



## 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 2024  
 DATE: December 15, 2023

In keeping with the provisions of North Dakota Century Code (N.D.C.C.) § 57-51.1-02, the North Dakota Office of State Tax Commissioner has determined that the oil trigger price for the calendar year January 1, 2024, through December 31, 2024, is \$119.95. 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 2024:

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 2023 was computed from the data shown below.

July	2022	274.425
August	2022	271.526
September	2022	269.539
October	2022	266.225
November	2022	262.822
December	2022	256.798
January	2023	260.405
February	2023	259.210
March	2023	257.045
April	2023	256.747
May	2023	253.697
June	2023	<u>253.770</u>
Annual Average		261.851

STEP 2 - A base rate adjustment of 1.33278 was computed by dividing the 2023 fiscal year average price index of 261.851 by the base rate index of 196.47, which was determined using the 2015 fiscal year average (i.e.,  $261.851 / 196.47 = 1.33278$ ).

STEP 3 - The effective trigger price of \$119.95 for calendar year 2024 was computed by multiplying \$90.00 times the base rate adjustment of 1.33278 (i.e.,  $\$90.00 \times 1.33278 = \$119.95$ ).

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 6% 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 5% 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](http://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](mailto:oiltax@nd.gov).