Form **8830**

Department of the Treasury
Internal Revenue Service

Enhanced Oil Recovery Credit

► **Attach to your return.**

OMB No. 1545-1282

1992

Attachment Sequence No. **78**

Name(s) as shown on return | **Identifying number**

Part I Current Year Enhanced Oil Recovery Credit (See instructions.)

1	Qualified enhanced oil recovery costs	1	
2	Tentative credit. Multiply line 1 by 15% (.15)	2	
3	Enhanced oil recovery credits from flow-through entities: If you are a— a Shareholder: Then enter total of current year credit(s) from— Schedule K-1 (Form 1120S), lines 12d, 12e, or 13; b Partner: Schedule K-1 (Form 1065), lines 13d, 13e, or 14	3	
4	**Current year credit.** Add lines 2 and 3	4	

Part II Tax Liability Limitation (See **Who Must File Form 3800, General Business Credit,** to see if you complete Part II or file Form 3800.)

5a	Individuals. Enter amount from Form 1040, line 40				
b	Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)			5	
c	Other filers. Enter regular tax before credits from your return				
6	Credits that reduce regular tax before the enhanced oil recovery credit:				
a	Credit for child and dependent care expenses (Form 2441)	6a			
b	Credit for the elderly or the disabled (Schedule R (Form 1040))	6b			
c	Foreign tax credit (Form 1116 or Form 1118)	6c			
d	Possessions tax credit (Form 5735)	6d			
e	Mortgage interest credit (Form 8396)	6e			
f	Credit for fuel from a nonconventional source	6f			
g	Orphan drug credit (Form 6765)	6g			
h	Add lines 6a through 6g			6h	
7	Net regular tax. Subtract line 6h from line 5			7	
8	Tentative minimum tax (see instructions):				
a	Individuals. Enter amount from Form 6251, line 20				
b	Corporations. Enter amount from Form 4626, line 15			8	
c	Estates and trusts. Enter amount from Form 1041, Schedule H, line 37				
9	Net income tax:				
a	Individuals. Add line 7 above and line 22 of Form 6251				
b	Corporations. Add line 7 above and line 17 of Form 4626			9	
c	Estates and trusts. Add line 7 above and line 39 of Form 1041, Schedule H				
10	If line 7 is more than $25,000, enter 25% (.25) of the excess			10	
11	Subtract line 8 or line 10, whichever is greater, from line 9. Enter the result. If less than zero, enter -0-			11	
12	**Enhanced oil recovery credit allowed for the current year.** Enter the **smaller** of line 4 or line 11. This is your **General Business Credit** for 1992. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the appropriate line of other income tax returns			12	

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping . . . . 5 hr., 1 min.
Learning about the law or the form . . . . 47 min.
Preparing and sending the form to the IRS . . . . 55 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

Purpose of Form

Use Form 8830 to claim the enhanced oil recovery credit. The credit is for certain costs paid or incurred in connection with an enhanced oil recovery project.

An owner of an operating mineral interest may claim or elect not to claim this credit on either an original or amended return at any time within 3 years from the due date of the return (determined without regard to extensions).

If you claim the credit, you must reduce the amounts otherwise deductible (or required to be capitalized and recovered through depreciation, depletion, or amortization) for costs that were used in figuring the credit by the amount of the credit.

Who Must File Form 3800, General Business Credit

The general business credit consists of several credits including the investment credit (Form 3468), jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), research credit (Form 6765), low-income housing credit (Form 8586), enhanced oil recovery credit (Form 8830), disabled access credit (Form 8826), and the renewable electricity production credit (Form 8835).

If you have more than one of these credits for 1992, a carryback or carryforward of any of these credits, or an enhanced oil recovery credit from a passive activity, file Form 3800, which is used instead of Part II of Form 8830 to figure the tax liability limitation.

Amount of Credit

The tentative credit is 15% (.15) of qualified costs for the year. The credit is subject to phase out as the reference price, determined under section 29(d)(2)(C), exceeds $28 per barrel. The $28 value is adjusted for inflation for years after 1991. If the reference price exceeds the base value of $28 (as adjusted by inflation) for any year by more than $6, the credit is completely phased out.

The reference price used for tax years beginning in 1992 is $16.50. Therefore, no phase out of the credit applies for 1992.

Definitions

Qualified enhanced oil recovery costs means:

1. Any amount paid or incurred during the tax year for tangible property—

a. That is an integral part of a qualified enhanced oil recovery project, and

b. For which depreciation (or amortization in lieu of depreciation) is allowable.

2. Any intangible drilling and development costs—

a. That are paid or incurred in connection with a qualified enhanced oil recovery project, and

b. For which the taxpayer may make an election under section 263(c). For an integrated oil company, this includes intangible drilling costs required to be amortized under section 291(b).

3. Any qualified tertiary injectant expenses paid or incurred in connection with a qualified enhanced oil recovery project, and for which a deduction under section 193 is allowable.

Qualified enhanced oil recovery project means any project involving the application of one or more qualified tertiary recovery methods defined in section 193(b)(3) that can reasonably be expected to result in more than an insignificant increase in the amount of crude oil that will ultimately be recovered. The project must be located within the United States, which includes the seabed and subsoil adjacent to the territorial waters of the United States and over which the United States has exclusive rights by international law for exploration and exploitation of natural resources (see section 638(1)). The first injection of liquids, gases, or other matter must begin after December 31, 1990. However, any significant expansion after 1990 of a project begun before 1991 is treated as a project where the first injection begins after December 31, 1990.

Additionally, the operator (or designated owner) must submit a certification from a petroleum engineer that the project meets the above requirements. File this certification with the Internal Revenue Service Center, Austin, TX 73301 by the due date of the operator's (or designated owner's) Federal income tax return. The petroleum engineer certifying a project must be duly registered or certified by any state.

The operator or (designated owner) must certify each following year that the project continues to be implemented substantially in accordance with the petroleum engineer's certification. This continued certification must be filed with the Internal Revenue Service Center, Austin, TX 73301 by the due date for filing the operator's (or designated owner's) Federal income tax return.

If the application of a tertiary recovery method is terminated, the operator (or designated owner) must notify the Internal Revenue Service Center, Austin, TX 73301 of the termination by the due date of the operator's (or designated owner's) Federal income tax return for the tax year in which the project terminates.

See Temporary Regulations section 1.43-3T for the information that these certifications must include.

Specific Instructions

Part I

Use lines 1 and 2 to figure any enhanced oil recovery credit from your own trade or business. Skip lines 1 and 2 if you are claiming only a credit that was allocated to you from an S corporation or a partnership.

S Corporations and Partnerships

Figure the total credit on lines 1 through 4. Then allocate the line 4 credit among the individual shareholders or partners in the same way that income and loss are shared.

Line 1.—Enter the total of the qualified costs paid or incurred during the year with respect to a qualified enhanced oil recovery project. See **Definitions** above.

Tertiary recovery methods qualifying for the credit include:

- Miscible fluid displacement,
- Steam drive injection,
- Microemulsion flooding,
- In situ combustion,
- Polymer-augmented water flooding,
- Cyclic-steam injection,
- Alkaline (or caustic) flooding,
- Carbonated water flooding,
- Immiscible nonhydrocarbon gas displacement, or
- Any other method approved by the Secretary of the Treasury.

Part II

Line 8.— Enter the tentative minimum tax (TMT) that was figured on the appropriate alternative minimum tax (AMT) form or schedule. Although you may not owe AMT, you must still compute the TMT to figure your credit.

Line 12.— Enter the general business credit on the appropriate line of your income tax return.

Note: *If you cannot use all of your credit because of the tax liability limitations (line 12 is smaller than line 4), carry any excess back one year and then forward to each of the 15 years after the year of the credit. Any unused credit from 1992 cannot be carried back to a tax year beginning before January 1, 1991. See the separate Instructions for Form 3800 for details.*