

Potential Royalty Payment Reduction Can Far Exceed Gross Minimum Tax Payment Under HB 111 (FIN)

<u>15,000 bbl Field</u>				
	<u>12.5% Royalty New Field</u>	<u>16.67% Royalty New Field</u>	<u>12.5% Royalty Existing Field</u>	<u>16.67% Royalty Existing Field</u>
<u>Potential Royalty Reduction</u>	7.50%	11.67%	9.50%	13.67%
\$ 35/bbl	\$ 10,360,068	\$ 16,120,266	\$ 13,122,753	\$ 18,882,951
\$ 55/bbl	\$ 18,572,568	\$ 28,898,916	\$ 23,525,253	\$ 33,851,601
\$ 70/bbl	\$ 24,731,943	\$ 38,482,904	\$ 31,327,128	\$ 45,078,089

<u>50,000 bbl Field</u>				
	<u>12.5% Royalty New Field</u>	<u>16.67% Royalty New Field</u>	<u>12.5% Royalty Existing Field</u>	<u>16.67% Royalty Existing Field</u>
<u>Potential Royalty Reduction</u>	7.50%	11.67%	9.50%	13.67%
\$ 35/bbl	\$ 34,533,562	\$ 53,734,223	\$ 43,742,512	\$ 62,943,173
\$ 55/bbl	\$ 61,908,562	\$ 96,329,723	\$ 78,417,512	\$ 112,838,673
\$ 70/bbl	\$ 82,439,812	\$ 128,276,348	\$ 104,423,762	\$ 150,260,298

* Assumption of \$9.77 /bbl transport cost per FY18 Fall 2016 Revenue Sources Book

Potential Maximum Royalty Reduction Allowed Under Royalty Relief: 7.5% - 13.67% of Gross Value of Oil

VS.

Minimum Gross Tax: 3.2% - 4% of Gross Value of Oil