

The EOR Tax Credit Status

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The EOR Tax Credit

- 15% Federal Tax Credit
 - Tangible Costs (equipment)
 - Intangible Drilling Costs
 - Tertiary Injectant Expenses
 - Costs related to the purchase, recycling and handling of CO₂ and sometimes water
- Applies to all CO₂ projects implemented or expanded after 1990
- Credit is active for 2016 -2018
 - 2018 has a 7.12% phase out
 - 2019 will be phased out entirely due to high oil prices
- No longer subject to Alternative Minimum Tax (AMT)
 - 2018 and later years, carryforwards from '16 and '17
- Still possible to claim credits from 2016 and 2017
- Valuable credit can be worth up to 10% of Capex and Opex



The EOR Tax Credit

- **(4) QUALIFIED ENHANCED OIL OR NATURAL GAS RECOVERY PROJECT** The term “qualified enhanced oil or natural gas recovery project” has the meaning given the term “qualified enhanced oil recovery project” by section 43(c)(2), by substituting “crude oil or natural gas” for “crude oil” in subparagraph (A)(i) thereof.
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General Requirements

- Requirements
 - Original and Annual Continuing Certifications
 - First injection after 1990, but many exceptions
 - Working interest owners only
 - File Form 8830
 - Located in US
- Phase out for “high” oil prices
 - 2017 Reference price is \$48.05
 - Compared to weighted average oil prices for year



Jeff Lambert



Jeff is a petroleum engineer turned tax expert who specializes in federal income tax issues and controversies. His primary areas of concentration are dealing with IRS audits, petroleum industry, and technical tax issues. Jeff and his company, Lambert Tax Consultants, have spent thousands of hours working with IRS Agents to apply tax law in the EOR tax credit area. Clients include the biggest names in the industry as well as a number of smaller independents. Jeff and the staff at Lambert Tax Consultants have generated more than \$500 million in cash tax benefit for clients from the EOR Tax Credit.

Mr. Lambert has 30 years in the oil patch, most of them dealing with complex tax issues. His experience covers technical issues such as EOR, R&D, and Section 29 tax credits, depletion, G&G, capitalization issues, and statistical sampling. He has worked for both the IRS and industry, applying his unique background to developing and resolving complex tax issues, such as the EOR Tax Credit. He has testified as an expert witness for both industry and IRS and spoken at various tax conferences in addition to being an outside speaker at IRS training.

Jeff earned his Bachelor's degree in Petroleum Engineering from New Mexico Tech, his Master's degree in Mineral Economics from Colorado School of Mines, and obtained his undergraduate accounting education at the University of Virginia. He is a registered Petroleum Engineer, CA license number P001700.

