



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER

Cory Fong, Commissioner

ANNUAL OIL TRIGGER PRICE ADJUSTMENT

TO: North Dakota Oil Producers and Purchasers
FROM: Office of State Tax Commissioner
SUBJECT: Notification of Oil Trigger Price Adjustment for Calendar Year 2009
DATE: December 31, 2008

In keeping with the provisions of North Dakota Century Code (N.D.C.C.) § 57-51.1-01, the Tax Commissioner has determined that the oil trigger price for the calendar year January 1, 2009, through December 31, 2009, is \$47.66.

For your information, the following steps determined the trigger price for calendar year 2009:

STEP 1 - The annual average of the industrial commodities producer price index, commodity code 03 thru 15, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for fiscal year 2008 was computed from the data shown below.

July	2007	177.9
August	2007	174.9
September	2007	175.6
October	2007	176.9
November	2007	181.8
December	2007	180.7
January	2008	182.8
February	2008	184.6
March	2008	190.2
April	2008	193.8
May	2008	200.0
June	2008	<u>204.0</u>
Annual Average		185.27

STEP 2 - A base rate adjustment of 1.34254 was computed by dividing the 2008 fiscal year average price index of 185.27 by the base rate index of 138.0, which was determined using the 2001 fiscal year average (i.e., $185.27 / 138.0 = 1.34254$).

STEP 3 - The effective trigger price of \$47.66 for calendar year 2009 was computed by multiplying \$35.50 times the base rate adjustment of 1.34254 (i.e., $\$35.50 \times 1.34254 = \47.66).

In accordance with N.D.C.C. § 57-51.1, if the average price of a barrel of crude oil (i.e., monthly average daily closing price for a barrel of west Texas intermediate Cushing crude oil minus two dollars and fifty cents) exceeds the trigger price for each month in any consecutive five-month period, certain exemptions and rate reductions become ineffective. The exemptions and rate reductions are subsequently reinstated if the average price is less than the trigger price for each month in any consecutive five-month period.

The trigger price adjustment is published on the Office of State Tax Commissioner's website located at: www.nd.gov/tax. If you have any questions regarding this notification, please contact the Oil and Gas Tax Section at 701-328-3657 or by email at oiltax@nd.gov.