

FOR IMMEDIATE RELEASE  
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DOLE: KANSAS OIL AND GAS PRODUCERS GAIN IN DEFICIT DEAL.

WASHINGTON - SENATOR BOB DOLE (R-KS) DELIVERED SEVERAL CRITICAL PROVISIONS IN THE FINAL DEFICIT REDUCTION AGREEMENT DESIGNED TO ENCOURAGE AND EXPAND KANSAS OIL AND GAS PRODUCTION ACTIVITIES IN KANSAS THAT WILL DECREASE AMERICA'S RELIANCE ON FOREIGN SOURCES OF FUEL. DOLE'S PROVISIONS, FASHIONED AFTER LEGISLATION HE INTRODUCED LAST YEAR, WILL DO MUCH TO STIMULATE INCREASED INVESTMENT IN THE OIL AND GAS INDUSTRY AND PROVIDE INCENTIVES FOR DEVELOPMENT OF NEW OIL AND GAS RESERVES IN KANSAS.

"WITH AMERICAN TROOPS ON ALERT IN SAUDI ARABIA, WE ARE RELEARNING THE PAINFUL TRUTH ABOUT AMERICA'S DANGEROUS DEPENDENCE ON FOREIGN OIL. SADDAM HUSSEIN'S MIDDLE EAST AGGRESSION SHOULD WAKE US UP ONCE AND FOR ALL WHEN IT COMES TO REVITALIZING AMERICA'S ENERGY INDUSTRY -- AND IT CAN START IN KANSAS, RIGHT IN OUR OWN BACKYARD," SAID DOLE.

OF PARAMOUNT IMPORTANCE TO THE OIL AND GAS INDUSTRY IS A NEW DEFINITION OF STRIPPER OIL AND GAS WELLS SETTING MARGINAL PRODUCTION AT 15 BARRELS OF OIL PER DAY AND 90 MCF GAS PER DAY OF GAS. IN THAT CONTEXT, THE BILL PROVIDES THE INDUSTRY RELIEF FROM THE ALTERNATIVE MINIMUM TAX FOR MARGINAL PRODUCTION, BY ELIMINATING ONE HALF OF THE PERCENTAGE DEPLETION PREFERENCE WHENEVER THE PRICE OF OIL DROPS BELOW \$28 PER BARREL. IN ADDITION, PERCENTAGE DEPLETION IS INCREASED 1 PERCENT FOR EVERY DOLLAR DROP IN THE PRICE OF OIL BELOW \$20 PER BARREL, UP TO A MAXIMUM OF 25 PERCENT.

IN ADDITION, THE TRANSFER RULE IS REPEALED FOR ALL OIL AND GAS PROPERTIES SO THAT INDEPENDENT PRODUCERS CAN ACQUIRE LOW PRODUCTION PROPERTIES, WHICH WOULD OTHERWISE BE ABANDONED, WITHOUT LOSS OF DEPLETION BENEFITS. ALSO, THE 50 PERCENT PER PROPERTY NET INCOME LIMITATION IS ELIMINATED (THAT IS, INCREASED TO 100 PERCENT) SO THAT ALL OIL AND GAS PRODUCERS CAN AFFORD TO OPERATE RELATIVELY EXPENSIVE STRIPPER PROPERTIES WITHOUT LOSS OF BENEFITS. LASTLY, THE LEGISLATION PROVIDES A NEW 15 PERCENT CREDIT FOR ENHANCED OIL RECOVERY COSTS AND PROVIDES ALTERNATIVE MINIMUM TAX RELIEF FOR A PORTION OF IDC'S, SUBJECT TO AN OIL PRICE CEILING OF \$28.

"KANSAS OIL AND GAS PRODUCERS KNOW THEY HAVE TO HAVE THE TOOLS FOR INVESTMENT IF WE ARE TO HAVE INCREASED EXPLORATION AND PRODUCTION. THIS PACKAGE PROVIDES IT," SAID DOLE.

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