

**WYOMING OIL AND GAS STATE TAXES**

Severance Taxes<sup>1</sup>     **6 percent** on normal production (tax on oil was 4 percent effective January 1, 1999 to November 30, 1999)

**4 percent** on oil stripper wells (10 bpd or less if average price is over \$20/bbl, 15 bpd if average price is under \$20/bbl) (tax was 3 percent effective January 1, 1999 to November 30, 1999)

Ad Valorem Taxes<sup>2</sup>     (Statewide Mineral Tax District Average = **6.2** (6.2100))

<u>County</u>	<u>2010 Tax (percent)</u>	<u>County</u>	<u>2010 Tax (percent)</u>
Albany	6.4 (6.3945)	Natrona	6.8 (6.7934)
Big Horn	7.2 (7.1833)	Niobrara	6.9 (6.8500)
Campbell	5.9 (5.9423)	Park	7.0 (7.0169)
Carbon	6.4 (6.4400)	Platte	7.1 (7.0952)
Converse	5.9 (5.8807)	Sheridan	6.6 (6.6310)
Crook	6.2 (6.1522)	Sublette	5.9 (5.8761)
Fremont	7.2 (7.2434)	Sweetwater	6.6 (6.6061)
Goshen	6.8 (6.7987)	Teton	5.8 (5.7594)
Hot Springs	6.5 (6.4630)	Uinta	6.4 (6.3772)
Johnson	6.4 (6.4030)	Washakie	6.9 (6.9455)
Laramie	6.8 (6.7820)	Weston	7.1 (7.0822)
Lincoln	6.3 (6.2579)		

These are 2011 average mill levies (ad valorem taxes, latest available) which are applied against 2010 production. The figures are reassessed every July and available usually by November 1 of every year. Changes usually vary only a few hundredths of a percent from year to year.

Mill levy is assessed against the market value of the oil or gas minus the basic royalty. In case of oil, if it must be trucked to a market point, then this transportation charge is also subtracted. If the pipeline is used for transporting, then the mill levy is assessed against the well head value.

Wyoming Oil and Gas Tax Variances (see footnotes for detailed description)

- A. Tertiary Oil Production – **4 percent** severance tax for first 5 years.<sup>3</sup> (This rate was 3 percent from January 1, 1999 to November 30, 1999)<sup>1</sup>.
- B. Renewed Production - **1.5 percent** severance tax for first 60 months of production.<sup>4</sup>
- C. Workover/Recompletion Production – **2 percent** Severance Tax for first 24 months of production after workover/recompletion.<sup>5</sup>
- D. New Wells Drilled (July 1, 1993 to March 31, 2003) – **2 percent** severance tax for first 24 months of production up to 60 bbls/day or 6 MCF/bbl gas equivalent.<sup>6</sup>



<sup>1</sup> Rick Meese, State of Wyoming, Revenue and Taxation Division, Mineral Tax Section, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming, 82002-0110, 307-777-7867, Fax: 307-777-7849, (rmeese@state.wy.us). The historical 6 percent severance tax on normal production is imposed by four subsections (i, ii, iii, and iv) of Wyoming Statute (W.S.), 39-14-204(a), each subsection imposing a (excise) tax. On March 3, 1999, House Bill 274 was signed into law. This legislation modifies W.S. 39-14-204(a)(iii) and (iv) to reduce the severance tax in each subsection on crude oil by one (1) percent effective January 1, 1999. The reduced rate continued until November 30, 1999, when the average monthly price equaled or exceeded \$20 per barrel for three (3) consecutive months. In summary, the severance tax for crude oil was reduced from 6 percent to 4 percent for normal production, and stripper and tertiary oil production was reduced from 4 percent to 3 percent, effective January 1, 1999, through November 30, 1999.

<sup>2</sup> Rick Meese, State of Wyoming, Revenue and Taxation Division, Mineral Tax Section, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming, 82002-0110, 307-777-7867, Fax: 307-777-7849. Information may also be found at the Wyoming Department of Revenue, Annual Report web site, see Mineral Division, <http://revenue.state.wy.us/PortalVBVS/DesktopDefault.aspx?tabindex=2&tabid=10>.

<sup>3</sup> Tertiary production resulting from projects certified by the Wyoming Oil and Gas Conservation Commission after July 1, 1985, and before March 31, 2001, is exempt from 2 percent of the severance tax imposed by W.S. 39-14-204(a)(iii) for a period of 5 years from date of first tertiary production. This tertiary oil tax is applied to incremental production from a baseline calculation. This tertiary incentive has been reenacted effective January 1, 2003 to March 30, 2008 (no tertiary incentive in months where the price exceeds \$27.50/bbl).

<sup>4</sup> Oil produced from previously shut-in wells is exempt from all but 1.5 percent of severance tax for the first 60 months of renewed production or until the average price received exceeds \$25 per barrel for six months, whichever occurs first. The oil well must have been shut in from at least January 1, 1993, to December 31, 1994.

<sup>5</sup> Incremental oil or gas production resulting from a workover or recompletion of an oil or gas well between July 1, 1993, and March 31, 2001, shall be exempt from the taxes imposed by W.S. 39-14-204(a)(iii) and (iv) for a period of twenty-four (24) months immediately following the workover or recompletion.

<sup>6</sup> Oil and gas produced from wells drilled between July 1, 1993, and March 31, 2003, except collection wells, is exempt from the excise taxes imposed by W.S. 39-14-204(a)(iii) and (iv) for the first 24 months of production on oil production up to 60 barrels per day or its equivalency in gas production, which for purposes of this subsection shall be 6 MCF gas production for 1 barrel oil production, or until the price received by the producer for the new production is equal to or exceeds \$25 per barrel of oil or \$2.75 per MCF of natural gas for the preceding 6 month period of time.

<sup>7</sup> Linda Emmons, Wyoming Oil and Gas Conservation Commission, P.O. Box 2640, Casper, Wyoming, 82602, 307-234-7147, or WOGCC website ([wogcc.state.wy.us/taxrates.htm](http://wogcc.state.wy.us/taxrates.htm))

<sup>8</sup> Claire Ware, Director Shoshone and Arapaho Tribes Minerals Compliance, P.O. Box 830, Fort Washakie, Wyoming, 82514, 307-332-7835.