FROST LAW

Maximizing the **R&D Tax Credit** for Energy, Oil & Gas, and Mining

Dollar-for-dollar tax savings for technical innovation and problem-solving.

The R&D Tax Credit (IRC Section 41) offers dollar-for-dollar savings for the Energy, Oil & Gas, and Mining industries. Because these sectors constantly innovate to improve extraction, safety, and environmental efficiency, they are prime candidates for the credit. It rewards companies for resolving technical uncertainties when developing or improving products and processes.

The 4-Part Qualification Test

To qualify for the IRC §41 credit, your project must meet all four criteria:

1. **Functional Purpose:** Improving product/process performance, reliability, or quality.
2. **Technical Uncertainty:** Initial doubt regarding capability, design, or methodology.
3. **Process of Experimentation:** Testing alternatives via modeling, simulation, or trials.
4. **Technological Nature:** Grounded in hard sciences like Engineering, Geology, or Physics.

What Costs Qualify? (QREs)

Wages (100%): W-2 pay for Geologists, Engineers, and Techs performing or supporting R&D.

Contract Research (65%): Payments to third-party labs, drilling consultants, or engineers.

Supplies: Materials consumed or destroyed during testing (fluids, bits, chemicals, samples).

Eligible Industry Activities

Oil & Gas: Enhanced Oil Recovery (EOR), drilling optimization, and custom reservoir modeling.

Mining: Novel leaching/blasting methods, automation, and high-purity mineral separation.

Energy: Carbon capture, utility-scale storage, and efficiency improvements.

Environmental: Advanced produced water treatment and non-standard well-plugging techniques.

Why It Matters

Not just for "Lab" work: If you are solving field challenges on a drill site or in a mine, it likely qualifies.

Failure is Okay: The credit is based on the intent to innovate, not just successful outcomes.

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