

Administrative Journal Entry

Date: MAR 30 2017

In the matter of adopting a uniform formula for)
the valuation of oil and gas deposits in the)
88 counties in the State for tax year 2017)

FILED

APR 3 2017

**ALAN HAROLD
STARK COUNTY
AUDITOR**

Entry number: 17-03-0077

Ohio Revised Code Section ("R.C.") 5713.051 sets forth the various components used in the income approach for valuation of oil and gas deposits. By law, the average royalty expense is set at 15% of annual gross revenue, the average operating expense is set at 40% of annual gross revenue, the average capital recovery expense is set at 30% of annual gross revenue, the discount rate is set at 13% plus the rate determined under R.C. 5703.47(B), the discount period is set at 10 years, the net present value for stripper oil wells (those producing less than one barrel a day) is set at 60% of the net present value of wells producing more than one barrel a day, and the net present value for stripper gas wells (those producing less than 8 MCFs a day) is set at 50% of the net present value of wells producing more than 8 MCFs a day.

The Tax Commissioner hereby determines the average daily production of oil and gas for tax year 2017 be valued according to the following schedule:

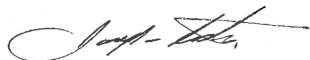
All Grades of Oil	Taxable Value
Average Daily Production: one barrel or more	\$4,510 per barrel
Average Daily Production: less than one barrel	\$2,710 per barrel
Natural Gas	Taxable Value
Average Daily Production: eight MCF or more	\$190 per MCF
Average Daily Production: less than eight MCF	\$95 per MCF

These multipliers will be certified to the Ohio Department of Natural Resources for use in preparing the taxable values of oil and gas deposits for tax year 2017, and said values will be returned to county auditors for use in preparation of the tax list. These valuations will be accepted as prima facie correct.

The above schedule and information provided by the Ohio Department of Natural Resources are used as criteria for determining value and the resulting tax is not to be considered as either a production or severance tax. Under provisions of Revised Code sections 5713.05 and 5713.06, oil and natural gas wells or the value of any right to such minerals are assessed and taxed as real property.

It is ordered that a copy of this entry be sent to each county auditor in the state and to the Ohio Department of Natural Resources.

I CERTIFY THAT THIS IS A TRUE AND ACCURATE COPY OF THE
ENTRY RECORDED IN THE TAX COMMISSIONER'S JOURNAL.



JOSEPH W. TESTA
TAX COMMISSIONER

/s/ Joseph W. Testa

Joseph W. Testa
Tax Commissioner

SW/GG/cmz