

2007 Natural Gas Production and Current Tax Rates

Rank	State	2007 Marketed Production	Current Rate (October 2009)
1	Texas	6,091,724	7.5% of market value of gas produced (reduced tax rate for "high cost wells" until 50% of drilling costs recovered. Current severance rate for high cost wells is approximately 3.7%.
2	Wyoming	1,923,224	6% of taxable value (gross sales minus certain processing and transportation costs)
3	Oklahoma	1,744,393	7% of average monthly price of gas plus 0.095% excise tax
4	New Mexico	1,544,830	8.67-9.5%, depending on county and school district
5	Louisiana	1,363,538	\$0.331 per MCF (7/1/09 - 6/30/10, reset each year)
6	Colorado	1,242,571	2% to 5% based on gross income
7	Alaska	433,485	25% to 50% of net income
8	Utah	376,409	5% when gas over \$1.50 MCF
9	Kansas	365,877	4.33% (8%-3.67% prop tax credit)
10	California	307,160	Conservation fee of \$0.00880312 per MCF for 2009-10 (reset each year)
11	Alabama	270,407	2% Production Tax and 4%-8% Privilege Tax
12	Arkansas	269,886	5% (rate effective 1/1/2009)
13	Michigan	264,907	5.25% (5% severance tax and 0.25% oil and gas fee)
14	West Virginia	231,184	5% + \$0.047 per MCF
15	Pennsylvania	182,277	None
16	Montana	116,848	9% after 12-18 months of production, depending on type of well.
17	Virginia	112,057	None A tax is imposed on the consumption of natural gas.
18	Kentucky	95,437	4.50%
19	Ohio	88,095	\$0.025 per MCF
20	Mississippi	73,460	6% of the value of the production, at the mouth of the well.
21	New York	54,942	None
22	North Dakota	54,745	\$0.1831 per MCF (7/1/09 - 6/30/10, adjust annually)
23	Tennessee	3,942	3% of sales price
24	Indiana	3,606	Greater of 1% of the value of natural gas or \$0.03 per MCF
25	Florida	1,778	\$0.563 per MCF (7/1/09 - 6/30/10, adjusted annually)
26	Nebraska	1,555	3% severance tax and 0.35% conservation tax (value of gas)
27	South Dakota	995	4.5% energy minerals severance tax and 0.24% conservation tax of the taxable value of any energy minerals
28	Arizona	655	3.125% state rate (counties also impose tax on production)
29	Oregon	409	6 % of the gross value at the well which goes to the common school fund
30	Illinois	169	0.1 % of the gross revenues of oil and gas produced from each well in Illinois
31	Maryland	35	None
32	Nevada	5	5% of net proceeds, if over \$4 million
*	Federal Offshore Gulf of Mexico	2,798,718	

Gas production source. U.S. Energy Information Administration.
<http://www.eia.doe.gov/neic/experts/natgastop10.htm>