



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 2019
DATE: December 31, 2018

In keeping with the provisions of North Dakota Century Code (N.D.C.C.) § 57-51.1-02, the Tax Commissioner has determined that the oil trigger price for the calendar year January 1, 2019 through December 31, 2019 is \$90.96.

For your information, the following steps determined the trigger price for calendar year 2019:

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 2018 was computed from the data shown below.

July	2017	192.9
August	2017	193.9
September	2017	195.5
October	2017	195.6
November	2017	196.7
December	2017	197.2
January	2018	199.1
February	2018	200.5
March	2018	199.8
April	2018	201.3
May	2018	204.4
June	2018	<u>205.8</u>
Annual Average		198.56

STEP 2 - A base rate adjustment of 1.01064 was computed by dividing the 2018 fiscal year average price index of 198.56 by the base rate index of 196.47, which was determined using the 2015 fiscal year average (i.e., $198.56 / 196.47 = 1.01064$).

STEP 3 - The effective trigger price of \$90.96 for calendar year 2019 was computed by multiplying \$90.00 times the base rate adjustment of 1.01064 (i.e., $\$90.00 \times 1.01064 = \90.96).

In accordance with N.D.C.C. § 57-51.1-02, if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive three-month period, then the rate of tax on oil extracted from all taxable wells is six percent of the gross value at the well of the oil extracted until the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive three-month period, in which case the rate of tax reverts to five percent of the gross value at the well of the oil extracted.

The trigger price adjustment is published on the Office of State Tax Commissioner’s website at www.nd.gov/tax. If you have any questions regarding this notification, please contact the Oil and Gas Tax Section at 701.328.2705 or by email at oiltax@nd.gov.