



COMPTROLLER OF PUBLIC ACCOUNTS

P.O. BOX 13528
AUSTIN, TX 78711-3528

December 31, 2001

Dear Taxpayer:

The Comptroller's records show that the average price of crude oil, adjusted to 1997 dollars, has fallen below \$25 per barrel for the reporting months of March, April and May 2001. As provided by Texas Tax Code §202.057(c), the "Tax Credit for Incremental Production Techniques" will be reinstated. **Crude oil or casinghead gas approved for this tax credit will be eligible again for the 50% exemption effective with June 1, 2001 production. The baseline production is not exempt. Only the incremental production receives the 50% exemption.**

A producer or purchaser may file amended reports to recover taxes paid for periods after the reinstatement date of June 1, 2001.

The "Tax Credit for Incremental Production Techniques" will be suspended if the Comptroller's Average Price of Crude Oil, adjusted to 1997 dollars, rises above \$25 per barrel for three consecutive reporting months. You will be notified if the credit is suspended.

If you have any questions concerning the "Tax Credit for Incremental Production Techniques," please call one of our tax specialists toll-free at 1-800-252-1384. The Austin number is 512/463-4600. From a Telecommunications Device for the Deaf (TDD) ONLY, call 1-800-248-4099. Our Austin TDD number is 512/463-4621. For written responses, please direct your letter to the Tax Policy Division at the above address.

Sincerely,

Bryant Lomax
Manager, Tax Policy Division