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# 1997 Marginal Production Rates

## Notice 97-38

Section 613A(c)(6)(C) of the Internal Revenue Code defines the term “applicable percentage” for purposes of determining percentage depletion for oil and gas produced from marginal properties. The applicable percentage is the per-

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centage (not greater than 25 percent) equal to the sum of 15 percent, plus one percentage point for each whole dollar by which \$20 exceeds the reference price (determined under § 29(d)(2)(C)) for crude oil for the calendar year preceding the calendar year in which the taxable year begins. The reference price determined under § 29(d)(2)(C) for the 1996 calendar year is \$18.46.

Table 1 contains the applicable percentages for marginal production for taxable years beginning in calendar years 1991 through 1997.

Notice 97-38 Table 1

APPLICABLE PERCENTAGE FOR  
MARGINAL PRODUCTION

<i>Calendar Year</i>	<i>Applicable Percentage</i>
1991	15 percent
1992	18 percent
1993	19 percent
1994	20 percent
1995	21 percent
1996	20 percent
1997	16 percent

DRAFTING INFORMATION

The principal author of this notice is Brenda M. Stewart of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice contact Ms. Stewart on (202) 622-3120 (not a toll-free call).