



# WORKSHEET

## Simple Estimate of Tax Savings\* from Percentage Depletion

Gross oil/gas receipts  
before severance and property taxes

Percentage depletion rate

 %

Amount of percentage depletion\*\*

Tax bracket (federal and state combined)

 %

Estimated tax savings  
generated by percentage depletion

Please note that this calculation represents only an estimate of your likely tax benefit from percentage depletion. In order to determine your actual tax savings benefit please ask your tax advisor to run your tax return without using percentage depletion. Then compare the tax you paid on the return you filed with the tax due on the recomputed tax return. The resulting difference will accurately reflect your tax savings generated by percentage depletion.

\*\*May be limited by available cost depletion, if any.

**Model assumes you meet the following criteria:** (and are subject to certain statutory requirements)

- 1) You are an independent producer and/or royalty owner and not an integrated oil company.
- 2) Depletion may only be claimed up to daily production levels of 1000 barrels of oil or 6000 mcf of natural gas.
- 3) The net income limitation requires percentage depletion to be calculated on a property-by-property basis. It prohibits percentage depletion to the extent it exceeds the net income from a particular property. These limitations apply both for regular and alternative minimum tax purposes.
- 4) Percentage depletion in excess of the 65-percent limit of the taxpayer's income may be carried over to future years until it is fully utilized.

**Call NSWA at (405) 228-4112 and tell us what  
percentage depletion means to you!**

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