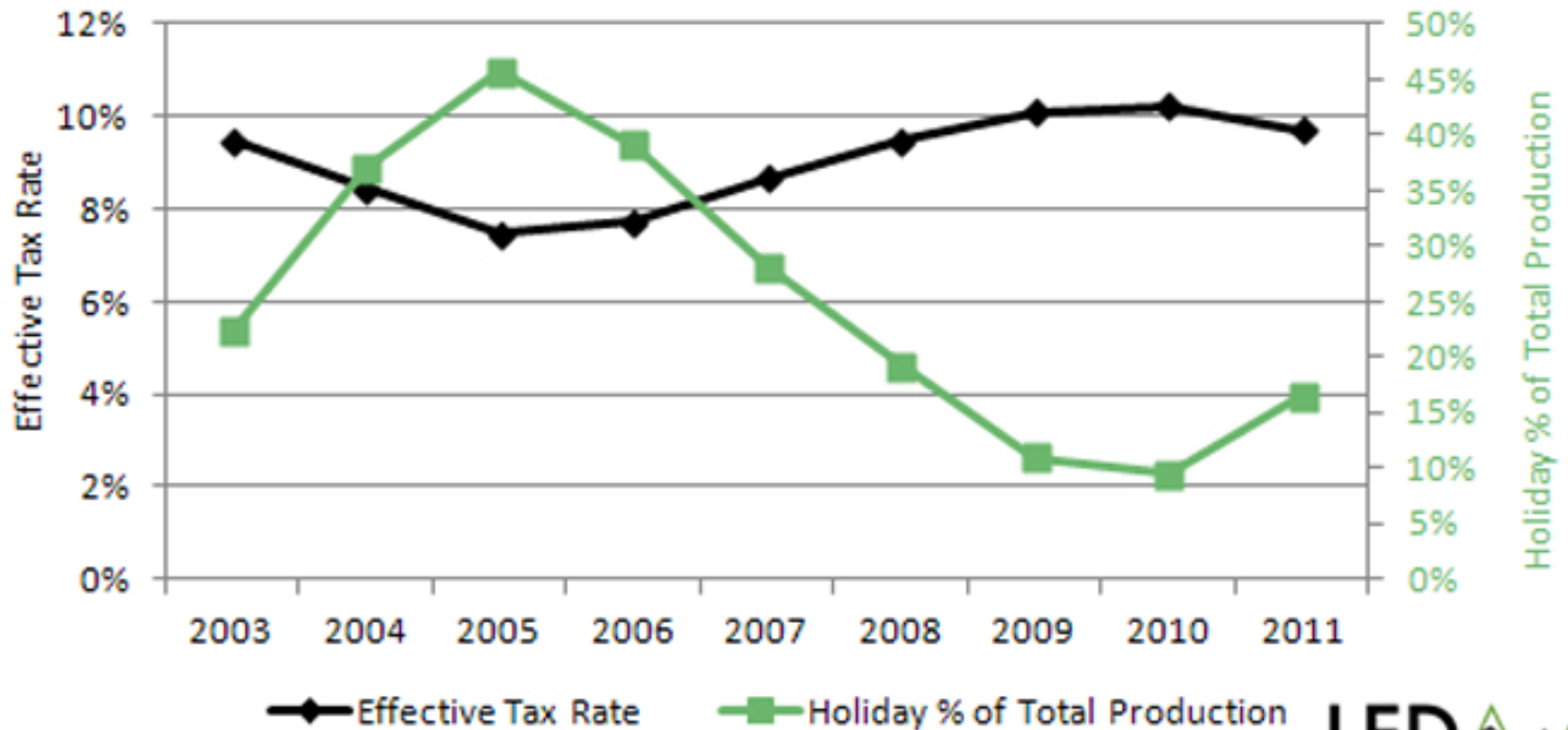


Oil Production Tax Effective Tax Rate vs. Holiday % of Total Production



Source: MT Department of Revenue

Montana has tax holidays on oil production wells for the first 12 or 18 months depending on whether the drilling method is vertical or horizontal. If new production wells are developed, the tax rate is lower for the holiday period (12 months or 18 months). As older wells continue to produce, then the tax rate for total production increases, as the holiday periods expire.