



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 2025
DATE: December 16, 2024

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, 2025, through December 31, 2025, is \$117.23. Please note that with the passing of HB 1286 in the 2023 legislative session, this section only applies to wells located within the exterior boundaries of a reservation and any straddle wells as defined in N.D.C.C. § 57-51.1-07.10.

For your information, the following steps determined the trigger price for calendar year 2025:

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 2024 was computed from the data shown below.

July	2023	254.313
August	2023	259.364
September	2023	261.030
October	2023	256.993
November	2023	253.969
December	2023	250.571
January	2024	252.604
February	2024	256.300
March	2024	255.916
April	2024	258.004
May	2024	255.610
June	2024	<u>256.159</u>
Annual Average		255.903

STEP 2 - A base rate adjustment of 1.30250 was computed by dividing the 2023 fiscal year average price index of 255.903 by the base rate index of 196.47, which was determined using the 2015 fiscal year average (i.e., $255.903 / 196.47 = 1.30250$).

STEP 3 - The effective trigger price of \$117.23 for calendar year 2025 was computed by multiplying \$90.00 times the base rate adjustment of 1.30250 (i.e., $\$90.00 \times 1.30250 = \117.23).

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 located at: www.nd.gov/tax. If you have any questions regarding this notification, please contact the Oil and Gas Tax Section at 701-328-2705 or by email at oiltax@nd.gov.