

COMPARISON OF ESTIMATED OIL AND GAS TAX COLLECTIONS - PROPOSED SCENARIO CALCULATIONS

This memorandum calculates estimated oil and gas tax revenue collections based on various proposed scenarios submitted by the requestor. **(There is no "official" forecast of future bienniums oil price and production levels beyond the 2015-17 biennium. The calculations shown below reflect oil price and production levels provided by the requestor based on information from the Department of Mineral Resources, the Energy Information Administration, and the Chicago Mercantile Exchange Group.)**

The March 2015 forecast reflects total oil and gas tax collections of \$3,398,390,000 and is based on the following:

- The average daily oil production remaining constant at 1.1 million barrels per day;
- The monthly average price of oil increasing from \$41.97 to \$52.56 per barrel; and
- The "large" trigger being in effect for the first 11 months of the 2015-17 biennium.

PROPOSED SCENARIO CALCULATIONS - 2015-17 BIENNIUM ESTIMATED COLLECTIONS

The schedule below provides information on 2015-17 biennium estimated oil and gas tax revenue collections based on two proposed scenarios submitted by the requestor. Proposed Scenario No. 1 is based on an oil extraction tax rate of 6.5 percent for the entire 2015-17 biennium except during the first five months of the biennium when the scenario anticipates the "large" trigger would be in effect. Proposed Scenario No. 2 is based on an oil extraction tax rate of 4.5 percent for the entire 2015-17 biennium and assumes the "large" trigger is repealed prior to going into effect on June 1, 2015. Both proposed scenarios reflect average daily oil production remaining constant at 1.1 million barrels per day and the monthly average price of oil increasing from \$48.72 to \$54.19 per barrel.

	Proposed Scenario No. 1	Proposed Scenario No. 2	Proposed Scenarios - Increase (Decrease)
Gross production tax	\$2,018,430,000	\$2,018,430,000	\$0
Oil extraction tax	2,135,450,000	1,766,120,000	(369,330,000)
Total collections	\$4,153,880,000	\$3,784,550,000	(\$369,330,000)

PROPOSED SCENARIO CALCULATIONS - 2017-19 BIENNIUM THROUGH 2023-25 BIENNIUM ESTIMATED COLLECTIONS

The schedule below provides information on estimated oil and gas tax revenue collections for the 2017-19 biennium through the 2023-25 biennium based on two proposed scenarios. Proposed Scenario No. 1 is based on an oil extraction tax rate of 6.5 percent for the entire period. Proposed Scenario No. 2 is based on an oil extraction tax rate of 4.5 percent for the entire period. Both proposed scenarios reflect the following assumptions provided by the requestor based on information from the Department of Mineral Resources, the Energy Information Administration and the Chicago Mercantile Exchange Group:

- The average daily oil production increasing from 1.15 million to 1.81 million barrels per day over this four biennium period;
- The monthly average price of oil increasing from \$65 to \$78 per barrel over this four biennium period; and
- The "large" trigger provisions and the "small" trigger provisions are not effective.

	Proposed Scenario No. 1	Proposed Scenario No. 2	Proposed Scenarios - Increase (Decrease)
Gross production tax	\$14,729,320,000	\$14,729,320,000	\$0
Oil extraction tax	18,718,510,000	12,888,160,000	(5,830,350,000)
Total collections	\$33,447,830,000	\$27,617,480,000	(\$5,830,350,000)

NOTE: The amounts reflected in these schedules are **calculated based on the requestor's scenarios. There are no forecasts available for the 2017-19 through 2023-25 bienniums. The actual amounts collected for the 2015-17 biennium and future bienniums may differ significantly from these amounts based on actual oil price and oil production.**