

# TAX WORKSHEET

Example of joint venturer's potential tax benefits. Each joint venturer's tax liabilities are different. Consult with your personal tax advisor regarding the potential benefits of oil and gas joint venture investments. **The example below assumes an investor is in a 35% Federal Tax Bracket, pays 2.9% Medicare Tax and pays 3% State Income Tax for a total tax obligation of 40.9%.**

**Capital Investment** \$50,000

## First Year Deductions:

Intangible Drilling Cost (80%) and  
Other deductible expenses pursuant  
To IRS Section 469(c)(3) (\$50,000 x 80%) = \$40,000

Tangible Well Equipment (10%)  
Written off per IRS Section 179 (\$50,000 x 10%) = \$ 5,000

**First Year Savings** (\$45,000 x 40.9%) = \$18,405  
(40.9% = All Tax Categories Combined)

**Hard Dollar Capital Exposure** (\$50,000 - \$18,405) = \$31,595

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## PERSONAL WORKSHEET

**Amount of Capital Investment Made:** \$ \_\_\_\_\_ Line 1

Multiply Line 1 by 80%  
Approximate amount of Intangible Drilling Cost \$ \_\_\_\_\_ Line 2

Multiply Line 1 by 10%  
Tangible Equipment Deduction pursuant to IRS Section 179 \$ \_\_\_\_\_ Line 3

Add Lines 2 & 3

**First Year Deductions – Reduced From Taxable Income** \$ \_\_\_\_\_ Line 4

Enter your overall Tax Bracket (Federal, State & Medicare) \_\_\_\_\_ % Line 5

Multiply Line 4 & 5

**= First Year Tax Savings – Taxes Not Paid** \$ \_\_\_\_\_ Line 6

Subtract Line 6 from Line 1

= Net Out of Pocket Investment – Hard Dollars In Project \$ \_\_\_\_\_ Line 7