rate. Natural gas ad valorem is assessed at a minimum value base per KRS 132.820.

Kentucky's actual property tax assessment uses an income approach under which assessed value is seen as the present worth of expected net income using production data and published value factors and may differ from gross production value. To remain consistent this model is assuming gross production value based on our uniform production.

[116] KRS § 143A.020 - Severance rates of 4.5%

[117] KRS § 132.820 - Department of Revenue sets state assessment rate; county, school, and city rate assessed at full value

[118] Kentucky Department of Revenue, Office of Property Valuation, 2025 Commonwealth of Kentucky Property Tax Rates (Table I: State Property Tax Rates; Table II: Average Local Property Tax Rates), https://revenue.ky.gov/News/Publications/Property%20Tax%20Rate%20Books/2025%20Property%20Tax%20Rate%20Book.pdf



Louisiana

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[119]	12.5%	$9,375,000	2.5659%	$105,200
Ad Valorem Tax				
Ad Valorem Tax Rate[120, 121]	1.5665%	$1,174,869	1.5665%	$64,226
Conservation / Production Tax				
Conservation Tax (Oilfield Site Restoration Fee) [122]	0.04%	$30,000	0.7317%	$30,000
Total Effective Tax				
Total Effective Rate	14.1065%	$10,579,869	4.864%	$199,426



Notes

See Note - Natural gas severance is $0.1052/MCF (flat per-volume rate at model natural gas price).

Oilfield Site Restoration Fee: Oil - 1.5¢/bbl. at or below $60; 3¢/bbl. over $60 up to $90; 4.5¢/bbl. over $90. Natural gas - 0.3¢/Mcf. Rate shown reflects model price assumptions.

[119] R.S. § 47:633 (2025) - Severance tax rates: 12.5% for oil and $0.1052/MCF for gas

[120] Louisiana Constitution Art. VII § 18(B) - Assessment value at 15% of FMV for other property (includes oil & gas wells)

[121] Louisiana Tax Commission, Annual Report 2024, Table 47 "Parishwide Millages 2024" - average 104 mills

[122] La. Rev. Stat. § 30:87 (2025) - Oilfield Site Restoration Fee



Michigan

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[123]	6.6%	$4,950,000	5%	$205,000
Ad Valorem Tax				
Ad Valorem Tax Rate[124]	-	-	-	-
Conservation / Production Tax				
Conservation / Monitoring Fee	1%	$750,000	1%	$41,000
Total Effective Tax				
Total Effective Rate	7.6%	$5,700,000	6%	$246,000



Notes

See Note - Michigan imposes a 1% monitoring fee (MCL 324.61524) in lieu of ad valorem on oil and natural gas production; no separate ad valorem applies.

Additional fees for monitoring, surveillance, enforcement, and administration of oil and natural gas production.

[123] Mich. Compiled Laws § 205.303 (2025) - Severance tax of 6.6% for oil and 5% for gas.

[124] MCL § 324.61524 (2025) - 1% fee for monitoring, surveillance, enforcement, and administration in lieu of ad valorem.



Mississippi

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[125]	6%	$4,500,000	6%	$246,000
Ad Valorem Tax				
Ad Valorem Tax Rate[126]	-	-	-	-
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	6%	$4,500,000	6%	$246,000



Notes

** Ad Valorem is exempt - Miss. Code § 27-25-523 exempts oil and natural gas reserves and equipment from all ad valorem taxes.*

[125] Miss. Code § 27-25-503 (2025) - Severance of 6% for oil and gas

[126] Miss. Code § 27-25-523 - Exempts oil reserves and equipment from all ad valorem taxes



Montana

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[127]	9.3%	$6,975,000	9.3%	$381,300
Ad Valorem Tax				
Ad Valorem Tax Rate[128, 129]	1.4966%	$1,122,435	1.4966%	$61,360
Conservation / Production Tax				
Conservation Tax	-	-*	-	-*
Total Effective Tax				
Total Effective Rate	10.7966%	$8,097,435	10.7966%	$442,660



Notes

** Conservation built into Severance - Conservation tax is incorporated into the MCA § 15-36-304 severance tax rate per MCA § 15-36-304(7).*

[127] MCA § 15-36-304 - Oil and Natural Gas Production Tax (conservation incorporated per § 15-36-304(7))

[128] MCA § 15-6-138 - Ad Valorem Property Tax on oil & gas equipment

[129] Montana Department of Revenue, Biennial Report July 2022-June 2024, Property Taxes, https://revenue.mt.gov/files/DOR-Publications/Biennial-Reports/July -1-2022-June-30-2024-Biennial-Report/Biennial-Report-7-1-2022-6-30-2024-Property-Taxes.pdf



Nebraska

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[130, 131]	3%	$2,250,000	3%	$123,000
Ad Valorem Tax				
Ad Valorem Tax Rate[132, 133]	1.5326%	$1,149,450	1.5326%	$62,837
Conservation / Production Tax				
Conservation Tax	0.7%	$525,000	0.7%	$28,700
Total Effective Tax				
Total Effective Rate	5.2326%	$3,924,450	5.2326%	$214,537



Notes

[130] Nebraska Department of Revenue, Revenue Sources 2025 - Severance and conservation tax rates, https://revenue.nebraska.gov/sites/default/files/doc/research/Revenue_Sources_2025.pdf

[131] Nebraska Department of Revenue, Form F_61 - Confirms severance and conservation tax rate, https://revenue.nebraska.gov/sites/default/files/doc/tax-forms/f_61.pdf

[132] Nebraska Legislature, Basics of Nebraska Property Tax 2025 - Oil and gas assessed at 100% as real property, https://nebraskalegislature.gov/pdf/reports/research/basics_of_ne_property_tax_2025.pdf

[133] Nebraska Department of Revenue, Average Property Tax Rate and Tax Rates by County 2025, https://revenue.nebraska.gov/sites/default/files/doc/pad/research/valuation/2025/avgrate2024.pdf



Nevada

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate (Net Proceeds of Minerals)[134]	5%	$3,750,000	5%	$205,000
Ad Valorem Tax				
Ad Valorem Tax Rate[135, 136, 137]	-	-	-	-
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	5%	$3,750,000	5%	$205,000



Notes

Actual NRS § 362.140 rate is tiered based on net proceeds as % of gross: <10%→2%; 10-17.99%→2.5%; 18-25.99%→3%; 26-33.99%→3.5%; 34-41.99%→4%; 42-49.99%→4.5%; ≥50%→5%. Rate shown (5%) is the maximum.

Ad Valorem only Applies to Equipment - see note. Mineral reserves exempt per Nev. Const. Art. 10 § 5 / NRS 362. Ad valorem on equipment only (~0.55% of equipment market value), treated as 0% in this model as negligible.

[134] NRS § 362.140 - Rates of Net Proceeds of Minerals Tax given % of Gross Proceeds

[135] Nev. Const. Art. 10 § 5; NRS § 362 - Mineral reserves exempt from ad valorem taxes; ad valorem applies only to equipment

[136] NRS § 361.225 - Assessment rate of 35%

[137] Nevada Department of Taxation, 2023-2024 Redbook - Property mill average of 3.1069 per $100, https://tax.nv.gov/wp-content/uploads/2024/04/2023-2024_Redbook.pdf



New Mexico

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[138, 139]	6.9%	$5,175,000	7.75%	$317,750
Ad Valorem Tax				
Ad Valorem Tax Rate[140, 141, 142]	1.3884%	$1,041,294	1.3884%	$56,924
Conservation / Production Tax				
Conservation Tax[143]	0.24%	$180,000	0.24%	$9,840
Total Effective Tax				
Total Effective Rate	8.5284%	$6,396,294	9.3784%	$384,514



Notes

Assessment Rate of 150% (NMSA § 7-32-5) × 33.33% uniform assessment ratio (NMSA § 7-37-3) = ~50% effective. Mills vary by county; non-residential county averages used.

[138] N.M. Stat. § 7-29-4 (2024) - Severance Tax

[139] N.M. Stat. § 7-31-4 (2024) - Emergency School Tax

[140] N.M. Stat. §§ 7-32-5, 7-32-4 - Assessment rate for oil and gas (150% taxable value)

[141] NMSA § 7-37-3 - Uniform Assessment Ratio (33.33%) multiplied by assessment rate for taxable value

[142] New Mexico Department of Finance and Administration, Certificates of Property Tax Rates - all non-residential mill levies by county, https://www.nmdfa.state.nm.us/ local-government/budget-finance-bureau/property-taxes/certificates-of-property-tax-rates/

[143] N.M. Stat. § 7-30-4.1; N.M. Stat. § 7-30-4 - Conservation Tax (0.19% on oil and gas; 0.24% if WTI exceeds $70 for gas), https://law.justia.com/codes/new-mexico/chapter-7/article-30/section-7-30-4/



New York

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[144]	-	-	-	-
Ad Valorem Tax				
Ad Valorem Tax Rate[145, 146, 147, 148]	2.517%	$1,887,760	1.9259%	$78,960
Conservation / Production Tax				
Conservation Tax	0.0008%	$600	0.0732%	$3,000
Total Effective Tax				
Total Effective Rate	2.5178%	$1,888,360	1.999%	$81,960
Notes				

No Severance Tax - New York does not levy a traditional severance tax on oil and natural gas production.

No Conservation Tax - NY Real Property Tax on Oil and Natural gas Unit Production: fee for setting economic profiles per NY Real Prop Tax L §§ 575-b, 593, 594. The nominal amount shown can be argued to be negligible.

New York uses a unit-of-production valuation system under NY Real Prop. Tax Law §§ 575-b, 593, 594. The assessed value is the unit-of-production value × prior-year production × equalization rate. We are working at the municipal level, ignoring the village and Town sub-districts. 2026-unit values: Natural gas $2.82/Mcf; Oil $67.42/barrel – Decided by yearly committee for assessed valuation rate by unit.

[144] NY Real Prop. Tax Law § 575-b (2025) - Real property on oil and gas by unit produced

[145] NY Real Prop. Tax Law § 594 (2025) - How oil and gas economic units are assessed

[146] NY Real Prop. Tax Law § 593 (2025) - How oil and gas charges are extended on tax roll

[147] New York State Department of Taxation and Finance, Oil and Gas Unit of Production Values (2026), https://www.tax.ny.gov/research/property/valuation/oilgas/finaloilgasunitofproductionvalues.htm

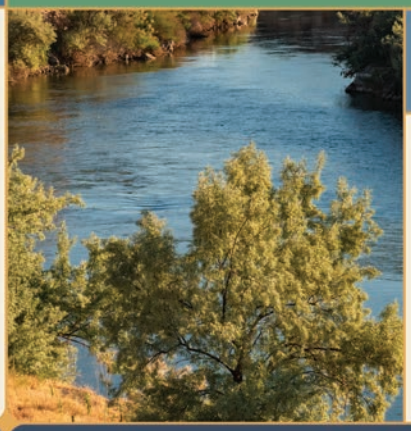
[148] New York State Comptroller, Real Property Tax Levies, Taxable Full Value and Full Value Tax Rates (2025) - average 4.95 mills, https://www.osc.ny.gov/local-government/data/real-property-tax-levies-taxable-full-value-and-full-value-tax-rates



North Carolina

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[149]	5%	$3,750,000	2.9%	118,900
Ad Valorem Tax				
Ad Valorem Tax Rate[150, 151]	0.7297%	$547,275	0.7297%	$29,918
Conservation / Production Tax				
Conservation Tax[152]	-	-	-	-
Total Effective Tax				
Total Effective Rate	5.7297%	$4,297,275	3.6297%	$148,818



Notes

Natural gas has sliding scale - N.C. Gen. Stat. § 105-187.77: $0-$3.00/MCF: 0.9%; $3.01-$4.00: 1.9%; $4.01-$5.00: 2.9%; $5.01-$6.00: 3.9%; $6.01-$7.00: 4.9%; $7.01-$8.00: 5.9%; $8.01-$9.00: 6.9%; $9.01-$10.00: 7.9%; >$10.01: 9.0%. At $4.10/MCF model price, natural gas rate = 2.9%.

N.C. Gen. Stat. §§ 113-378, 113-395: no conservation tax, only permit fees that are negligible.

[149] N.C. Gen. Stat. § 105-187.77 (2025) - Oil severance 5%; gas sliding scale

[150] N.C. Gen. Stat. § 105-283 - Assessment rate of 100% FMV

[151] N.C. Department of Revenue, Local Government Statistics - Average mills for unincorporated areas at 0.7297 mills/$100 (2023)

[152] N.C. Gen. Stat. §§ 113-378, 113-395 (2025) - No conservation tax; only permit fees



North Dakota

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Gross Production Tax Rate[153, 154]	10%	$7,500,000	1.3537%	$55,500
Ad Valorem Tax				
Ad Valorem Tax Rate	-	-	-	-
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	-	$7,500,000	-	55,500



Notes

Oil GPT includes a 5% Extraction Tax and 5% Gross Production Tax (combined 10%). Natural gas: ND has a natural gas tax rate that is four cents' times the natural gas base rate adjustment for each fiscal year; as of March 2026, the total rate is $0.0555/MCF, giving an effective rate of ~1.35% at $4.10/MCF.

No Severance Tax, Gross Production Tax (GPT) is levied in lieu of property tax (N.D.C.C. § 57-51-03).

Conservation Tax is incorporated into the GPT structure.

North Dakota does not have an ad valorem property tax on oil and natural gas production. The Gross Production Tax (GPT) under N.D.C.C. § 57-51-03 is levied in lieu of property tax. The amounts shown in the severance row represent the total GPT paid on the model's production inputs.

[153] N.D.C.C. § 57-51-03 - Gross Production Tax levied in lieu of property tax

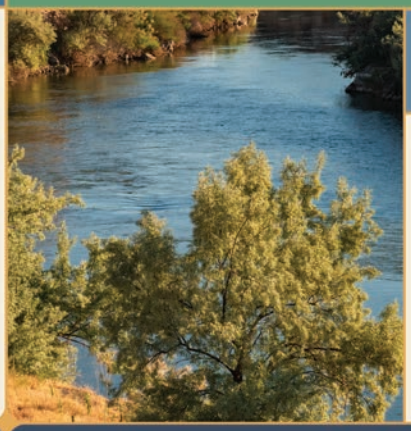
[154] North Dakota Office of State Tax Commissioner, Gas Tax Rate Notice - Total GPT per MCF as of March 2026 ($0.0555/MCF), https://www.tax.nd.gov/sites/www/files/documents/newsletters/oil-gas/gas-tax-rate-notice.pdf



Ohio

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[155]	0.1333%	$100,000	0.6098%	$25,000
Ad Valorem Tax				
Ad Valorem Tax Rate[156, 157]	1.8984%	$1,423,800	1.8984%	$77,834
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	2.0317%	$1,523,800	2.5081%	$102,834



Notes

[155] Ohio Rev. Code § 5749.02 (2025) - ORC § 5749.02(A)(5): $0.10 severance for oil; ORC § 5749.02(A)(6): $0.025 per MCF of gas

[156] ORC § 5713.051; Ohio Admin. Code § 5703-25-05(B) - 35% assessment rate

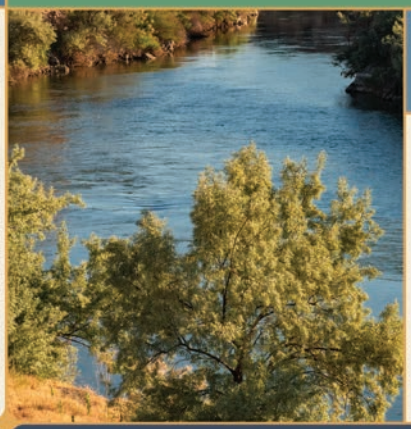
[157] Vinton County Auditor, Residential Tax Rates for All 88 Counties in Ohio 2023 (billed 2024) - average 54.24 mills, https://www.vintoncountyauditor.org/media/13685/residential-tax-rates-for-all-88-counties-in-ohio-2023-billed-2024.pdf



Oklahoma

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Gross Production Tax Rate[158]	7%	$5,250,000	7%	$287,000
Ad Valorem Tax				
Ad Valorem Tax Rate[159]	-	-	-	-
Conservation / Production Tax				
Conservation Tax (OER Fee)[160]	0.0047%	$3,500	0.0037%	$150
Total Effective Tax				
Total Effective Rate	7.0047%	$5,253,500	7.0037%	$287,150



Notes

68 Okla. Stat. § 1001(G)-(H): Gross Production Tax is levied in lieu of property tax on oil and natural gas production, no Ad Valorem Tax

52 Okla. Stat. § 288.5D: Oil Environmental Risk fee of $0.0035/BBL; Natural gas $0.00015/MCF.

Oklahoma's Gross Production Tax (68 Okla. Stat. § 1001) is levied in lieu of ad valorem property taxes on oil and natural gas production. No separate ad valorem tax applies to mineral production.

[158] 68 Okla. Stat. § 1001 (2025) - Gross Production Tax rates for oil and gas, https://law.justia.com/codes/oklahoma/title-68/section-68-1001/

[159] 68 Okla. Stat. § 1001(G)-(H) - GPT is levied in lieu of property tax on oil and gas production

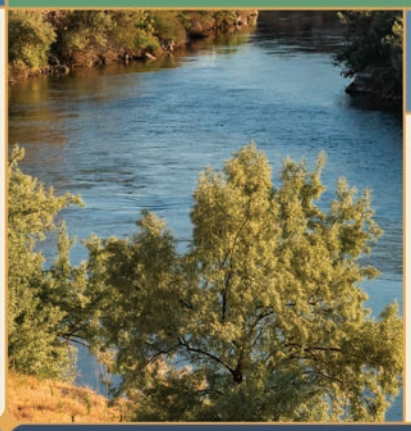
[160] 52 Okla. Stat. § 288.5D (2025) - OER Fee: $0.0035/Barrel; Gas $0.00015/MCF



Oregon

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[161]	6%	$4,500,000	6%	$246,000
Ad Valorem Tax				
Ad Valorem Tax Rate[162]	1.197%	$897,758	1.197%	$49,077
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	7.197%	$5,397,758	7.197%	$295,077



Notes

Columbia County is the ONLY county in Oregon to produce oil and natural gas. The average of all area codes within Columbia County is 11.9701 mills, and Oregon assesses all property at real market value (100%). This rate is used here as it represents the entire state's producing profile.

[161] ORS § 324.070 - 6% privilege tax (severance equivalent)

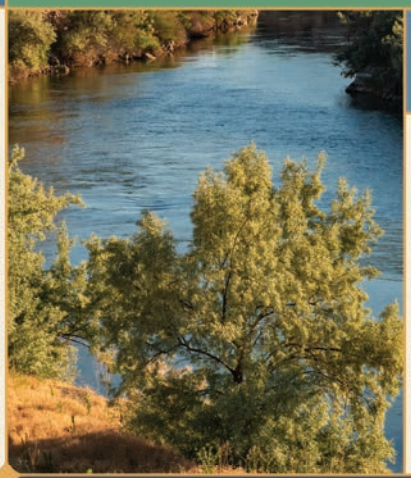
[162] Columbia County Assessor, 2025 Summary of Tax Rates - Columbia County is the only oil- and gas-producing county in Oregon; average of all area codes: 11.9701 mills, https://www.columbiacountyor.gov/media/Assessor/Annual%20Certification%20Reports/Tax%20Roll%20Summary%20Books/ 2025_Summary_of_Tax_Rates_secured.pdf



Pennsylvania

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate	-	-	-	-
Ad Valorem Tax				
Ad Valorem Tax Rate[163, 164]	-	-	1.2195%	$50,000
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	-	-	1.2195%	$50,000



Notes

No Severance Tax - Pennsylvania does not levy a traditional severance or gross production tax.

Levy Based on Age for natural gas well, assumed 1st year. Oil: no ad valorem (61 Pa. Code § 91.169). Natural gas: per-well impact fee used as proxy, allocated to ad valorem row. No Conservation Tax.

Pennsylvania levies an unconventional natural gas well Impact Fee (Act 13 of 2012, 58 Pa.C.S. §§ 3201-3274) which is a per-well annual flat fee for 15 years based on natural gas price and well age.

[163] 58 Pa. Cons. Stat. § 2302 (2025) - Impact Fee for unconventional gas wells

[164] 61 Pa. Code § 91.169 - Oil and gas not subject to other property tax



South Dakota

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[165]	4.5%	$3,375,000	4.5%	$184,500
Ad Valorem Tax				
Ad Valorem Tax Rate[166]	1.31%	$982,500	1.31%	$53,710
Conservation / Production Tax				
Conservation Tax[167]	0.0024%	$1,800	0.0024%	$98
Total Effective Tax				
Total Effective Rate	5.8124%	$4,359,300	5.8124%	$238,308



Notes

[165] S.D.C.L. § 10-39A - Severance Tax Rate

[166] South Dakota Department of Revenue, Fiscal Year 2025 Annual Report - Average "Other" effective tax rate, https://dor.sd.gov/media/pnqjay15/fiscal-year-2025-annual-report.pdf

[167] S.D.C.L. § 10-39B - Conservation Tax (0.0024%, or 2.4 mills)



Tennessee

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[168]	3%	$2,250,000	3%	$123,000
Ad Valorem Tax				
Ad Valorem Tax Rate[169]	0.6075%	$455,625	0.6075%	$24,908
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	3.6075%	$2,705,625	3.6075%	$147,908



Notes

**Determined by 2025 Comptroller Tax Rates, corresponds with TN DOR Contact average effective rate*

[168] Tenn. Code Ann. § 60-1-301 (2025) - Tennessee Severance Tax Rates

[169] Tennessee Comptroller, Property Tax Rates for All Counties 2025, https://comptroller.tn.gov/office-functions/pa/tax-resources/assessment-information-for-each-county/property-tax-rates/2025.html



Texas

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[170]	4.6%	$3,450,000	7.5%	$307,500
Ad Valorem Tax				
Ad Valorem Tax Rate[171, 172]	1.59%	$1,192,500	1.59%	$65,190
Conservation / Production Tax				
Conservation Tax (Oil and Natural gas Clean-Up Regulatory Fee)[173, 174]	0.0083%	$6,250	0.016%	$677
Total Effective Tax				
Total Effective Rate	6.1983%	$4,648,750	9.1063%	$373,360



Notes

Oil and Natural gas Clean-Up Regulatory Fee: Oil - 5/8¢/bbl (Tex. Nat. Resources Code § 81.116); Natural gas - 1/15¢/MCF (§ 81.117).

Texas mineral interests are taxed at 100% of appraised market value per Tex. Tax Code § 23.175 with no statewide rate. Each county, Independent School District (ISD), and hospital district sets its own levy. The combined rate of mineral property faces (county + dominant ISD + hospital district) averages 15.9 mills across 254 counties.

[170] Tex. Tax Code § 201.052 (2025) - Production tax: 7.5% for gas; greater of 4.6% or 4.6 cents per barrel for oil

[171] Tex. Tax Code §§ 23.01, 23.175 - 100% assessment rate for mineral interests

[172] Texas Comptroller of Public Accounts, 2024 County, School District, and Special District Rates and Levies - average 15.9 mills across all 254 counties, https://comptroller.texas.gov/taxes/property-tax/rates/

[173] Tex. Nat. Resources Code § 81.116 (2025) - Oil Field Clean-Up Regulatory Fee (5/8¢/bbl)

[174] Tex. Nat. Resources Code § 81.117 (2025) - Gas Field Clean-Up Regulatory Fee (1/15¢/MCF)



Utah

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[175]	5%	$3,750,000	5%	$205,000
Ad Valorem Tax				
Ad Valorem Tax Rate[176, 177]	1.021%	$765,759	1.021%	$41,862
Conservation / Production Tax				
Conservation Tax[178]	0.2%	$150,000	0.2%	$8,200
Total Effective Tax				
Total Effective Rate	6.221%	$4,665,759	6.221%	$255,062



Notes

Utah ad valorem effective rate derived from 2024 Annual Property Tax Statistical Report: Natural Resources taxable value (statewide) = $12,403,636,386; Taxes charged on Natural Resources = $126,642,653; Effective rate = 1.021%. Oil and natural gas properties are centrally assessed at 100% of appraised value.

[175] UCA § 59-5-102 - Severance Tax Rates

[176] Utah State Tax Commission, Centrally Assessed Property (oil and gas centrally assessed at 100% of appraised value), https://tax.utah.gov/propertytax/centrally-assessed/

[177] Utah State Tax Commission, 2024 Annual Property Tax Statistical Report - Natural Resources taxable value; taxes charged; effective rate = 1.021%, https://files.tax.utah.gov/propertytax/annual-reports/2024annual.pdf

[178] UCA § 40-6-14 - Conservation tax of 0.002



Virginia

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate (Local License Tax)[179]	3%	$2,250,000	3%	$123,000
Ad Valorem Tax				
Ad Valorem Tax Rate[180, 181]	0.65%	$487,500	0.65%	$26,650
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	3.65%	$2,737,500	3.65%	$149,650



Notes

Max 3% for Local License Tax - Va. Code §§ 58.1-3712, 58.1-3713, 58.1-3713.4. Rate shown is the maximum allowable rate.

[179] Va. Code §§ 58.1-3712, 58.1-3713, 58.1-3713.4 (2025) - City and County License Taxes on Severed Materials, up to 3%

[180] Va. Code § 58.1-3201 - 100% assessed valuation

[181] Virginia Department of Taxation, Tax Year 2024 Local Tax Rates Survey, Table 1: Rates of County Levies - average rate of $0.65 per $100 (6.5 mills per $1,000), https://www.tax.virginia.gov/local-tax-rates



West Virginia

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[182]	5%	$3,750,000	5%	$205,000
Ad Valorem Tax				
Ad Valorem Tax Rate[183, 184]	1.296%	$972,000	1.296%	$53,136
Conservation / Production Tax				
Conservation Tax[185]	-	-	-	-
Total Effective Tax				
Total Effective Rate	6.296%	$4,722,000	6.296%	$258,136



Notes

Only a $0.03/acre Conservation fee (W. Va. Code § 22C-9-13) - negligible for the model.

[182] W. Va. Code § 11-13A-3a - 5% severance for oil and gas

[183] W. Va. Code § 11-1C-10 - 60% assessed valuation

[184] West Virginia State Tax Division, Classified Assessed Valuations & Taxes Levied, Tax Year 2024 - average rate for minerals: $2.16 per $100 valuation, https://tax.wv.gov/Documents/PropertyTax/2024/ClassifiedAssessedValuations.TaxesLevied.2024.pdf

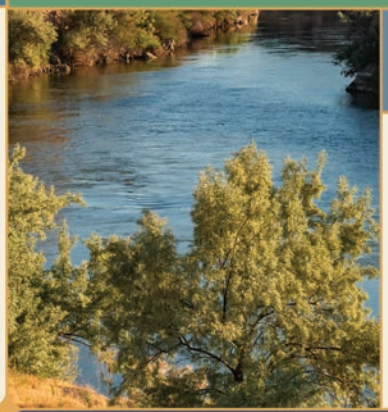
[185] W. Va. Code § 22C-9-13 - Conservation fee of $0.03/acre



Wisconsin

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[186]	7%	$5,250,000	7%	$287,000
Ad Valorem Tax				
Ad Valorem Tax Rate	-	-	-	-
Conservation / Production Tax				
Conservation Tax	-	-	-	-
Total Effective Tax				
Total Effective Rate	7%	$5,250,000	7%	$287,000



Notes

There is a severance tax rate but no production, effectively zero - rate exists on paper but generates no revenue.

Only applies ad valorem to pipeline companies - Wis. Stat. § 70.397. Does not apply to producing mineral interests.

Wisconsin is best treated as a state with a statutory framework but no real oil and natural gas production tax. The severance tax exists on paper but generates no revenue.

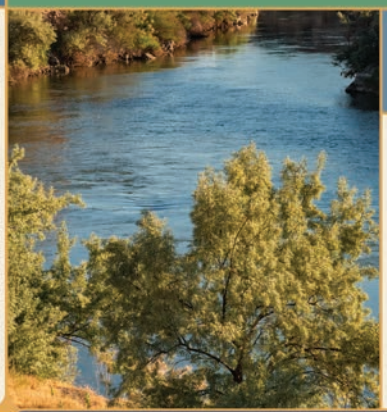
[186] Wis. Stat. § 70.397 (2025) - 7% severance tax rate (exists on paper; no active production)



Wyoming

Price Inputs: *Oil $75/BBL (WTI) | Natural gas $4.10/MCF (Henry Hub) | Oil Production: 1,000,000 BBL | Natural gas Production: 1,000,000 MCF*

Parameter	Oil Rate	Oil Amount	Natural Gas Rate	Natural Gas Amount
Gross Value	-	$75,000,000	-	$4,100,000
Severance Tax				
Severance Tax Rate[187]	6%	$4,500,000	6%	$246,000
Ad Valorem Tax				
Ad Valorem Tax Rate[188]	6.39%	$4,792,500	6.39%	$261,990
Conservation / Production Tax				
Conservation Tax[189]	0.08%	$60,000	0.08%	$3,280
Total Effective Tax				
Total Effective Rate	12.47%	$9,352,500	12.47%	$511,270



Notes

Shows Ad Valorem Tax mills/rate - average mineral mill levy from Wyoming DOR 2025 Annual Report, p. 59: 63.9 mills for minerals (general average: 69.2 mills). States a max of 0.8 of a mill on fair market value per Wyo. Stat.

[187] Wyo. Stat. Ann. § 39-14-203; Wyo. Stat. Ann. § 39-14-204; Wyo. Stat. Ann. § 39-14-205 (2025) - Severance tax rates

[188] Wyoming Department of Revenue, 2025 Annual Report, p. 59 - average mineral mill levy: 63.9 mills; general average: 69.2 mills, https://wyotax.org/research-education/publications/

[189] Wyo. Stat. Ann. § 30-5-116 - Conservation tax, https://law.justia.com/codes/wyoming/title-30/chapter-5/article-1/section-30-5-116/

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