



State of Louisiana  
DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF THE SECRETARY

March 7, 2013

The Honorable Jane Smith  
Deputy Secretary  
Department of Revenue  
Post Office Box 201  
Baton Rouge, Louisiana 70821

Dear Ms. Smith:

I have determined the natural gas severance tax *base rate adjustment* for fiscal year July 1, 2013 through June 30, 2014 to be 1.6848. Use of this *base rate adjustment* on a base tax rate of \$0.07 per MCF (thousand cubic feet) produces a tax rate of **\$0.118 per MCF** for the fiscal year beginning July 1, 2013.

La R.S. 47:633 specifies that, effective July 1, 1992, the base natural gas severance tax rate shall be \$0.07 per MCF, to be adjusted annually thereafter by a *gas base rate adjustment*. R.S. 47:633 also provides that the tax rate shall never be less than \$0.07 per MCF. R.S. 47:633(9)(d)(i) directs the secretary of the Department of Natural Resources to determine the *gas base rate adjustment* for the 12-month period beginning July 1 of each year as follows:

The gas base rate adjustment for the applicable 12-month period is a fraction, the numerator of which shall be the average of the New York Mercantile Exchange (NYMEX) Henry Hub settled price on the last trading day for the month, as reported in the Wall Street Journal for the previous 12-month period ending on March 31, and the denominator of which shall be the average of the monthly average spot market prices of gas fuels delivered into the pipelines in Louisiana as reported by the Natural Gas Clearinghouse for the 12-month period ending March 31, 1990 (1.7446 \$/MMBTU)....

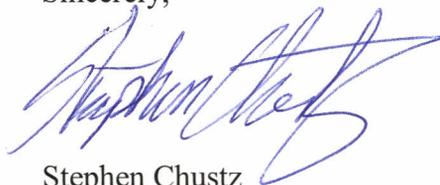
This gas base rate adjustment is then to be used by the secretary of the Department of Revenue to adjust the annual gas tax rate for the next fiscal year beginning on July 1 by multiplying the base tax rate by the gas base rate adjustment.

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As shown on the attached table, the numerator for the 12-month period ending on March 31, 2013 is 2.9393 \$/MMBTU (dollars per million British Thermal Units). The attached table also provides all of the NYMEX Henry Hub data employed to calculate the preceding values.

If you have any questions, please contact Bill Delmar of our Technology Assessment Division at 342-5053.

Sincerely,



Stephen Chustz  
Interim Secretary

SC:WJD:wjd  
Enclosure

cc: Jarrod J. Coniglio, Chief of Staff, Louisiana Department of Revenue

# Natural Gas Severance Tax Computation

As specified in R.S. 47:633(9)(d)(i)

## BASE YEAR

Base year price for use in denominator is 1.7446 \$/MMBTU as specified by Act 387 of 1990 and Act 1 of 2003, Regular Sessions of the Legislature.

## PRESENT YEAR

Present year price for use in numerator is the average of the New York Mercantile Exchange (NYMEX) Henry Hub settled price on the last trading day for the month, as reported in the Wall Street Journal for the previous twelve-month period starting April 1 of the previous year and ending March 31 of the present year.

YEAR	MONTH	SETTLE
2012	April	2.191 \$/MMBTU
2012	May	2.036 \$/MMBTU
2012	June	2.429 \$/MMBTU
2012	July	2.774 \$/MMBTU
2012	August	3.010 \$/MMBTU
2012	September	2.634 \$/MMBTU
2012	October	3.023 \$/MMBTU
2012	November	3.471 \$/MMBTU
2012	December	3.696 \$/MMBTU
2013	January	3.354 \$/MMBTU
2013	February	3.226 \$/MMBTU
2013	March	3.427 \$/MMBTU
<b>2012/13 Year Average</b>		<b>2.9393 \$/MMBTU</b>

PRESENT YEAR (P.Y.) - Year 2012/13	2.9393 \$/MMBTU
BASE YEAR (B.Y.)	1.7446 \$/MMBTU
CALCULATED 2013/2014 Fiscal Year NATURAL GAS BASE RATE ADJUSTMENT	
P.Y. + B.Y.	1.6848
or	168.48 %