

Enhanced Oil Recovery Credit

▶ Attach to your return.

Name(s) as shown on return

Identifying number

Part I Current Year Credit (See instructions.)

1	Qualified enhanced oil recovery costs		1							
2	Tentative credit. Multiply line 1 times 15% (.15)		2							
3	Enhanced oil recovery credit from flow-through entities	<table border="1"> <tr> <td>If you are a—</td> <td>Then enter total of current year credit(s) from—</td> </tr> <tr> <td>a Shareholder</td> <td>Schedule K-1 (Form 1120S), lines 12d, 12e, or 13</td> </tr> <tr> <td>b Partner</td> <td>Schedule K-1 (Form 1065), lines 13d, 13e, or 14</td> </tr> </table>	If you are a—	Then enter total of current year credit(s) from—	a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13	b Partner	Schedule K-1 (Form 1065), lines 13d, 13e, or 14	3	
If you are a—	Then enter total of current year credit(s) from—									
a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13									
b Partner	Schedule K-1 (Form 1065), lines 13d, 13e, or 14									
4	Current year credit. Add lines 2 and 3		4							

Part II Tax Liability Limitation (See **Who Must File Form 3800, General Business Credit**, to see if you complete Part II or file Form 3800.)

5a	Individuals. Enter amount from Form 1040, line 40	}	5	
b	Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)			
c	Other filers. Enter regular tax before credits from your return			
6	Credits that reduce regular tax before the enhanced oil recovery credit:			
a	Credit for child and dependent care expenses (Form 2441)	6a		
b	Credit for the elderly or the disabled (Schedule R (Form 1040))	6b		
c	Foreign tax credit (Form 1116 or Form 1118)	6c		
d	Possessions tax credit (Form 5735)	6d		
e	Mortgage interest credit (Form 8396)	6e		
f	Credit for fuel from a nonconventional source	6f		
g	Orphan drug credit (Form 6765)	6g		
h	Add lines 6a through 6g		6h	
7	Net regular tax. Subtract line 6h from line 5		7	
8	Tentative minimum tax (see instructions):			
a	Individuals. Enter amount from Form 6251, line 20	}	8	
b	Corporations. Enter amount from Form 4626, line 14			
c	Estates and trusts. Enter amount from Form 8656, line 37			
9	Net income tax:			
a	Individuals. Add line 7 above and line 22 of Form 6251	}	9	
b	Corporations. Add line 7 above and line 16 of Form 4626			
c	Other filers. See instructions			
10	If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions)		10	
11	Subtract line 8 or line 10, whichever is greater, from line 9. Enter the result. If less than zero, enter -0-		11	
12	Enhanced oil recovery credit allowed for the current year. Enter the smaller of line 4 or line 11. This is your General Business Credit for 1991. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; or the appropriate line of other income tax returns		12	

(Section references are to the Internal Revenue Code unless otherwise noted.)

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 5 hr., 1 min.

Learning about the law or the form 47 min.

Preparing and sending the form to the IRS 55 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

General Instructions

Purpose of Form

Section 11511 of the Revenue Reconciliation Act of 1990 added new Code section 43, Enhanced Oil Recovery Credit. The credit is for certain costs paid or incurred that will result in increased oil production. It applies to tax years beginning after December 31, 1990.

Use Form 8830 to claim the enhanced oil recovery credit.

You may claim or elect not to claim this credit on either an original or amended return at any time within 3 years from the due date of the return (determined without regard to extensions).

If you claim the credit, you must reduce the amounts otherwise deductible (or required to be capitalized and recovered through depreciation, depletion, or amortization) for costs that were used in figuring the credit by the amount of the credit.

Who Must File Form 3800, General Business Credit

The general business credit consists of the investment credit (Form 3468), jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), research credit (Form 6765), low-income housing credit (Form 8586), enhanced oil recovery credit (Form 8830), and disabled access credit (Form 8826).

If you have more than one of these credits for 1991, a carryback or carryforward of any of these credits, or a general business credit from a passive activity, do not complete Part II. Instead, attach the appropriate credit forms and summarize them on Form 3800. Form 3800 also provides for the tax liability limitation computation of the credit(s).

If you have only a 1991 enhanced oil recovery credit and the credit is not from a passive activity, complete Part II. You do not have to file Form 3800 for this year.

Amount of Credit

The tentative credit is 15% (.15) of qualified enhanced oil recovery costs for the year. The credit is subject to phase out as the reference price, determined under section 29(d)(2)(C), exceeds \$28 per barrel. The \$28 value is adjusted for inflation for years after 1991. If the reference price exceeds the base value of \$28 (as

adjusted by inflation) for any year by more than \$6, the credit is completely phased out.

The reference price for 1991 is \$20.03. Therefore, no phase out of the credit applies for 1991.

Definitions

Qualified enhanced oil recovery costs means:

1. Any amount paid or incurred during the tax year for tangible property—

- a. That is an integral part of a qualified enhanced oil recovery project, and
- b. For which depreciation (or amortization in lieu of depreciation) is allowable.

2. Any intangible drilling and development costs—

- a. That are paid or incurred in connection with a qualified oil recovery project, and
- b. For which the taxpayer may make an election under section 263(c). For an integrated oil company, this includes intangible drilling costs required to be amortized under section 291(b).

3. Any qualified tertiary injectant expenses paid or incurred in connection with a qualified enhanced oil recovery project, and for which a deduction under section 193 is allowable.

Qualified enhanced oil recovery project means any project involving one or more tertiary recovery methods defined in section 193(b)(3) that can reasonably be expected to result in more than an insignificant increase in the amount of crude oil that will ultimately be recovered. The project must be located within the United States, which includes the seabed and subsoil adjacent to the territorial waters of the United States and over which the United States has exclusive rights by international law for exploration and exploitation of natural resources (see section 638(1)). The first injection of liquids, gases, or other matter must begin after December 31, 1990. However, any significant expansion after 1990 of a project begun before 1991 is treated as a project where the first injection begins after December 31, 1990.

Additionally, the operator must submit a certification from a petroleum engineer that the project meets (and continues to meet) the above requirements.

Specific Instructions

Part I

Use lines 1 and 2 to figure any enhanced oil recovery credit from your own trade or business. Skip lines 1 and 2 if you are claiming only a credit that was allocated to you from an S corporation or a partnership.

S Corporations and Partnerships

Figure the total credit on lines 1 through 4. Then allocate the line 4 credit among the individual shareholders or partners in the same way that income and loss are shared.

Line 1—Qualified enhanced oil recovery costs.—Enter the total of the qualified costs paid or incurred during the year with respect to a qualified enhanced oil recovery project. See **Definitions** above.

Tertiary recovery methods qualifying for the credit include the following:

- Miscible fluid displacement,
- Steam drive injection,
- Microemulsion flooding,
- In situ combustion,
- Polymer-augmented water flooding,
- Cyclic-steam injection,
- Alkaline (or caustic) flooding,
- Carbonated water flooding,
- Immiscible nonhydrocarbon gas displacement, or
- Any other method approved by the Secretary of the Treasury.

Part II

Line 8—Tentative minimum tax.—

Complete the appropriate alternative minimum tax form through the tentative minimum tax line. Transfer the result to this line.

Line 12.— Enter the general business credit on the appropriate line of your income tax return.

Note: *If you cannot use all of your credit because of the tax liability limitations (the difference between line 4 and line 12), you may carry any excess forward to each of the 15 years after the year of the credit. Any unused credit from 1991 may not be carried back to a tax year beginning before January 1, 1991. See Form 3800 for details.*