

2004 Marginal Production Rates

Notice 2004-48

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 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 2003 calendar year is \$27.56.

Table 1 contains the applicable percentages for marginal production for taxable years beginning in calendar years 1991 through 2004.

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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
2003	15 percent
2004	15 percent

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