



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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