

# Crude Oil Windfall Profit Tax, Second Quarter, 1983

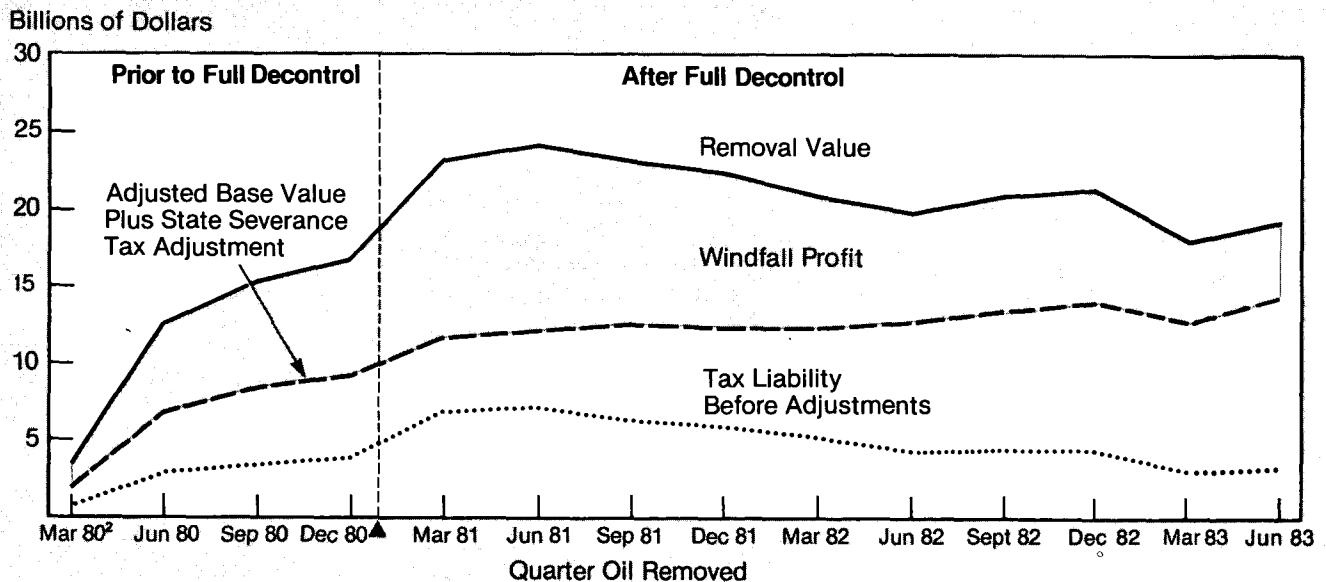
By Michael Alexander\*

The second quarter of 1983 continued the downward trend in the windfall profit tax liability that has existed since the first quarter of 1981. The reported windfall profit tax liability for the second quarter of 1983 reached a point (\$2.7 billion) which was lower than the first full quarter (June 1980) for which liability was reported. The total liability reported, however, since the enactment of the Crude Oil Windfall Profit Tax Act rose to more than \$58 billion.

Windfall profit, defined as the removal value less the sum of the adjusted base value and state severance tax adjustment, decreased by \$1.4 billion or 29 percent from the first

quarter of 1983 to the second quarter of 1983. This decrease in windfall profit can be attributed primarily to declining oil prices and a decrease in taxable domestic oil production. The average removal price (generally the price for which oil is sold) declined from \$26.84 per barrel to \$26.40 per barrel. The number of barrels of taxable oil declined from 585 million to 494 million. The decline in the barrels of taxable oil subject to the windfall profit tax resulted from a decline in domestic production in response to the price decrease and the continued increase in the amount of stripper oil claimed as an exemption.

**Components of Windfall Profit Tax Liability Before Adjustments:  
Aggregate Values By Quarter Oil Removed**



<sup>1</sup>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.

<sup>2</sup>One month only.

The table below shows windfall profit tax liability before and after adjustments. Tax liabilities can be deposited up to 90 days after the close of the month the oil is removed, depending on the identity of the first purchaser (see Definitions, Deposit Requirements). The windfall profit tax liability after adjustments decreased almost \$400 million from the previous quarter. These adjustments were necessary as a result of errors in withholding during previous quarters or, more frequently, reflect the application of the net income limitation. The net income limitation adjustment amounted to -\$161 million and adjustments to previous quarters were slightly less than -\$44 million, for a total adjustment of -\$205 million for the current quarter.

The net income limitation causes an adjustment because this provision limits the windfall profit to 90 percent of the net income per barrel of oil and can be estimated by certain taxpayers for the current quarter. The adjustments in the table below include under- or over-withholding from previous quarters which the depositing or withholding agent (usually the first purchaser) corrects by adjusting the amounts withheld in succeeding quarters. Additional over-withholding of windfall profit tax due to error or the net income limitation which has not been corrected by the withholding agent can be claimed as a refund or credit by producers on their income tax returns.

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

| Quarter Ending             | Tax Before Adjustments | Total Adjustments | Tax After Adjustments |
|----------------------------|------------------------|-------------------|-----------------------|
| Total                      | \$62,138               | -\$3,640          | \$58,491              |
| Mar. 1980 <sup>1</sup> ... | 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                 |

<sup>1</sup>One month only.

Based on returns of taxpayers who provided complete detail on windfall profit tax computation [1], tier one oil has always dominated production. For the quarter ended

June 1983, tier one oil (which consists of all domestically-produced crude oil other than oil specifically classified as tier two or tier three, or explicitly exempted from the tax) represented 63 percent of total production, which is 7.4 percent lower than the previous quarter. A decrease of 85 million barrels of Sadlerochit oil was primarily responsible for the reduced production of tier one oil. Production of tier two oil, which represents 8 percent of total production, also decreased during the second quarter. Tier two oil consists of 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. The decrease in production of tier two oil was more than 9 million barrels from the first quarter of 1983 to the second quarter of 1983. Tier three oil, which consists of heavy oil, incremental tertiary oil and newly discovered oil (68 percent of tier three), accounted for 29 percent of total production, up 26 percent from the previous quarter. Newly discovered oil, with an increase of almost 7 million barrels from the first quarter of 1983, accounted for the increased production of tier three oil. Since 1981, when tax reductions on newly discovered oil were enacted, newly discovered oil has had the largest consistent growth in barrels of oil removed.

Percent of Oil Production by Tier of Oil

| Quarter Ending   | Tier One | Tier Two | Tier Three |
|------------------|----------|----------|------------|
| June 1981 .....  | 70       | 14       | 16         |
| Sept. 1981 ..... | 69       | 14       | 17         |
| Dec. 1981 .....  | 69       | 13       | 18         |
| Mar. 1982 .....  | 68       | 13       | 19         |
| June 1982 .....  | 67       | 13       | 20         |
| Sept. 1982 ..... | 65       | 13       | 22         |
| Dec. 1982 .....  | 65       | 12       | 23         |
| Mar. 1983 .....  | 68       | 9        | 23         |
| June 1983 .....  | 63       | 8        | 29         |

DATA SOURCES AND LIMITATIONS

The Quarterly Federal Excise Tax Return, Form 720, is the form on which the windfall profit tax is reported. 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 two 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. Missing returns were requested from the service

centers. However, some returns may have been omitted due to 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 liability for each tier was tabulated. A number of verification checks were performed at all stages of manual data abstraction and computer tabulation.

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 IRS' computerized Business Master File (BMF) each quarter. A number of considerations affect comparisons of data from these two sources. As mentioned above, returns are not due until two 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 usually represent several taxable periods. 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 below.

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 in order 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 21 cents. 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 upon the identity of the first purchaser. Major refiners, other than independent refiners, are required to make semimonthly 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. They 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, prior to January 22, 1980, the net proceeds of 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 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 provided 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 produced 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.

Removal Price.--Generally, the price for which a barrel of oil is sold. In some instances, a constructive sale 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 which is 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 which is (1) produced from property which 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 prior to 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 which utilizes one of several specific chemical, fluid or gaseous recovery methods to extract oil not recoverable using standard techniques) has been undertaken. The non-incremental 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 that is sold after May 31, 1979, and that is 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] At the inception of the windfall profit tax (March 1980), taxpayers were not required to complete the detail of the Form 6047, which shows how the tax is computed. However, taxpayers have been required to provide full information as of January 1981.
- [2] Joint Committee on Taxation (Staff), *General Explanation of the Crude Oil Windfall Profit Tax Act of 1980*, U.S. Government Printing Office, 1981.
- [3] See also Belal, Carol and Clark, Phil, "Windfall Profit Tax Liability for 1980," *Statistics of Income Bulletin*, Volume 1, Number 2, pp. 50-54.
- [4] See also Coleman, Michael, "Crude Oil Windfall Profit Tax for 1981," *Statistics of Income Bulletin*, Volume 2, Number 2, pp. 41-46.
- [5] See also Alexander, Michael, "Crude Oil Windfall Profit Tax for 1982," *Statistics of Income Bulletin*, Volume 3, Number 2, pp. 35-40.

Table 1.--Windfall Profit Tax Liability by Oil Tier and Tax Rate For Quarter Ending June 1983 Aggregate Components of Windfall Profit

[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..... | 493,993                          | 13,043        | 9,322               | 275                            | 3,446           | 2,017                            |
| Tier one, other than Sadlerochit oil:                                 |                                  |               |                     |                                |                 |                                  |
| Taxed at 70 percent.....  | 259,296                          | 6,805         | 4,359               | 202                            | 2,244           | 1,564                            |
| Taxed at 50 percent.....  | 21,152                           | 619           | 357                 | 17                             | 245             | 123                              |
| Tier one, Sadlerochit oil:  |                                  |               |                     |                                |                 |                                  |
| Taxed at 70 percent.....  | 30,594                           | 515           | 504                 | 2                              | 9               | 7                                |
| Taxed at 50 percent.....  | -                                | -             | -                   | -                              | -               | -                                |
| Tier two oil:   |                                  |               |                     |                                |                 |                                  |
| Taxed at 60 percent.....  | 39,191                           | 1,114         | 785                 | 16                             | 313             | 167                              |
| Taxed at 30 percent.....  | 2,380                            | 69            | 50                  | 1                              | 18              | 6                                |
| Tier three oil (taxed at 30 percent):                                 |                                  |               |                     |                                |                 |                                  |
| Newly discovered oil <sup>1</sup> .....                               | 96,219                           | 2,840         | 2,317               | 32                             | 491             | 115                              |
| Incremental tertiary oil.....   | 18,215                           | 527           | 429                 | 5                              | 93              | 27                               |
| Heavy oil.....  | 26,947                           | 553           | 521                 | ( <sup>2</sup> )               | 32              | 9                                |
| Returns with total tax liability only.....                            | -                                | -             | -                   | -                              | -               | 934 <sup>3</sup>                 |

<sup>1</sup>Newly discovered oil is taxed at 25.0 percent beginning in 1983.<sup>2</sup>Less than 500,000.<sup>3</sup>Also includes \$7 million for returns that reported by tier and type, but did not report data for columns 1-5.

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 June 1983 Average Daily Production and Average Dollars per Barrel

| Oil tier and tax rate                   | 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)                              |
| All returns, total.....                 | 5,369                              | 26.40         | 18.87               | .55                            | 6.98            | 4.08                             |
| Tier one, other than Sadlerochit oil:   |                                    |               |                     |                                |                 |                                  |
| Taxed at 70 percent.....                | 2,818                              | 26.24         | 16.81               | .77                            | 8.66            | 6.03                             |
| Taxed at 50 percent.....                | 230                                | 29.25         | 16.81               | .78                            | 11.66           | 5.80                             |
| Tier one, Sadlerochit oil:              |                                    |               |                     |                                |                 |                                  |
| Taxed at 70 percent.....                | 333                                | 16.84         | 16.48               | .05                            | .31             | .21                              |
| Taxed at 50 percent.....                | -                                  | -             | -                   | -                              | -               | -                                |
| Tier two oil:                           |                                    |               |                     |                                |                 |                                  |
| Taxed at 60 percent.....                | 426                                | 28.42         | 20.03               | .41                            | 7.98            | 4.25                             |
| Taxed at 30 percent.....                | 26                                 | 29.12         | 20.81               | .50                            | 7.81            | 2.35                             |
| Tier three oil (taxed at 30 percent):   |                                    |               |                     |                                |                 |                                  |
| Newly discovered oil <sup>1</sup> ..... | 1,046                              | 29.51         | 24.08               | .33                            | 5.10            | 1.19                             |
| Incremental tertiary oil.....           | 198                                | 28.94         | 23.54               | .28                            | 5.12            | 1.48                             |
| Heavy oil.....                          | 293                                | 20.52         | 19.33               | -                              | 1.19            | .34                              |

<sup>1</sup>Newly discovered oil is taxed at 25.0 percent beginning 1983.

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

## Crude Oil Windfall Profit Tax, 1983

Table 3.--Windfall Profit Tax Liability by Oil Tier and Tax Rate For January - June 1983 Aggregate Components of Windfall Profit

[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..... | 1,079,279                        | 28,757        | 19,957              | 522                            | 8,278           | 4,916                            |
| Tier one, other than Sadlerochit oil:                                 |                                  |               |                     |                                |                 |                                  |
| Taxed at 70 percent.....  | 518,860                          | 14,389        | 8,619               | 340                            | 5,430           | 3,782                            |
| Taxed at 50 percent.....  | 44,583                           | 1,324         | 746                 | 36                             | 542             | 272                              |
| Tier one, Sadlerochit oil:  |                                  |               |                     |                                |                 |                                  |
| Taxed at 70 percent.....  | 146,717                          | 2,566         | 2,401               | 23                             | 142             | 100                              |
| Taxed at 50 percent.....  | -                                | -             | -                   | -                              | -               | -                                |
| Tier two oil:   |                                  |               |                     |                                |                 |                                  |
| Taxed at 60 percent.....  | 85,431                           | 2,479         | 1,699               | 36                             | 744             | 404                              |
| Taxed at 30 percent.....  | 6,737                            | 201           | 139                 | 3                              | 59              | .18                              |
| Tier three oil (taxed at 30 percent):                                 |                                  |               |                     |                                |                 |                                  |
| Newly discovered oil <sup>1</sup> .....                               | 185,759                          | 5,576         | 4,452               | 72                             | 1,052           | 251                              |
| Incremental tertiary oil.....   | 35,985                           | 1,070         | 844                 | 12                             | 214             | 63                               |
| Heavy oil.....  | 55,208                           | 1,151         | 1,058               | ( <sup>2</sup> )               | 93              | 27                               |
| Returns with total tax liability only.....                            | -                                | -             | -                   | -                              | -               | 1,355 <sup>3</sup>               |

<sup>1</sup>Newly discovered oil is taxed at 25.0 percent beginning in 1983.<sup>2</sup>Less than 500,000.<sup>3</sup>Also includes \$36 million for returns that reported by tier and type, but did not report data for columns 1-5.

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 - June 1983 Average Daily Production and Average Dollars per Barrel

| Oil tier and tax rate                   | 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)                              |
| All returns, total.....                 | 5,963                              | 26.64         | 18.49               | .48                            | 7.67            | 4.55                             |
| Tier one, other than Sadlerochit oil:   |                                    |               |                     |                                |                 |                                  |
| Taxed at 70 percent.....                | 2,867                              | 27.73         | 16.61               | .66                            | 10.47           | 7.29                             |
| Taxed at 50 percent.....                | 246                                | 29.70         | 16.73               | .81                            | 12.16           | 6.10                             |
| Tier one, Sadlerochit oil:              |                                    |               |                     |                                |                 |                                  |
| Taxed at 70 percent.....                | 811                                | 17.49         | 16.36               | .16                            | .97             | .68                              |
| Taxed at 50 percent.....                | -                                  | -             | -                   | -                              | -               | -                                |
| Tier two oil:                           |                                    |               |                     |                                |                 |                                  |
| Taxed at 60 percent.....                | 472                                | 29.02         | 19.89               | .42                            | 8.71            | 4.73                             |
| Taxed at 30 percent.....                | 37                                 | 29.84         | 20.63               | .45                            | 8.76            | 2.67                             |
| Tier three oil (taxed at 30 percent):   |                                    |               |                     |                                |                 |                                  |
| Newly discovered oil <sup>1</sup> ..... | 1,026                              | 30.02         | 23.97               | .39                            | 5.66            | 1.35                             |
| Incremental tertiary oil.....           | 199                                | 29.73         | 23.45               | .33                            | 5.95            | 1.75                             |
| Heavy oil.....                          | 305                                | 20.85         | 19.16               | -                              | 1.68            | .49                              |

<sup>1</sup>Newly discovered oil is taxed at 25.0 percent beginning in 1983.

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

Table 5.--Exempt Oil Volume by Tier and Category, Quarter Ending June 1983  
(Thousands of barrels)

|                                   | Total  | Tier one | Tier two | Tier three           |                          |           |
|-----------------------------------|--------|----------|----------|----------------------|--------------------------|-----------|
|                                   |        |          |          | Newly discovered oil | Incremental tertiary oil | Heavy oil |
|                                   | (1)    | (2)      | (3)      | (4)                  | (5)                      | (6)       |
| Total.....                        | 59,074 | 12,045   | 33,229   | 12,847               | 451                      | 501       |
| Exempt governmental interest..... | 11,934 | 8,623    | 479      | 2,201                | 255                      | 376       |
| Exempt charitable interest.....   | 668    | 311      | 224      | 112                  | 13                       | 7         |
| Exempt Indian oil.....            | 708    | 324      | 249      | 119                  | 8                        | 8         |
| Exempt Alaskan oil.....           | 7,572  | 11       | 583      | 6,979                | -                        | -         |
| Exempt Royalty oil.....           | 11,305 | 2,775    | 4,808    | 3,437                | 173                      | 111       |
| Exempt Stripper oil.....          | 26,886 | -        | 26,886   | -                    | -                        | -         |

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

Table 6.--Exempt Oil Volume by Tier and Category, January - June 1983  
(Thousands of barrels)

|                                   | Total   | Tier one | Tier two | Tier three           |                          |           |
|-----------------------------------|---------|----------|----------|----------------------|--------------------------|-----------|
|                                   |         |          |          | Newly discovered oil | Incremental tertiary oil | Heavy oil |
|                                   | (1)     | (2)      | (3)      | (4)                  | (5)                      | (6)       |
| Total.....                        | 117,177 | 29,822   | 60,105   | 25,047               | 1,022                    | 1,180     |
| Exempt governmental interest..... | 29,154  | 22,150   | 1,122    | 4,427                | 550                      | 905       |
| Exempt charitable interest.....   | 1,576   | 770      | 524      | 237                  | 29                       | 14        |
| Exempt Indian oil.....            | 1,657   | 761      | 526      | 341                  | 14                       | 15        |
| Exempt Alaskan oil.....           | 14,593  | 50       | 583      | 13,960               | -                        | -         |
| Exempt Royalty oil.....           | 22,055  | 6,090    | 9,209    | 6,081                | 427                      | 247       |
| Exempt Stripper oil.....          | 48,141  | -        | 48,141   | -                    | -                        | -         |

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