

Limitations on Oil Horizontal Well Exemptions

- R.S. 47:633 provides that on July 1st of each year, the severance tax exemption for a horizontal well that produces oil shall be based upon the average New York Mercantile Exchange Price per barrel of crude oil.
- The amount of the exemption for a horizontal well that produces oil shall be as follows:
 - 100 percent exemption if the price per barrel is at or below \$70 per barrel
 - 80 percent exemption if the price per barrel is above \$70 and at or below \$80 per barrel
 - 60 percent exemption if the price per barrel is above \$80 and at or below \$90 per barrel
 - 40 percent exemption if the price per barrel is above \$90 and at or below \$100 per barrel
 - 20 percent exemption if the price per barrel is above \$100 and at or below \$110 per barrel
 - No exemption if the price of oil exceeds \$110 per barrel

Limitations on Gas Horizontal Well Exemptions

- R.S. 47:633 provides that on July 1st of each year, the severance tax exemption for a horizontal well that produces natural gas shall be based upon the average New York Mercantile Exchange Price per million BTU.
- The amount of the exemption for a horizontal well that produces natural gas shall be as follows:
 - 100 percent exemption if the price of natural gas is at or below \$4.50 per million BTU
 - 80 percent exemption if the price of natural gas is above \$4.50 per million BTU and at or below \$5.50 per million BTU
 - 60 percent exemption if the price of natural gas is above \$5.50 per million BTU and at or below \$6.00 per million BTU
 - 40 percent exemption if the price of natural gas is above \$6.00 per million BTU and at or below \$6.50 per million BTU
 - 20 percent exemption if the price of natural gas is above \$6.50 per million BTU and at or below \$7.00 per million BTU
 - No exemption if the price of natural gas exceeds \$7.00 per million BTU