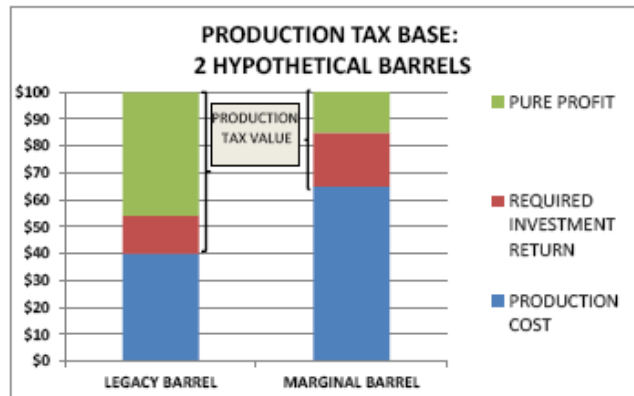


Scott Goldsmith, "Production Tax Base: 2 Hypothetical Barrels"
(with concluding text; Web Note No. 17 – May 2014, page 37)

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The higher production value means the producers have higher profits, and some of those additional profits can be shared with the government through higher taxes. This would be a win-win situation even if the producers are paying more in taxes. The primary objective of the producers is profit maximization rather than tax minimization.