

Potential Tax Benefits

- Intangible Drilling Costs: 100% tax deductible in the year incurred.
- Tangible Drilling Costs: 100% tax deductible
- Depletion Allowance: 15% of production income is tax-free over the life of the well.
- Active Income Deductions can be deducted against business income, salaries, capital gross income, interest income, etc.

Example

| | |
|--|------------|
| Investment (Drill & Test) | \$100,000 |
| Intangible Drilling Costs (85% x \$100,000) | <\$85,000> |
| First Year Tax Reduction (37% x \$85,000) | \$31,450 |
| Investment Net Tax Reduction (\$100,000 - \$31,450) | \$68,550 |

**You will not find these tax benefits in stocks,
real estate, or any other investment.**

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