

104TH CONGRESS  
2D SESSION

# S. 2046

To amend section 29 of the Internal Revenue Code of 1986 to allow a credit for qualified fuels produced from wells drilled during 1997, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

AUGUST 2, 1996

Mr. ROCKEFELLER introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend section 29 of the Internal Revenue Code of 1986 to allow a credit for qualified fuels produced from wells drilled during 1997, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-  
2 tives of the United States of America in Congress assembled,*

3       **SECTION 1. MODIFICATIONS OF CREDIT FOR PRODUCING  
4 FUEL FROM A NONCONVENTIONAL SOURCE.**

5       (a) ALLOWANCE OF CREDIT FOR WELLS DRILLED  
6 DURING 1997.—Subparagraph (A) of section 29(f)(1) of  
7 the Internal Revenue Code of 1986 (relating to application  
8 of section) is amended by inserting “and after December

1 31, 1996, and before January 1, 1998,” after “January  
2 1, 1993.”.

3 (b) OIL FROM THE BAKKEN SHALE FORMATION.—  
4 Section 29(c) of the Internal Revenue Code of 1986 (de-  
5 fining qualified fuels) is amended by adding at the end  
6 the following new paragraph:

7 “(4) OIL FROM THE BAKKEN SHALE FORMA-  
8 TION.—For purposes of this section, oil produced  
9 from shale from a conventional or nonconventional  
10 well producing from the Bakken shale formation  
11 shall be treated as a qualified fuel to the extent that  
12 the production from such well during the taxable  
13 year does not exceed 1,750 barrels.”

14 (c) LIMITATIONS ON CREDIT.—Section 29(b) of the  
15 Internal Revenue Code of 1986 (relating to limitations)  
16 is amended by adding at the end the following new para-  
17 graph:

18 “(7) LIMITATIONS ON CERTAIN FUELS ELIGI-  
19 BLE FOR CREDIT.—

20 “(A) GAS.—

21 “(i) WELLS PRODUCING 100 MILLION  
22 CUBIC FEET OR LESS.—In the case of a  
23 well to which clause (ii) does not apply, no  
24 credit shall be allowed under subsection (a)  
25 with respect to gas produced from such

well during any taxable year to the extent that the amount of gas produced from the well exceeds 10 million cubic feet (mmcf).

11                             “(B) OIL FROM BAKKEN FORMATION.—No  
12                             credit shall be allowed under subsection (a)  
13                             with respect to oil produced from any well de-  
14                             scribed in subsection (c)(4) during any taxable  
15                             year if the amount of oil produced from the well  
16                             during such taxable year exceeds 17,500 bar-  
17                             rels.”

18 (d) EFFECTIVE DATES.—

22 (2) LIMITATIONS.—The amendment made by  
23 subsection (c) shall apply to qualified fuels produced  
24 after December 31, 1996.

