



Potential Tax Benefits

- Intangible Drilling Costs (IDC): 100% Tax Deductible in the Year Incurred.
- Tangible Drilling Costs: 100% tax deductible Over the Life of the Well.
- Depletion Allowance: 15% of Production Income is Tax-Free Over the Life of the Well.
- Active Income Deductions Can be Taken Against: Business Income, Salaries, Capital Gross Income, and Interest Income

Example

Investment (Drill & Test)	\$143,000
Intangible Drilling Costs (70% x \$143,000)	<\$100,100>
First Year Tax Reduction (39% x \$100,100)	\$39,039
Investment Net Tax Reduction (\$143,000 - \$39,039)	\$103,961

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

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