



## 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)	\$335,000
Intangible Drilling Costs (56% x \$335,000)	\$187,600
First Year Tax Reduction (37% x \$187,600)	<b>\$69,412</b>
New Investment Basis (\$335,000 - \$69,412)	\$265,588

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

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