

104TH CONGRESS
1ST SESSION

H. R. 578

To amend the Internal Revenue Code of 1986 to treat geological, geophysical, and surface casing costs like intangible drilling and development costs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 19, 1995

Mr. HAYES introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to treat geological, geophysical, and surface casing costs like intangible drilling and development costs, 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. GEOLOGICAL, GEOPHYSICAL, AND SURFACE**
4 **CASING COSTS TREATED LIKE INTANGIBLE**
5 **DRILLING AND DEVELOPMENT COSTS.**

6 (a) IN GENERAL.—Subsection (c) of section 263 of
7 the Internal Revenue Code of 1986 (relating to intangible
8 drilling and development costs in the case of oil and gas

1 wells and geothermal wells) is amended by inserting before
2 the last sentence the following new sentence: “In the case
3 of oil and gas wells, the tax treatment which applies to
4 the taxpayer’s intangible drilling and development costs
5 shall also apply to surface casing costs and to geological
6 and geophysical costs for the purpose of ascertaining the
7 existence, location, extent, or quality of any deposit of oil
8 or gas within the United States (within the meaning of
9 section 638(1)) or a possession of the United States (with-
10 in the meaning of section 638(2)).”

11 (b) CONFORMING AMENDMENT.—Subparagraph (B)
12 of section 57(a)(2) of such Code is amended by adding
13 at the end the following new flush sentence:

14 “For purposes of clause (i), the term ‘intangible
15 drilling and development costs’ includes surface
16 casing costs and geological and geophysical
17 costs described in section 263(c).”

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to costs paid or incurred after the
20 date of the enactment of this Act in taxable years ending
21 after such date.

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