

2002 Marginal Production Rates

Notice 2002-54

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 percentage (not greater than 25 percent) equal to the sum of 15 percent, plus one percent-

age 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 2001 calendar year is \$21.86.

Table 1 contains the applicable percentages for marginal production for taxable years beginning in calendar years 1991 through 2002.

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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 |
| 1998 | 17 percent |
| 1999 | 24 percent |
| 2000 | 19 percent |
| 2001 | 15 percent |
| 2002 | 15 percent |

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