

## OGT Return Tax Due Calculation Method

OGT returns are calculated based on 4 separate rates (Severance, Conservation, Emergency School and Ad Valorem Production). These rates vary from combinations of the product kind and the location (suffix) of the well.

Example: Oil, Suffix 3910 (2017 rates)

Tax	Rate
Severance	0.037500
Emergency School	0.031500
Conservation	0.001900
Production Ad Valorem	0.022886
	0.093786

The tax due calculations are performed by multiplying the Taxable Value by each rate separately **per line**. These values are then rounded to the nearest cent for **each rate**. The rounded amounts are then added together to calculate Tax Due.

Tax	Rate	Calculated	Rounded Value
		\$ 51,551.00	Taxable Value
Severance	0.037500	1933.162500	\$ 1,933.16
Emergency School	0.031500	1623.856500	\$ 1,623.86
Conservation	0.001900	97.946900	\$ 97.95
Production Ad Valorem	0.022886	1179.796186	\$ 1,179.80
	0.093786		<b>\$ 4,834.77 Tax Due</b>

## Intergovernmental Tax Credit Calculation

If an Indian Intergovernmental Tax Credit is claimed for that detail line item, it must be calculated separately to determine Net Tax Due. A relative percentage is calculated by dividing the individual rate by the sum of the rates (e.g. Severance would be  $0.0375 / 0.093786 = 0.399846$ ). This relative percentage is then multiplied by the credit being claimed. That amount is then rounded to the nearest cent and subtracted from the calculated tax values from the previous step. The following illustrates a \$3,626.08 credit being claimed on our detail line:

Tax	Rate	Relative %	Calculated Cr	Rounded Cr	Gross Tax	Gross Tax - Rounded Cr
	\$51,551.00	Taxable Value		\$ 3,626.08	Indian Intergovernmental Credit	
Severance	0.037500	0.399846459	1449.875248	1449.88	\$ 1,933.16	\$ 483.28
Emergency School	0.031500	0.335871026	1217.895208	1217.9	\$ 1,623.86	\$ 405.96
Conservation	0.001900	0.020258887	73.46034589	73.46	\$ 97.95	\$ 24.49
Production Ad Valorem	0.022886	0.244023628	884.849198	884.85	\$ 1,179.80	\$ 294.95
	0.093786				<b>Net Tax Due</b>	<b>\$ 1,208.68</b>