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KEY DOLE PROVISIONS FOR KANSAS OIL/GAS AND ETHANOL ADOPTED

WASHINGTON - KANSAS OIL AND GAS PRODUCERS, FARMERS AND ETHANOL PRODUCERS WILL PLAY A MAJOR ROLE IN THE NATION'S ENERGY SECURITY THANKS TO PROVISIONS ADOPTED BY THE SENATE FINANCE COMMITTEE EARLY THIS MORNING. AMENDMENTS OFFERED BY SENATOR BOB DOLE (R-KS) WERE ADOPTED BY THE COMMITTEE THAT SHOULD STIMULATE PRODUCTION OF OIL AND GAS IN KANSAS AND PROVIDE FRESH INCENTIVES TO EXPAND THE GROWING ALTERNATIVE FUELS MARKET BENEFITING KANSAS FARMERS WHO PRODUCE CORN USED TO MAKE ETHANOL AT KANSAS ETHANOL PLANTS.

AMONG THE MEASURES ADOPTED BY THE COMMITTEE INCLUDE AN INCREASE IN THE NET INCOME LIMITATION FROM 50 PERCENT TO 100 PERCENT OF THE NET INCOME GENERATED FROM THE PROPERTY; REPEAL OF THE TRANSFER RULE ALLOWING NEW OWNERS TO TAKE ADVANTAGE OF PERCENTAGE DEPLETION RULES; A FIFTEEN PERCENT CREDIT FOR ENHANCED OIL RECOVERY COSTS THAT WOULD BEGIN TO PHASE OUT IF THE PRICE OF A BARREL OF OIL EXCEEDED \$28; UP TO 40 PERCENT ALTERNATIVE MINIMUM TAX RELIEF FOR PERCENTAGE DEPLETION OF STRIPPER WELLS AVERAGING 15 BBL OR 90 MCF PRODUCTION PER DAY; UP TO A 25 PERCENT PERCENTAGE DEPLETION DEDUCTION FOR STRIPPER WELLS; AND A NEW 15 PERCENT CREDIT FOR EXPLORATORY DRILLING DESIGNED TO DISCOVER NEW SOURCES OF OIL AND GAS.

ALSO, THE FINANCE COMMITTEE EXTENDED THE ETHANOL BLENDERS CREDIT TO THE YEAR 2000, A KEY PROVISION NEEDED FOR THAT INDUSTRY TO EXPAND AND MEET THE GROWING DEMAND FOR FUEL ALCOHOL. THE PROVISION WOULD ALSO PROVIDE AN INCREASED CREDIT FOR SMALL AND NEW PRODUCERS TO STIMULATE NEW PLANTS AND EXPANSION OF THE INDUSTRY.

"PRODUCERS HAVE ABANDONED OVER 8000 STRIPPER WELLS SINCE 1985 IN KANSAS TRANSLATING TO A LOSS OF OVER 8 MILLION BARRELS OF DOMESTICALLY PRODUCED OIL," SAID SENATOR DOLE. "THESE PROVISIONS WILL GO A LONG WAY TO STRENGTHEN AMERICA'S ENERGY SECURITY, SPUR DRILLING ACTIVITY, BRING JOBS TO KANSAS AND PROVIDE INCREASED INCOME TO KANSAS FARMERS AND ETHANOL PRODUCERS."

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