Fiscal Sustainability Community Steering Committee 2015

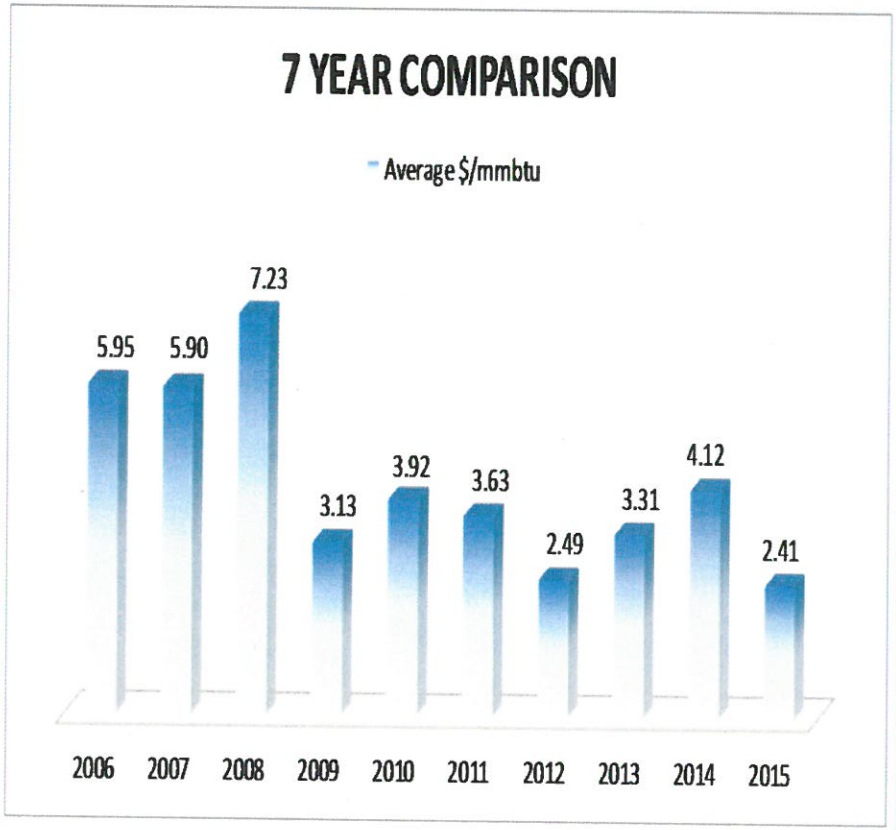
Slides pertaining to Valuation

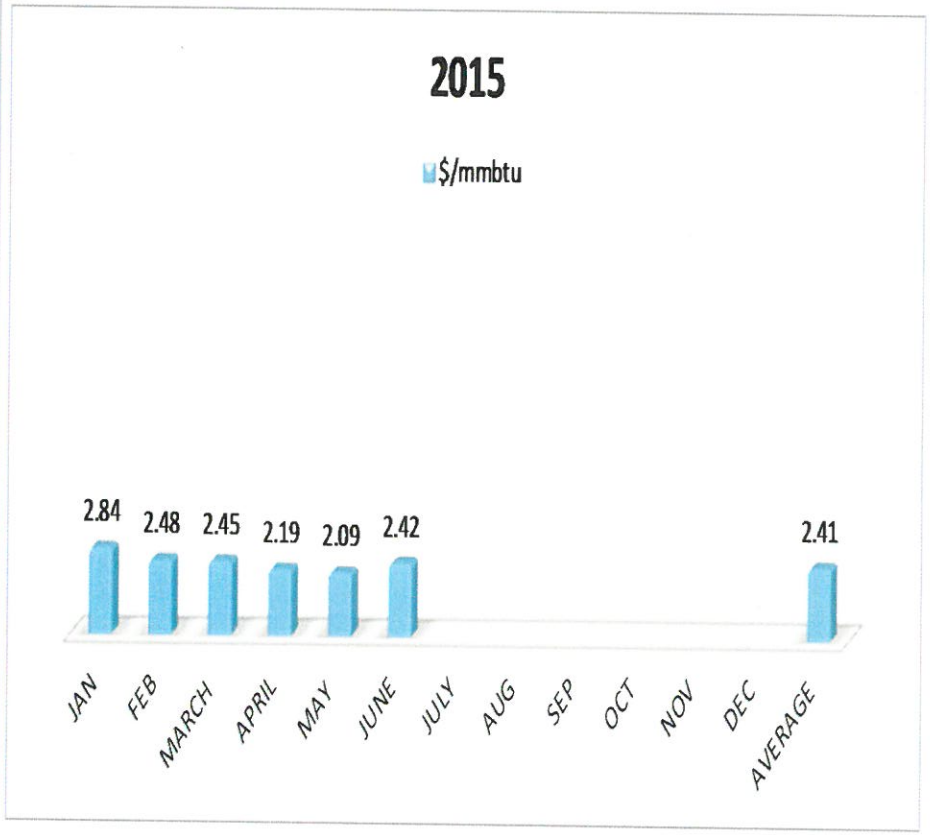
a. Oil and Gas

b. Gallagher Amendment

Recent History of Gas Prices

- Price per Million BTU'





Here is an example of taxes associated with a well if it began producing in 2013:

Tax Year	Volume Sold	Revenue (After Allowable Operating Expense & Tribal Exempt)	Mill Levy	Property Tax (Production)	Equipment Type	Value	Property Tax (Equipment)	Total Property Tax
2014	50,470	46,017	25.5960	1,030	Flowing Gas Well With Tanks	53,080	394	1,424
2015	117,476	215,227	25.5960	4,820	Pumping Gas Well With Tanks	111,160	825	5,645
Total								$ 7,069

STATE LAW LIMITATIONS

Gallagher Amendment to the Constitution

- Chief points;
  - Residential Properties will pay no larger share of taxes, state wide, than in previous years.
  - This means in proportion to other classes of property, Residential will always pay 45% of the taxes and all other types will pay 55%
  - This has caused the Residential rate to "ratchet" down from 21% in 1986 to 7.96% today, all other properties will have an assessment rate of 29%, except Oil & Gas production at 87.5%
  - Next level July 1st 2015 to June 30th 2016 in 2017

Gallagher and other Assessment rates through Time

RESIDENTIAL

Since 1982, when the Constitution was amended to require the adjustment, the residential rate has been applied as shown below:

- 1983 through 1986 - 21%
- 1987 - 18%
- 1988 - 16%
- 1989 and 1990 - 15%
- 1991 and 1992 - 14.34%
- 1993 and 1994 - 12.86%
- 1995 and 1996 - 10.36%
- 1997 and 1998 - 9.74%
- 1999 and 2000 - 9.74%
- 2001 and 2002 - 9.15%
- 2003 and 2004 - 7.96%
- 2005 and 2006 - 7.96%
- 2007 and 2008 - 7.96%
- 2009 and 2010 - 7.96%
- 2011 and 2012 - 7.96%
- 2013 and 2014 - 7.96%

OIL AND GAS

- PRIMARY- 87.5%
- SECONDARY- 75%

ALL OTHER INCLUDING VACANT AND AG LAND, COMMERCIAL, AND PERSONAL PROPERTY

- Since 1983- 29%