Crude Oil Windfall Profit Tax, 1984

By Edward Chung*

The Crude Oil Windfall Profit Tax Act of 1980 imposed a Federal excise tax on domestic crude oil extracted on or after March 1, 1980. The tax was enacted in response to the planned phaseout of government price controls on domestic crude oil. The Act was intended to tax a fair share of the additional revenues received by oil producers and royalty owners as a result of oil price decontrol without adversely affecting domestic production. Congress designated the Windfall Profit Tax to be temporary, with a 33-month gradual phaseout. This phaseout is to begin in January 1988, if $227.3 billion in net revenue (see the Definitions) have been realized by then; if not, by no later than January 1991 [1].

The windfall profit tax liability after adjustments for the fourth quarter of 1984 was $2.0 billion. This was the lowest amount of windfall profit tax reported since the first full quarter (June 1980) for which liability was reported. The total reported windfall profit tax after adjustments since the enactment of the Crude Oil Windfall Profit Tax Act amounted to more than $72 billion through December 1984.

The formula to calculate the windfall profit (WP) is:

$$WP = RP - (ABP + SST)$$

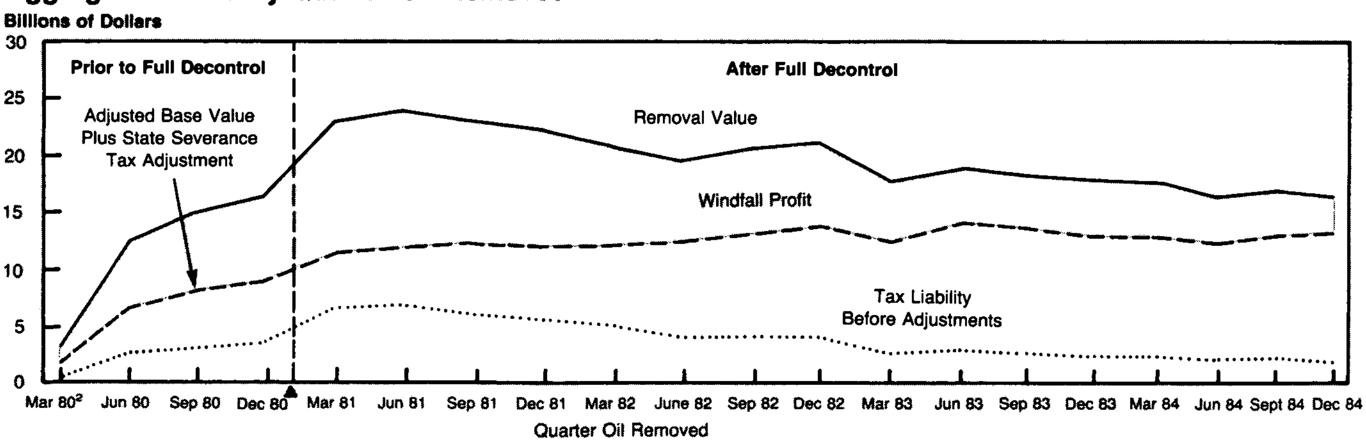
where:

RP = Removal Price
ABP = Adjusted Base Price
SST = State Severance Tax Adjustment

The windfall profit declined from a high of $11.9 billion for the quarter ending June 1981 to $3.4 billion for the quarter ending December 1984 (Figure A). This decrease was a result of declining removal prices (generally the price for which oil is sold) and rising adjusted base prices and state severance tax adjustments.

Figure A

Components[1] of Windfall Profit Tax Liability Before Adjustments: Aggregate Values By Quarter Oil Removed



[1]Some returns report windfall profit tax liability only; therefore, data for removal value, adjusted base value and state severance tax adjustment have been adjusted to reflect totals as if all returns reported this detail.
[2]One month only

*Foreign Special Projects Section. Prepared under the direction of Michael Alexander, Chief.

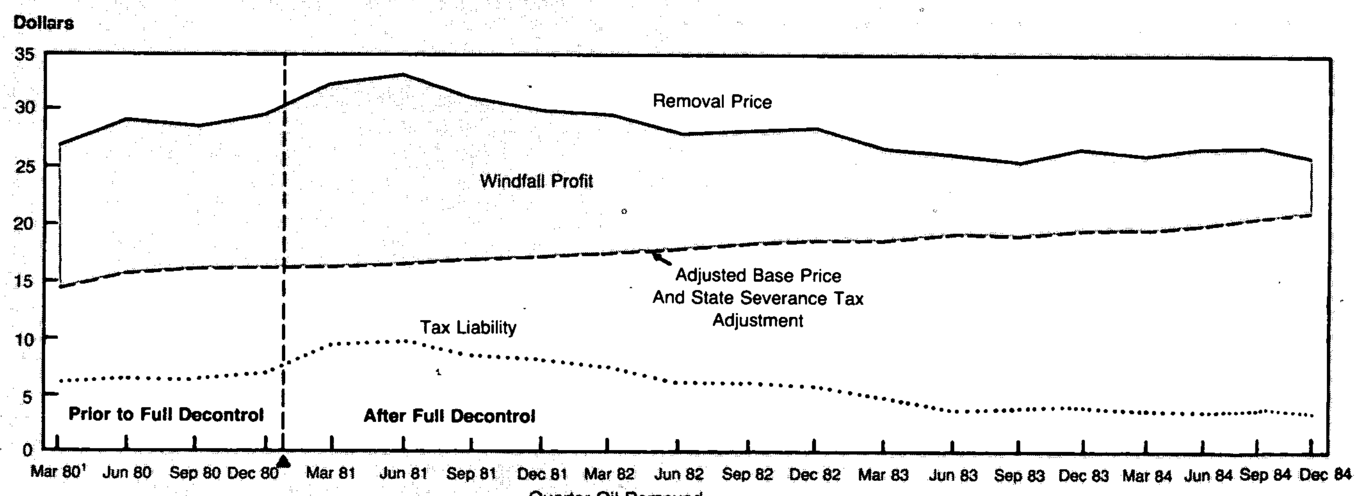
Since June 1981, when the average removal price for domestic crude oil was at its height, the removal price fell by almost 21 percent, from $33.09 to $26.04 per barrel for the quarter ending December 1984 (Figure B). The downward trend in the removal price began in early 1981 because of a decrease in U.S. demand for oil and gasoline, a result of a sluggish economy and increased conservation efforts. The declining prices continued through 1984, primarily because of an abundant supply of foreign crude oil relative to worldwide demand, which created a downward force on removal prices for domestic crude oil.

The Bankers Trust Company of New York reported that spending for oil and gas drilling is expected to decline by 10 to 15 percent during 1985; it is already down from $40 billion in 1982 to less than $27 billion in 1984 [2].

In 1984 the U. S. economic growth (the annual rates of change in real Gross National Product or GNP for the first quarter through fourth quarter of 1984 were, respectively, 10.1, 7.1, 1.6 and 4.3 percents) led to increased demand for oil and gasoline products. In response, there was a temporary increase in the price of crude oil in the second quarter, following a slight decline in the first quarter. However, the predominating influence of foreign oil producers (both OPEC and non-OPEC) thereafter caused the price of domestic crude oil to decline again in spite of increased demand. As a result, the average removal price for both the third and fourth quarters of 1984 experienced a decline, with the fourth quarter falling $0.49 per barrel from the previous quarter. The combined average adjusted base price and state severance tax increased by $0.47 per barrel, causing the total average windfall profit to decline by $0.96 per barrel. The adjusted base price increased chiefly as a result of an inflation adjustment derived from the GNP "implicit price deflator" [3].

The total windfall profit tax liability after adjustments reported for Calendar Years 1980 to 1984 totalled $72.2 billion. Of the total tax liability, 1981 accounted for the largest proportion (36 precent) and 1984 the lowest (12 percent), a decline from 1981 to 1984 of 66 percent (Figure C). Some returns report windfall profit tax only; therefore, data for removal value, adjusted base value, state severance tax, and the resulting windfall profit have been adjusted to account for the missing detail. Concomitant with this decline in tax liabilities was a decrease in reported windfall profit of 64 percent from 1981 to 1984.

Figure B
Components of Windfall Profit Tax Liability: Averages per Barrel by Quarter Oil Removed



NOTE: Because of price controls during 1980, there were cases where the removal price was less than the adjusted base price and no Form 6047 was filed. The data in the figure are based on information reported.

[1]One month only.

The immediate cause for falling profits was the combined effect of declining removal price (-26 percent from 1981 to 1984) accompanied by an 8 percent increase in the sum of the adjusted base value and state severance tax (Figure D). Crude oil production reported on the Form 6047's averaged 2.5 billion barrels annually during the period 1981-1984.

The following table is a summary, by quarter, of tax liability before and after adjustments since the tax went into effect in 1980. The adjustments were allowed because of errors by withholding agents during previous quarters or, more frequently, because of application of the "net income limitation."

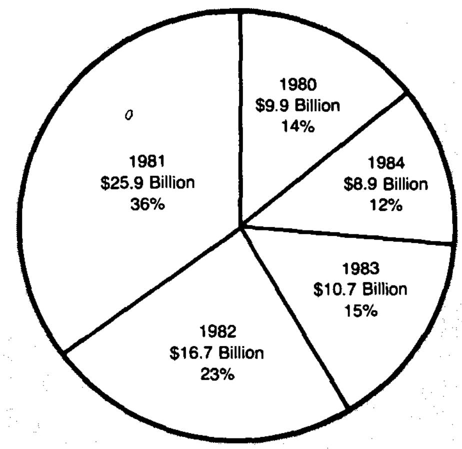
Windfall Profit Tax Before and After Adjustments
(Millions of Dollars)

Quarter Ending	Tax Before Adjustments	Total Adjustments	Tax After Adjustments
Total	$77,469	-$5,304	$72,165
Mar. 1980[1]...	788	-	788
June 1980 ...	2,842	-21	2,821
Sept. 1980 ...	3,413	-88	3,325
Dec. 1980 ...	3,918	-927	2,991
Mar. 1981 ...	6,953	+242	7,195
June 1981 ...	7,253	-107	7,146
Sept. 1981 ...	6,344	-251	6,093
Dec. 1981 ...	6,007	-497	5,510
Mar. 1982 ...	5,222	-221	5,001
June 1982 ...	4,283	-295	3,988
Sept. 1982 ...	4,404	-445	3,959
Dec. 1982 ...	4,440	-634	3,806
Mar. 1983 ...	3,320	-193	3,127
June 1983 ...	2,951	-203	2,748
Sept. 1983 ...	2,822	-300	2,522
Dec. 1983 ...	2,736	-465	2,271
Mar. 1984 ...	2,622	-228	2,394
June 1984 ...	2,468	-218	2,250
Sept. 1984 ...	2,447	-200	2,247
Dec. 1984 ...	2,236	-253	1,983

[1]One month only.

The net income limitation generates an adjustment because it limits the windfall profit to 90 percent of the net income per barrel of oil and was estimated by certain taxpayers for the quarter ending December 1984 (see the computation below). The adjustments for the previous quarters were for under- or over-withholding that the depositing or withholding agent (usually the first purchaser) corrects by adjusting the amounts withheld in the current and succeeding quarters. Producers claim as a refund or a credit on their income tax returns additional over-withholding of windfall profit tax due to error or the net income limitation that has not been corrected by the withholding agent [4].

Figure C
Windfall Profit Tax Liability After Adjustment by Year: March 1, 1980 Through December 31, 1984



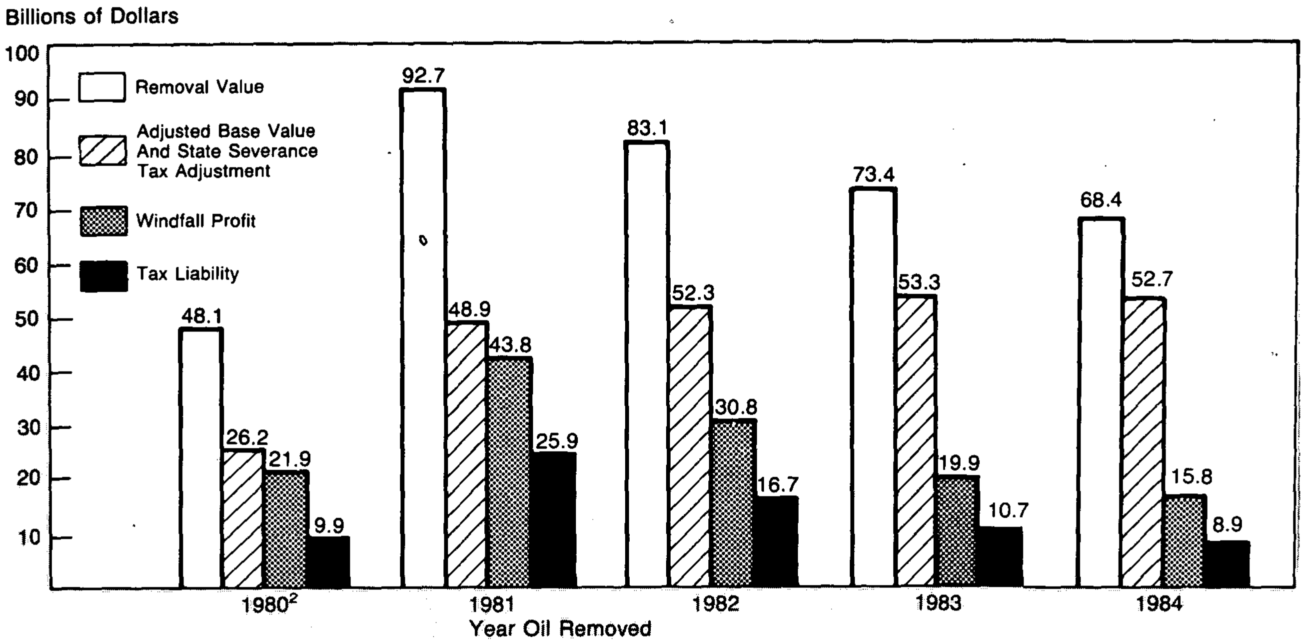
Adjustments to Tax, Fourth Quarter 1984
(Millions)

Net income limitation	-$249
Prior quarters	-7
Total adjustments	-$256

Based on returns of taxpayers that provided complete detail on the windfall profit tax computation [5], tier one oil continued to dominate production for the quarter ending December 1984. Tier one oil (all domestically produced crude oil other than oil specifically classified as tier two or tier three, or oil explicitly exempted from the tax) represented 58 percent of total production. Tier two oil, which represented 9 percent of total production, is oil produced from stripper well property not qualifying for the stripper exemption and oil from economic interests in a Naval Petroleum Reserve held by the United States. Tier three oil, which is heavy oil and incremental tertiary oil, but mostly newly discovered oil, accounted for 33 percent of total production. Tier three oil, which is generally taxed at a rate lower than tier one oil, accounted for a steadily increasing percentage of total production. (See the Definitions below for further explanations of the three tier concept.)

Figure D

Components[1] of Windfall Profit Tax Liability After Adjustments: Aggregate Values by Year Oil Removed



1 Some returns report windfall profit tax liability only; therefore, data for removal value, adjusted base value and state severance tax adjustment have been adjusted to reflect totals as if all returns reported this detail.

2 Represents only 10 months.

FISCAL YEAR BUDGET EFFECTS

The total reported windfall tax liability for Fiscal Years 1980-1984 amounted to $71 billion (see table below). Refunded over-payments, government royalty interests and reductions in income tax resulting from the deductibility of the tax accounted for a negative adjustment of $36 billion.

The net revenue, or net budget effect as shown in the following table, for the first four fiscal years of the windfall profit tax is estimated at $35.3 billion. Since the net revenue receipts from the windfall profit tax are much below the targeted $227.3 billion, the tax will most likely begin its phaseout in January 1991. The targeted amount was the result of using estimated oil prices which, in hindsight, were well above the actual prices.

DATA SOURCES AND LIMITATIONS

The windfall profit tax is reported on the Quarterly Federal Excise Tax Return, Form 720. Form 6047, Windfall Profit Tax, shows how the tax is computed and is filed as an attachment to Form 720. Tabulations in this article are based on the Form 6047. Returns are due 2 months after the end of the quarter in which the oil is removed. Data are based on all returns with a tax liability of $1 million or more before adjustments and a 10-percent sample of all other returns.

Sampling and nonsampling errors were controlled by a variety of methods. Although efforts were made to secure missing returns, some returns may have been omitted because of time and resource constraints. Attempts were made to correct imbalances in taxpayer entries for the components of windfall profit; if this proved impossible, an out-of-balance return was treated as a return on which the components were not reported, and therefore only the tax liability for each tier was tabulated. However, for returns not reporting the tax computation detail (for Figures A and D only), the components were estimated using a factor derived from the relationship of the tax liability for those reporting all of the tax computation detail. A number of verification checks were performed at all stages of manual data abstraction and computer tabulation.

Estimated Windfall Profit Tax Receipts for Fiscal Years 1980-1984

[Millions of dollars]

Item	Cumulative 1980-1984	Fiscal Years 1980	1981	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
Total windfall profit tax liability as reported on Form 6047[1]	$70,792	$6,939	$23,463	$18,973	$12,246	$9,171
Less: refunds and credits for prior year overpayments reported on:						
Individual income tax returns ...	-1,097	-	-237	-445	-262	-153
Corporation income tax returns ..	-1,238	-	-524	-266	-304	-144
Amended returns and claims for refunds........................	-345	-	173	-51	-68	-53
Gross reported windfall profit tax liability less refunded overpayments..	68,112	6,939	22,529	18,211	11,612	8,821
Less: net windfall tax receipts from Federal royalty interests and the estimated reduction in individual and corporate income tax payments...	-32,845	-2,870	-9,601	-8,979	-6,468	-4,926
Net budget effect	35,267	4,068	12,928	9,232	5,143	3,895

[1] The totals do not necessarily agree with that reported in past SOI Bulletins due to adjustments based on additional information available to the Office of Tax Analysis.
Source: Crude Oil Windfall Profit Tax Annual Report to Congress on Net Receipts, Office of the Secretary of the Treasury, Office of Tax Analysis.

The Statistics of Income Bulletin also includes data on excise tax collections. The excise tax collection figures show the liability after adjustments, as reported on Form 720, from returns entered into the Internal Revenue Service (IRS) computerized Business Master File (BMF) each quarter. A number of considerations affect comparisons of data from these two sources. Returns are not due until 2 months after the close of the taxable quarter; however, the interval between the close of the taxable period and the final recording of the return often varies, so that the quarterly BMF totals may represent more than one taxable period. On the other hand, the data presented here have been tabulated for specific taxable periods. As a result, the two sets of statistics are not directly comparable.

DEFINITIONS

Brief definitions of the terms used in the tables are given.

Adjusted Base Price.--The base price multiplied by the inflation adjustment, which is derived from the Gross National Product (GNP) "implicit price deflator."

Adjustments to Liability.--Corrections applied to the current quarter's liability to correct for the net income limitation and over- and under-withholding in previous quarters.

Base Price.--For tier one oil, the upper tier ceiling price, as defined by Department of Energy price control regulations, which would have applied to the oil had it been produced and sold in May 1979, reduced by $0.21. For tiers two and three oil, the base prices were $15.20 and $16.55, respectively, adjusted for grade and quality.

Crude Oil.--The term applies only to natural crude petroleum and does not include synthetic petroleum, such as oil from shale or tar sands. It does, however, include natural gas liquids treated as crude oil under the June 1979 energy pricing regulations issued by the Department of Energy.

Deposit Requirements.--The timing of any first purchaser to deposit amounts withheld depends on the identity of the first purchaser. Major refiners, other than independent refiners, are required to make semi-monthly deposits of the withholding tax. All other first purchasers are required to make withholding deposits no later than 45 days after the oil is removed from the premises, except independent refiners that purchase oil under delayed payments contracts. The latter are required to make deposits by the first day of the third month beginning after the month of removal.

Exempt Alaskan Oil.--Oil from a reservoir other than the Sadlerochit reservoir that has been commercially exploited by any well north of the Arctic Circle; and oil produced north of the divides of the Alaska and Aleutian Ranges, and at least 75 miles from the nearest point of the Trans-Alaskan Pipeline System.

Exempt Charitable Oil.--Oil produced from economic interests held by qualified charitable medical facilities, educational institutions, and child care organizations (as defined in Internal Revenue Code section 170), if such interest was held on January 21, 1980, and at all times thereafter; and oil produced from interests held by a church on January 21, 1980, if, before January 22, 1980, the net proceeds from such oil were dedicated to the support of a medical facility, educational institution, or child care facility.

Exempt Governmental Oil.--Oil produced from an economic interest held by a state or a political subdivision (including agencies and instrumentalities), the net income from which is used for public purposes.

Exempt Indian Oil.--Oil produced from mineral interests held by or on behalf of Indian tribes or individuals on January 21, 1980, which is one of the following: (a) production received by Indian tribes and individuals from Tribal Trust Lands (the title to such land is held by the United States in trust for the tribes); (b) production from land or mineral interests held by an Indian tribe eligible for services pro vided to Indians by the Secretary of the Interior; or (c) oil, the proceeds from which are paid into the U.S. Treasury to the credit of tribal or native trust funds pursuant to law. This exemption also applies to production of any Alaskan Native Corporation prior to 1991, including wholly-owned subsidiaries of the native Indian corporation as clarified by IRS on September 3, 1982.

Exempt Royalty Oil.--Qualified royalty owners are exempt from the windfall profit tax on two barrels of oil per day for each day of the calendar quarter for oil removed after December 31, 1981. For 1985 and thereafter, three barrels per day will be exempt.

Exempt Stripper Oil.--Oil removed from stripper wells after 1982 may qualify for exemption from the windfall profit tax if the following conditions are met:

(1) the oil must be removed from a stripper well property after 1982,
(2) the oil must be extracted by an independent producer,
(3) the oil must be attributable to the independent producer's working interest in the property, and
(4) the stripper well property must not be a property transferred by a nonindependent producer on or after July 23, 1981.

Net Income Limitation.--The windfall profit on a barrel of oil may not exceed 90 percent of the net income attributable to the barrel.

Net Revenue.--This equals the gross revenue from the windfall profit tax, or excise tax (excluding that amount attributable to U.S. government interests), less the reduction of income tax resulting from taxpayers claiming deductions for windfall profit tax paid. Figures presented in this report are the gross liabilities reported by the withholding agents on Form 6047 and are before the reductions mentioned above.

Removal Price.--Generally, the price for which a barrel of oil is sold. In some instances, a constructive sales price is used.

Sadlerochit Oil.--Crude oil production from the Sadlerochit reservoir in the Prudhoe Bay oil field in Alaska.

State Severance Tax Adjustment.--A tax imposed by a state with respect to the extraction of oil. The windfall profit is reduced by the amount by which the severance tax exceeds that which would have been imposed had the oil been valued at its adjusted base price.

Stripper Oil.--In general, oil from a property for which the average daily production per well has been 10 barrels or less for any consecutive 12-month period after 1972.

Tier One Oil.--All domestically produced crude oil other than any oil classified in tier two or three, or explicitly exempted by law from the tax. This includes the bulk of domestic oil from reservoirs proven to be productive before 1979.

Tier Two Oil.--Any oil from a stripper well property within the meaning of the June 1979 Department of Energy pricing regulations and oil from a U.S. economic interest in a Naval Petroleum Reserve. Note that the Crude Oil Windfall Profit Tax Act of 1980 defined tier two oil as from a "National" Petroleum Reserve. This was amended to read "Naval" Petroleum Reserve by the Technical Corrections Act of 1982.

Tier Three Oil, Heavy Oil.--All crude oil (1) produced that had a weighted average gravity of 16.0 degrees or less on the American Petroleum Institute (API) scale, corrected to 60 degrees Fahrenheit, for the last month of production before July 1979, or (2) oil from a property with a weighted average gravity of 16.0 degrees API or less, corrected to 60 degrees Fahrenheit, for the taxable period.

Tier Three Oil, Incremental Tertiary Oil.--Production in excess of a base level on a property on which a qualified tertiary recovery project (one using one of several specific chemical, fluid or gaseous recovery methods to extract oil not recoverable using standard techniques) has been undertaken. The nonincremental oil (i.e., the amount of production up to the base level) remains in the otherwise applicable tier.

Tier Three Oil, Newly Discovered Oil.--Crude oil sold after May 31, 1979, and produced from (1) an outer continental shelf area for which the lease was entered into on or after January 1, 1979, and from which there was no production in Calendar Year 1978 or (2) an on-shore property developed after Calendar Year 1978.

Windfall Profit.--The excess of the removal price of the barrel of oil over the sum of the adjusted base price and the state severance tax adjustment.

NOTES AND REFERENCES

[1] Staff of the Joint Committee on Taxation, General Explanation of the Crude Oil Windfall Profit Tax Act of 1980, U.S. Government Printing Office, 1981.

[2] New York Times, September 8, 1985, Section 3, page 1.

[3] The inflation adjustment, calculated by the Internal Revenue Service, Research Division, is published quarterly in the Internal Revenue Bulletin. (See Internal Revenue Bulletin 1985-37, September 16, 1985.)

[4] See also Alexander, Michael, "Crude Oil Windfall Profit Tax for 1983," Statistics of Income Bulletin, Fall 1984, pp. 59-65.

[5] At the inception of the windfall profit tax (March 1980), taxpayers were not required to complete the detail called for on the Form 6047, which shows how the tax is computed. However, taxpayers have been required to provide full information as of January 1981.

[6] See also Belal, Carol, and Clark, Phil, "Windfall Profit Tax Liability for 1980," Statistics of Income Bulletin, Fall 1981, pp. 50-54.

Table 1.--Windfall Profit Tax Liability by Oil Tier, Tax Rate and Aggregate Components of Windfall Profit for Quarter Ending December 1984

[Money amounts are in millions of dollars]

Oil tier and tax rate	Number of barrels of oil (000's)	Removal value	Adjusted base value	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total	632,176	16,463	13,041	163	3,258	2,236
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	259,224	7,200	4,610	101	2,488	1,729
Taxed at 50 percent	22,301	639	405	14	220	110
Tier one, Sadlerochit oil:						
Taxed at 70 percent	85,909	1,534	1,485	11	38	27
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	56,148	1,556	1,178	16	362	214
Taxed at 30 percent	2,804	50	39	1	10	8
Tier three oil (taxed at 30 percent):						
Newly discovered oil[1]	127,959	3,569	3,526	14	29	46
Incremental tertiary oil	44,934	1,221	1,111	6	104	31
Heavy oil	32,898	695	687	-	8	4
Returns with total tax liability only	-	-	-	-	-	66

[1]Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.
NOTE: Detail may not add to total because of rounding.

Table 2.--Windfall Profit Tax Liability for Returns Reporting Components of Windfall Profit by Oil Tier and Tax Rate for the Quarter Ending December 1984[1]

Oil tier and tax rate	Average daily production (000's) (barrels)	Removal price	Adjusted base price	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total	6,871	26.04	20.62	.25	5.17	3.43
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	2,818	27.77	17.78	.39	9.60	6.66
Taxed at 50 percent	242	28.64	18.13	.64	9.87	4.94
Tier one, Sadlerochit oil:						
Taxed at 70 percent	934	17.85	17.28	.12	.45	.31
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	610	27.71	20.98	.28	6.45	3.81
Taxed at 30 percent	30	17.80	14.05	.26	3.49	2.99
Tier three oil (taxed at 30 percent):						
Newly discovered oil[2]	1,391	27.89	27.55	.11	.23	.35
Incremental tertiary oil	488	27.16	24.72	.13	2.31	.68
Heavy oil	358	21.11	20.87	-	.24	.11

[1]All amounts are average dollars per barrel.
[2]Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.
NOTE: Detail may not add to total because of rounding.

Table 3.--Windfall Profit Tax Liability by Oil Tier, Tax Rate and Aggregate Components of Windfall Profit for January - December 1984

[Money amounts are in millions of dollars]

Oil tier and tax rate	Number of barrels of oil (000's)	Removal value	Adjusted base value	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total	2,519,579	66,265	50,243	770	15,253	9,772
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	1,054,964	29,679	18,407	450	10,821	7,461
Taxed at 50 percent	94,144	2,716	1,658	68	990	508
Tier one, Sadlerochit oil:						
Taxed at 70 percent	382,533	6,765	6,558	44	163	119
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	216,447	6,143	4,495	82	1,566	893
Taxed at 30 percent	9,290	239	177	4	58	24
Tier three oil (taxed at 30 percent):						
Newly discovered oil[1]	472,022	13,662	12,412	95	1,154	300
Incremental tertiary oil	162,327	4,393	3,902	26	464	141
Heavy oil	127,851	2,670	2,634	1	35	18
Returns with total tax liability only	-	-	-	-	-	310

[1]Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.
NOTE: Detail may not add to total because of rounding.

Table 4.--Windfall Profit Tax Liability for Returns Reporting Components of Windfall Profit by Oil Tier and Tax Rate for January - December 1984[1]

Oil tier and tax rate	Average daily production (000's) (barrels)	Removal price	Adjusted base price	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total	6,884	26.30	19.94	.31	6.05	3.88
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	2,882	28.13	17.45	.43	10.26	7.07
Taxed at 50 percent	257	28.85	17.61	.72	10.52	5.40
Tier one, Sadlerochit oil:						
Taxed at 70 percent	1,045	17.68	17.14	.11	.43	.31
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	591	28.38	20.77	.38	7.23	4.13
Taxed at 30 percent	25	25.68	19.01	.39	6.29	2.55
Tier three oil (taxed at 30 percent):						
Newly discovered oil[2]	1,290	28.94	26.30	.20	2.45	.63
Incremental tertiary oil	444	27.06	24.04	.16	2.86	.87
Heavy oil	349	20.88	20.60	-	.27	.14

[1]All amounts are average dollars per barrel.
[2]Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.
NOTE: Detail may not add to total because of rounding.

Table 5.--Exempt Oil Volume by Tier and Category, Quarter Ending December 1984

[Thousands of barrels]

Exempt Oil	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total	87,216	17,692	49,687	17,981	1,130	725
Exempt governmental interest	17,741	13,653	711	2,177	621	579
Exempt charitable interest	1,000	424	315	167	86	8
Exempt Indian oil	1,153	432	345	313	56	6
Exempt Alaskan oil	11,231	136	40	11,056	-	-
Exempt royalty oil	11,186	3,047	3,371	4,268	368	132
Exempt stripper oil	44,905	-	44,905	-	-	-

NOTE: Detail may not add to total because of rounding.

Table 6.--Exempt Oil Volume by Tier and Category, January - December 1984

[Thousands of barrels]

Exempt Oil	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total	322,479	70,635	186,306	58,821	4,310	2,408
Exempt governmental interest	68,748	54,067	2,870	7,625	2,440	1,745
Exempt charitable interest	4,024	1,837	1,258	656	242	30
Exempt Indian oil	4,614	1,628	1,856	938	165	29
Exempt Alaskan oil	36,037	320	113	35,603	1	-
Exempt royalty oil	42,691	12,782	13,843	13,998	1,462	605
Exempt stripper oil	166,365	-	166,365	-	-	-

NOTE: Detail may not add to total because of rounding.