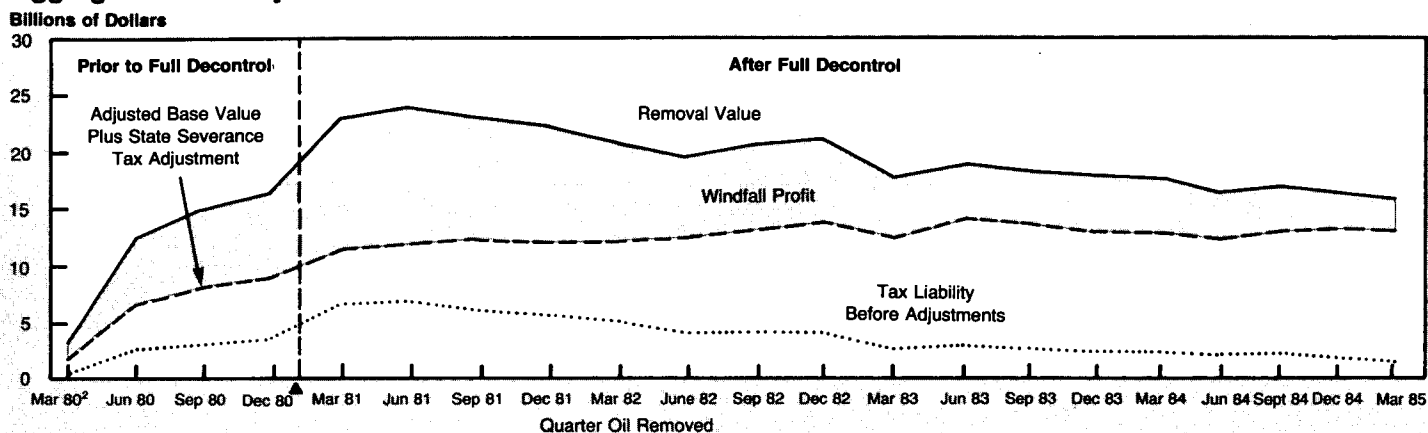


# Crude Oil Windfall Profit Tax, First Quarter 1985

By Edward Chung\*

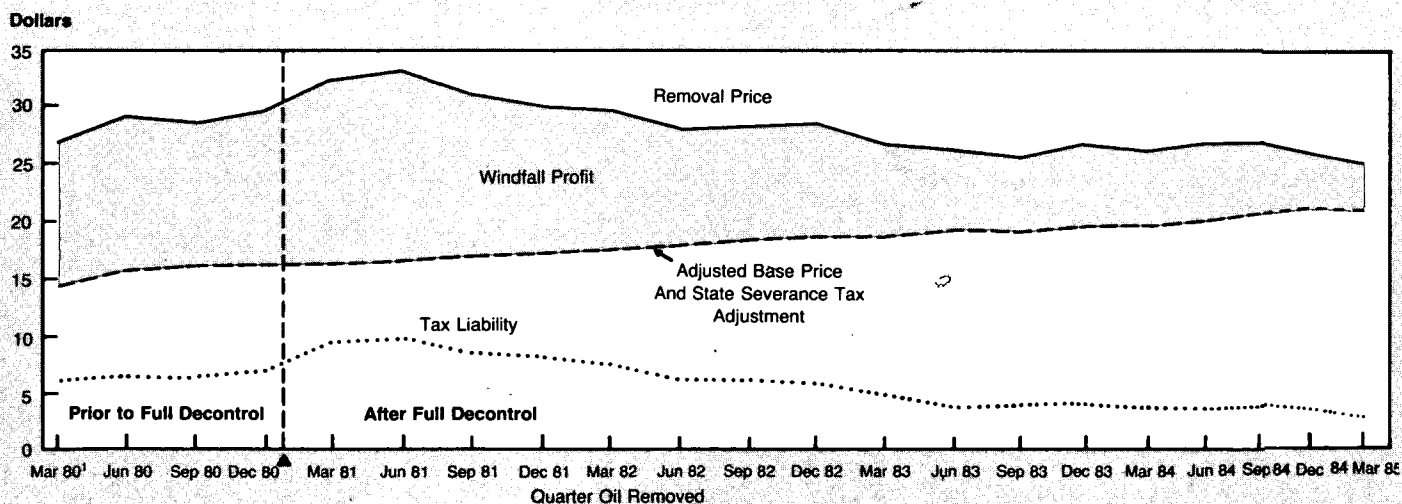
**Figure A**  
**Components<sup>1</sup> of Windfall Profit Tax Liability Before Adjustments:**  
**Aggregate Values By Quarter Oil Removed**



<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.

**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 9047 was filed. The data in the figure are based on information reported.

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

Table 1.--Windfall Profit Tax Liability by Oil Tier, Tax Rate and Aggregate Components of Windfall Profit for Quarter Ending March 1985

[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 .....	613,845	15,160	12,498	121	2,540	1,744
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent .....	252,513	6,738	4,504	84	2,150	1,453
Taxed at 50 percent .....	22,911	593	411	12	169	86
Tier one, Sadlerochit oil:						
Taxed at 70 percent .....	88,478	1,546	1,547	5	-6	17
Taxed at 50 percent .....	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent .....	51,250	1,355	1,082	11	262	150
Taxed at 30 percent .....	2,684	40	34	-	5	6
Tier three oil (taxed at 30 percent):						
Newly discovered oil <sup>1</sup> .....	122,509	3,134	3,211	6	-83	15
Incremental tertiary oil .....	42,430	1,092	1,046	2	44	13
Heavy oil .....	31,059	661	662	-	-1	3
Returns with total tax liability only .....	-	-	-	-	-	106

<sup>1</sup>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 March 1985<sup>1</sup>

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 .....	6,820	24.69	20.36	.19	4.14	2.84
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent .....	2,806	26.68	17.83	.33	8.52	5.75
Taxed at 50 percent .....	255	25.87	17.95	.51	7.41	3.75
Tier one, Sadlerochit oil:						
Taxed at 70 percent .....	983	17.47	17.48	.05	-.05	.19
Taxed at 50 percent .....	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent .....	569	26.44	21.11	.22	5.11	2.93
Taxed at 30 percent .....	30	14.92	12.73	.15	2.04	2.14
Tier three oil (taxed at 30 percent):						
Newly discovered oil <sup>2</sup> .....	1,361	25.57	26.20	.05	-.68	.12
Incremental tertiary oil .....	471	25.74	24.66	.05	1.03	.31
Heavy oil .....	345	21.28	21.31	.00	-.03	.09

<sup>1</sup>All amounts are average dollars per barrel.<sup>2</sup>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.--Exempt Oil Volume by Tier and Category, Quarter Ending March 1985

[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 .....	81,404	17,393	43,761	18,458	1,195	596
Exempt governmental interest .....	16,996	13,252	716	1,909	665	454
Exempt charitable interest .....	969	445	295	130	87	12
Exempt Indian oil .....	833	384	181	213	54	1
Exempt Alaskan oil .....	12,212	131	-	12,081	-	-
Exempt royalty oil .....	11,227	3,180	3,403	4,124	390	130
Exempt stripper oil .....	39,167	-	39,167	-	-	-

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

Table 4.--Windfall Profit Tax Before and After Adjustments

[Millions of dollars]

Quarter ending	Tax before adjustments	Total adjustments	Tax after adjustments
	(1)	(2)	(3)
Total .....	\$79,299	-\$5,424	\$73,875
March 1980 <sup>1</sup> .....	788	-	788
June 1980 .....	2,842	-21	2,821
September 1980 .....	3,413	-88	3,325
December 1980 .....	3,918	-927	2,991
March 1981 .....	6,953	+242	7,195
June 1981 .....	7,253	-107	7,146
September 1981 .....	6,344	-251	6,093
December 1981 .....	6,007	-497	5,510
March 1982 .....	5,222	-221	5,001
June 1982 .....	4,283	-295	3,988
September 1982 .....	4,404	-445	3,959
December 1982 .....	4,440	-634	3,806
March 1983 .....	3,320	-193	3,127
June 1983 .....	2,951	-203	2,748
September 1983 .....	2,822	-300	2,522
December 1983 .....	2,736	-465	2,271
March 1984 .....	2,622	-228	2,394
June 1984 .....	2,468	-218	2,250
September 1984 .....	2,447	-200	2,247
December 1984 .....	2,236	-256 <sup>2</sup>	1,980 <sup>2</sup>
March 1985 .....	1,830	-117	1,713

<sup>1</sup>One month only.<sup>2</sup>Revised.