# DRILL RIG VALUATION INSTRUCTIONS

It is the responsibility of the taxpayer to certify to you the manufactured year of the rig, the manufacturer's depth rating and whether the rig is mechanical or electrical.

**Note: If you have any questions concerning the assessment of this type of property contact the central office in Helena.**

## Valuation

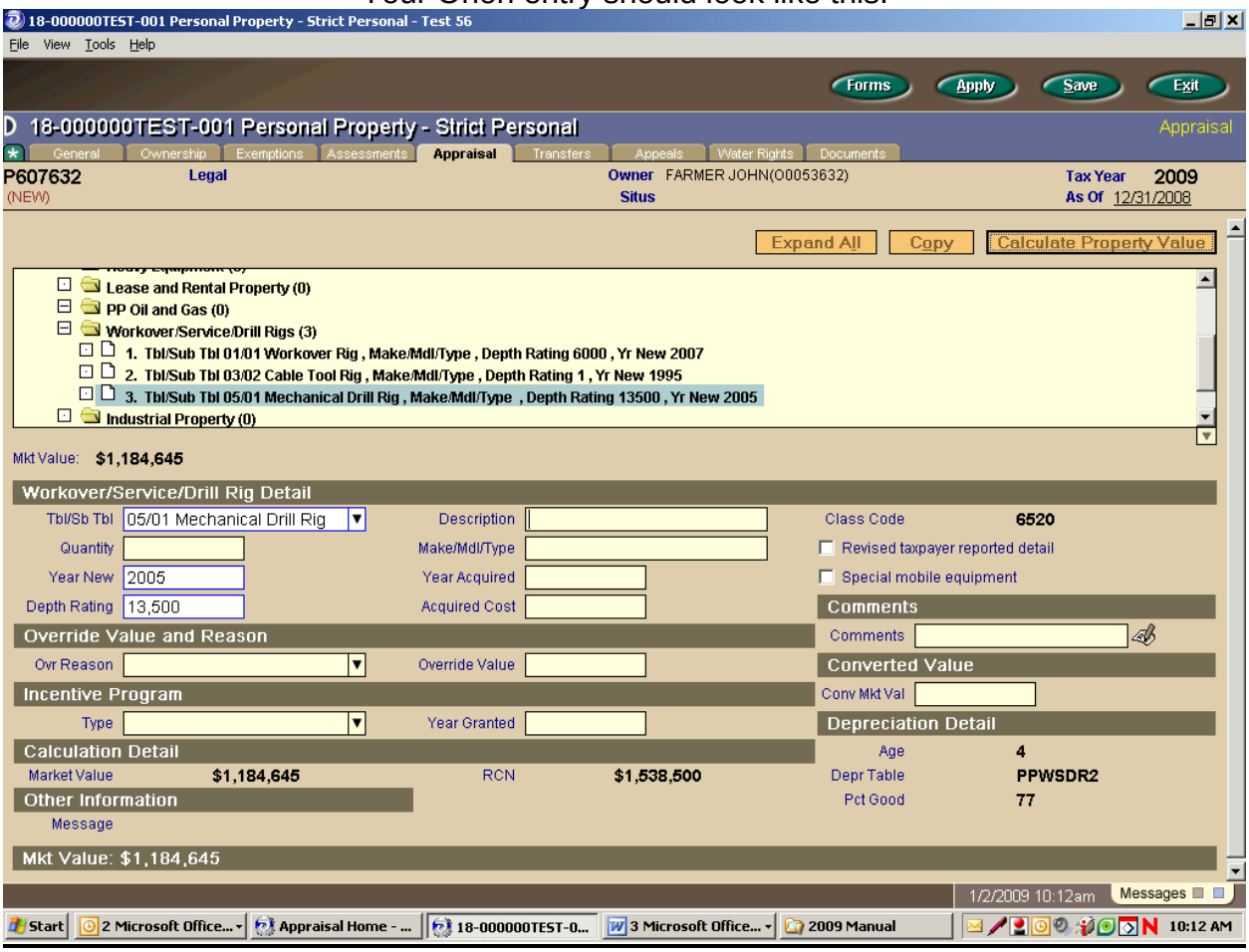
The replacement cost new (RCN) is determined by the manufacturer's depth rating.

Apply the Trended % Good from the depreciation schedule to the RCN to determine the market value. The Trended % Good to be used is determined by the year the rig was manufactured.

**Example**: The taxpayer has a mechanical drill rig manufactured in 2005 with a manufacturer's depth rating of 13,500'. Using the Depth Rating schedule you determine the RCN to be $1,538,500. The % Good for 2005 is 77%.

1,538,500 x 77% = $1,184,645 **market value**
1,184,645 x 3% = $ 35,539 **taxable value**

Your Orion entry should look like this:



## DRILL RIG DEPRECIATION SCHEDULE

This schedule is to be used from January 1, 2009 through December 31, 2009, (reference ARM 42.21.140).

The following schedules will be used to arrive at market value when assessing a drill rig.

| YEAR | TRENDED % GOOD |
|---|---|
| 2009 | 100% |
| 2008 | 92% |
| 2007 | 87% |
| 2006 | 83% |
| 2005 | 77% |
| 2004 | 72% |
| 2003 | 63% |
| 2002 | 46% |
| 2001 | 40% |
| 2000 | 32% |
| 1999 and older | 27% |

## DEPTH CATEGORIES AND REPLACEMENT COST NEW

Use the appropriate column from the RCN table depending on whether the rig is Mechanical or Electrical.

| Manufacturer's Depth Rating | Electrical RCN | Mechanical RCN |
|---|---|---|
| 0 – 3,000 | | 285,209 |
| 3,001 – 5,000 | | 432,135 |
| 5,001 – 7, 500 | 868,250 | 654,750 |
| 7,501 – 10,000 | 1,167,210 | 998,750 |
| 10,001 – 12,500 | 1,265,500 | 1,130,600 |
| 12,501 – 15,000 | 1,720,400 | 1,538,500 |
| 15,501 – 20,000 | 1,990,100 | |
| 20,001 & Greater | 2,036,047 | |

| Property Type | Class Code | Property Class | Taxable Percentage |
|---|---|---|---|
| Drill Rigs | 6520 | 8 | 3% |