

PAXTON
OIL COMPANY

State Mineral Board
Baton Rouge, Louisiana

Re: Oil Crash Incentives

Ladies and Gentlemen:

If you guys are truly serious about finding financial ways to help producers, then may I suggest the following:

It seems that the most serious and onerous financial burden from a tax aspect on oil and gas wells is the parish ad valorem tax. These things are serious to small wells with a deep borehole. Quite often the predecessor in interest to the current small operator was a major....and it didn't take local assessors very long to impose an artificially high tax millage on that piece of real estate within the confines of the unit, etc.

Such that, if a producer makes less than 50 bopd total for all operations in the state of Louisiana averaged over the entire year of 1998, then all 1999 parish valorem taxes are waived. Furthermore, any 1998 parish ad valorem taxes are waived if not currently paid or state sales tax credit applied thereto if timely paid.

Operators HATE parish ad valorem taxes, especially when times are hard.


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