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TaxNewsFlash

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IRS notices: Oil and gas, marginal well factors, percentage depletion for 2019

The Internal Revenue Bulletin 2019-23 (dated June 3, 2019) includes the following IRS notices providing information for taxpayers involved in the oil and gas sector.

- Notice 2019-36 provides the inflation adjustment factor and phase-out amount for the enhanced oil recovery credit for 2019. The notice concludes that because the reference price for the 2019 calendar year ($61.41) exceeds $28 multiplied by the inflation adjustment factor for the 2018 calendar year ($28 multiplied by 1.7334 = $12.88), the enhanced oil recovery credit for qualified costs paid or incurred in 2019 is phased out completely by using a particular ratio. Read ***TaxNewsFlash***

- Notice 2019-37 provides the applicable reference price for qualified natural gas production from qualified marginal wells during tax years beginning in 2018. The notice reflects an estimate of the annual average wellhead price per 1000 cubic feet for all domestic natural gas for purposes of the credit in section 45I for calendar year 2018, is $2.68 per 1000 cubic feet (meaning the section 45I credit is $0.00 per 1,000 cubic feet of qualified natural gas produced from marginal wells).

- Notice 2019-38 provides that the applicable percentage for purposes of determining the percentage depletion on marginal properties for 2019 is 15%.

Read the IRS notices in **IRB 2019-23** [PDF 1.2 MB]

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