

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Baker, James A. III: Files
Folder Title: [Oklahoma – Oklahoma City D-P]
Box: 14

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

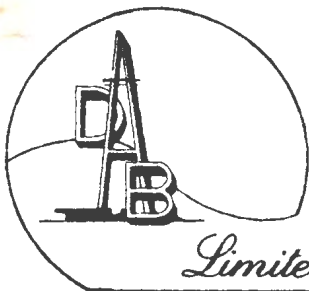
To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>



400 ~~811~~ City Center Bldg., Oklahoma City, OK 73102 (405) 232-6957

December 21, 1984

The President
The White House
Washington, D.C. 20500

Re: Treasury Department
Tax Reform Bill

Gentlemen:

I am writing this letter to express my objection to the Treasury Department's Tax Reform Proposal as it applies to the Petroleum Industry.

If inacted, this bill will abolish the Oil and Gas Industry as we know it. As we are an independent oil and gas company, we rely primarily on the solicitation of revenue from individuals who are in need of tax sheltered investments. Without these investors, independents cannot raise the capital needed to explore for oil and gas reserves. I don't have to tell you what the results of foreign dependency means to America.

I would strongly urge the President to publicly reject those specific provisions dealing with the Petroleum Industry.

Sincerely,

Robert L. Schuyler
Staff Landman

REPLY REQUESTED

RLS/rk

cc: Edwin Meese, III, Counselor to the President
✓ James A. Baker, III, Chief of Staff
Robert C. McFarlane, Ass't. to the President for Nat'l. Security Affairs
Vice President George Bush
The Honorable Donald Regan
The Honorable William Clarke
The Honorable Don Hodel
Randall E. Davis

EDWARDS & LEACH OIL COMPANY

600 Triad Center
501 Northwest Expressway
Oklahoma City, Oklahoma 73118

David L. Bole
President

(405) 840-5020

December 20, 1984

Mr. James A. Baker, III
Chief of Staff
The White House
Washington, D.C. 20500

Re: Treasury Department's
Tax Reform Proposals

Dear Sir:

Don Regan headed Merrill Lynch at the time that I was their national product manager for oil and gas. I am confident that Secretary Regan fully understands the importance of a viable petroleum industry and the necessity for tax incentives related to high-risk extractive industries.

The tax reform proposals were expected to be generally adverse for the petroleum industry, but they are far worse than expected. In addition to repealing percentage depletion and expensing intangible drilling costs, there is a provision disallowing deduction of dry hole costs until a property is abandoned. Dry hole costs on development wells would be amortized over the life of the property.

Enactment of these proposals would be devastating to our industry, and I respectfully request your support in a time of great need as we urge rejection of these proposals.

In my judgment, there is now a definite lack of understanding on the part of the Treasury Department as it relates to our industry, and yet I remember Don Regan as a solid business leader who did understand our industry at one time.

I am at a loss to explain why Secretary Regan has suffered a memory lapse, but I would certainly welcome the opportunity to refresh his memory on this subject.

Sincerely,



David L. Bole

DLB:n1

JOHN B. ELDER
PETROLEUM GEOLOGIST

December 31, 1984

The Honorable Ronald Reagan
President of the United States
The White House
Washington, D. C. 20500

Dear Mr. President:

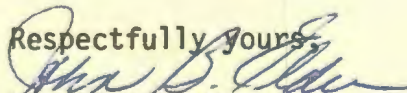
I am one of more than 15,000 independent oil producers which have actively supported your election, re-election and viable economic recovery program. Our faith and confidence in your program were buoyed with the successful decontrol of crude oil prices. Repeal or reduction of the Windfall Profit Tax, Gas Decontrol legislation including the NGPA of 1978 are goals remaining to be accomplished under your leadership and continued support if we are ever to achieve energy independence as a nation.

The Treasury Department's recent proposals for a Tax Simplification Plan which includes elimination of Percentage Depletion and Expensing Intangible Drilling Costs will absolutely wipe out the independent producers of our nation. Major oil companies, which drill only 11% of the 70,000 domestic wells, are not affected by either of these items since they were eliminated by previous "tax reform" measures. Elimination of percentage depletion not only affects oil and gas but all other extractive minerals. Percentage depletion and expensing IDCs have long been recognized by the economic community as ways of insuring mineral producers enough funds to continue exploration and replace reserves. The option to charge off IDC as they are incurred partly resolves the cash flow problem. It is not a "tax break or loophole"! It is the opportunity to charge outlays for unsalvagable materials and services against income instead of future revenue. The value in doing so relates directly to the time value of money.

It is impossible to comprehend the ultimate impact of the Treasury's tax proposals on the independent oil and gas industry and the entire nation's economic welfare. The inclusion of these two proposals affecting our domestic energy is the age-old totalitarian propaganda ploy, meant to divide the opposition on controversial points and force compromise to obtain the desired result. This is discrimination at its worst and is the identical scenario used by the Carter Administration to pass the NGPA and Windfall Profit Tax.

Mr. President I respectfully urge you to direct your full support and that of your administration to the withdrawal of these current proposals of the Treasury. Let us direct our combined efforts for continuation of your economic program of business and industrial expansion, meaningful tax reduction and elimination of the mass of needless regulation.

Respectfully yours,

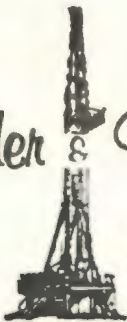


P.O. BOX 18938 • OKLAHOMA CITY, OKLAHOMA 73154

Suite A, 5813 N. Grand Blvd. • Oklahoma City, Oklahoma 73118 • 405 842-8877



Elder & Vaughn



P.O. Box 18038
Oklahoma City, Oklahoma 73154-0838

John B. Elder
Geologist
Jack H. Vaughn
Engineer
405-842-8877

December 20, 1984

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

You are familiar enough with the business of drilling for oil and gas to know it involves putting at risk, relatively large amounts of money.

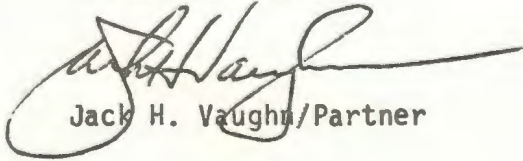
The Treasury Department's tax proposals to change the IDC's (Intangible Drilling Costs), the Depletion Allowance and Investment Tax Credits, will dry up the Independent Oil and Gas Operator's source of money and prevent many oil and gas wells from being drilled, which are so necessary for this Country's energy independence.

It appears the Treasury, either consciously or inadvertently, is writing off the Independent Oil and Gas Operator's and turning the business over to the Major Companies. This will reduce by thousands the number of wells drilled causing a huge reduction in the nations oil and gas reserves and will cause thousands of Americans to lose their jobs.

Mr. President, I helped elect you with my vote and monetary support! If this legislation is not totally rejected, it can mean that I voted for my own ruin! I respectfully urge your strong opposition to these Treasury Department Tax Proposals, which would mean the demise of the Independent Oil & Gas Operator and cause the United States to be almost 100% dependent on foreign sources of oil and gas.

Sincerely,

ELDER AND VAUGHN


Jack H. Vaughn / Partner

JHV/1t



FRASCH OIL COMPANY

2828 N.W. 57TH, SUITE 200
OKLAHOMA CITY, OKLAHOMA 73112
TELEPHONE (405) 843-9781

December 17, 1984

Mr. James A. Baker, III,
Chief of Staff
The White House
Washington, D. C. 20500


Re: Tax Reform Proposals by the
Treasury Department

Dear Mr. Baker:

Please don't let the oil and gas industry fall victim again to additional unfair and damaging government rules and regulations. The industry has been crippled enough by singling it out as the lone business to be forced to pay a windfall profits tax. We still believe this tax to be unconstitutional and certainly discriminatory. Whoever coined the phrase "obscene profits" has certainly never worked a day in the high risk, competitive oil industry. Not only have we been subjected to a windfall profits tax, but with a decreasing depletion allowance. Truly our industry is the bureaucracy's whipping boy.

Please oppose the Treasury Department's proposed tax reforms that repeal percentage depletion and present tax handling of drilling costs. The proposal to force amortizing dry hole costs over the life of a producing property and loss of percentage depletion would cause irreparable damage to the industry. Our industry has given so much, for so long, to so many, for so little. Please fight this unfair battle with us.

Very truly yours,


Floyd B. Chambers, Jr.
Vice-President



Properties

December 18, 1984

President Ronald Reagan
The White House
Washington, D. C. 20500

Dear President Reagan:

I respectfully request that you denounce the plan to disallow deduction of dry-hole expense until abandonment of a property. The climate currently being portrayed in our governing bodies is really scaring the small independents. Perhaps some need to be shaken back to a sense of Godly ethical values; however, adverse tax legislation has drastically affected my business as a small independent.

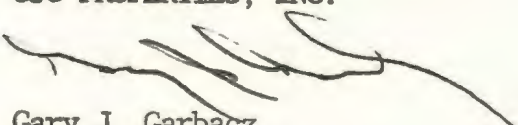
The well known story that you "don't eat a good pig all at once" is apropos to the Oil and Gas industry. The Oil and Gas industry has supported poor spending policies of the Federal Government through adverse (to the Oil and Gas industry) taxation. It seems that the Federal Government is a "cancer" eating at the very roots of the small Independent Oil and Gas company. You don't want to eat us all at once but gradually by the following steps:

- | | |
|------------|---|
| Step One | Increased Regulation |
| Step Two | Decreasing available investment capital by adverse tax legislation. |
| Step Three | Windfall Profit Tax |
| Step Four | Disallowing deduction of dry-hole costs until property abandoned. |
| Step Five | Disallowing Intangible Drilling cost deduction. |
| Step Six | Kill the fatted pig. |

Again let me say that as an Independent Oil & Gas Company, I urge you to take whatever steps necessary to see that the plan to disallow deduction of dry-hole expense until abandonment of a property is axed. Also let me say that the position of the small Independent Companies needs to be taken into consideration before we no longer can exist.

Very respectfully yours,

GJG PROPERTIES, INC.


Gary J. Garbacz

GJG/smg

✓ Mr. James A. Baker, III

Rosemarie V. Godfrey
5105 Northwest 19th Street
Oklahoma City, Oklahoma 73127

December 17, 1984

Mr. James A. Baker, III
Chief of Staff
The White House
Washington, D. C. 20500

Re: Treasury Department
Tax Reform Proposals

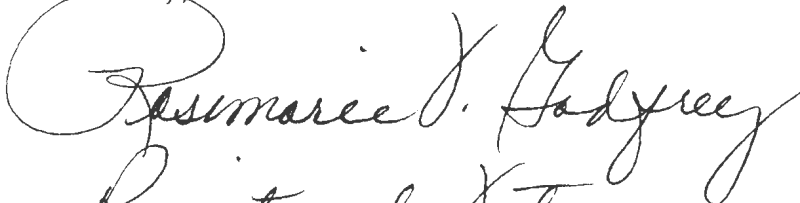
Dear Mr. Baker:

I have been employed for a small independent oil company for five years.

Without the present tax incentives venture capital would not be available to the oil industry. In my opinion, virtually all independent producers would be severely damaged. IF PASSED, THIS TAX PROPOSAL WOULD NOT MAKE ENOUGH TO PAY OKLAHOMA UNEMPLOYMENT COMPENSATION!

This proposal is outrageous and should not be supported by any public official that wants my vote. All of the oil industry will be closely monitoring the voting records of all public servants regarding this tax proposal.

Sincerely,


Registered Voter

December 13, 1984

James A. Baker, III
Chief of Staff
The White House
Washington, D.C. 20500

Dear Mr. Baker,

I ask you to publicly reject the Treasury Department's Tax reform proposal as it relates to the petroleum industry. While we do need tax reform, proposals to repeal percentage depletion and the expensing of intangible drilling costs would be counter productive (primarily to independent producers) in achieving energy independence. If we want to locate and develop oil and gas reserves here in the United States, we must continue to provide the necessary financial incentives to do so.

Again, please reject the Treasury Departments tax proposal regarding oil and gas depletion and the intangible drilling cost deductions. I would like to hear from you regarding this matter.

Very truly yours,



Bill Hamilton
5701 N.W. 110th
Oklahoma City, OK 73135



December 14, 1984

1601 S.W. 89th
Bldg. B, Suite 400
OKLAHOMA CITY, OKLA. 73159
405-681-1116

The President
The White House
Washington, D.C. 20500

Subject: Treasury Department Tax Reform

Dear President Reagan:

I'm writing today to make certain you understand what our position is with reference to this reform. It appears that with the loss of the percentage of depletion and with the loss of the intangible drilling costs - just to mention two points - will eliminate our investor capital that is so vital to the small independent oil operator.

I graduated from a college in the mid-1950's to enter the oil business, when the price of domestic oil was less than \$3.00 a barrel and the price of a barrel of oil imported, f.o.b. Texas coast, was \$1.00 a barrel. I'm certain that you remember what this did to the oil industry. But I make mention of this, because, this was the first pitfall I saw our industry endure. It's my conception that the oil industry today is in the most unstable position since the mid-1950's.

I'm sure you are aware of what the Penn Square Bank fiasco did to the industry and the repercussions we, as survivors, are experiencing in our financing of oil exploration. We've managed without bank financing by being able to find good prospects that were attractive to private investors. Once you take away the incentive (IDC, depletion allowance, etc.), you've dried up our sources to continue to contribute production that is so vital to our nation's needs.

I have faith in our system. We can continue to contribute while being successful if you will not burden our industry to the breaking point.

We realize the price of energy is presently falling, but it's my belief that all prices are based on two raw ingredients - the cost of labor and the cost of energy. I'm willing to continue to chance my personal resources on these factors, but I think it's too large of a risk for one individual to gamble the cost of drilling by himself.

I trust your response will be more favorable than this tax reform allows us.

Sincerely


Howard Braymer

cc: Edwin Meese, III
James A. Baker, III ✓
Robert C. McFarlane
Vice-President George Bush

Honorable Donald Regan
Honorable Don Hodel
Honorable William Clarke
Randall E. Davis

STEWART A. HOGE

NO. 22 BRADLEY SQUARE
2932 N.W. 122ND STREET
OKLAHOMA CITY, OKLA. 73120

(405) 755-5786



December 27, 1984

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I speak from a background of 34 years as a Petroleum Geologist both with Majors and now as an Independent. The Treasury Department's Tax Reform proposals as related to the Oil and Gas Industry would absolutely and unequivocally sink the Industry with the exception of a few large major companies. While these large companies are efficient in finding the large and expensive frontier type production, they do not have the time nor talent to explore and develop the small fields which account for the majority of our domestic production and which are the life blood of the small companies and independents.

This is a very financially risky business. If the tax situation keeps chipping away at the Industry, I'll guarantee you large numbers of us are either going to find other businesses or in my case, just quit while I'm ahead of the game, hang it up and pay my "flat" tax. In either case, the result will be substantially lower domestic production, more and more imports and the ultimate mideast shut off when we're in the inevitable producing bind.

There just has to be a better way!

Respectfully submitted,

Stewart A. Hoge

SAH/ph



December 27, 1984

The President, United States of America
The White House
Washington, D.C. 20500

RE: Treasury Department's Tax REform Proposal

Dear Mr. President:

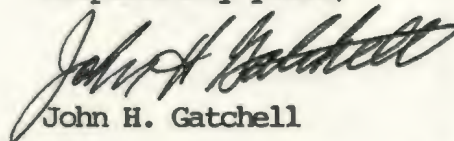
We realize it is impossible to read each letter addressed to you. Still, and with all due respect for your time, we are compelled to write regarding the Treasury Department's tax proposals which deal with the oil and gas industry. Frankly, we are stunned that such a proposal was generated under a 'free-enterprise' Republican Administration.

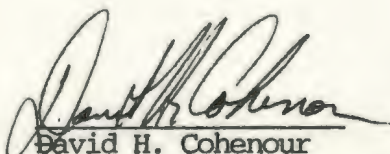
It is difficult to envision Republicans not only supporting, but GIVING BIRTH to a proposal which will realistically threaten the jobs of so many Americans, including those of the undersigned. Mr. President, this tax proposal will decidedly force many independent producers out of business altogether. Many others will be compelled to cease all exploration and drilling for new wells. As a direct result of this proposal, literally thousands of Americans will lose their jobs! These will not only be the employees of independent producers, but the employees of the hundreds of related businesses.

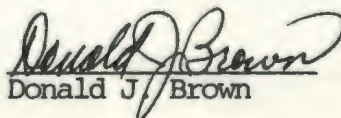
While recognizing you have many interest to balance, we are still convinced your careful review of the effect of this proposal on independents, their employees and our fine nation's energy dependence, will show you must oppose such proposals.

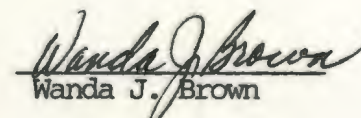
Please remember...wells not drilled will generate absolutely NO TAX at all... and no reserves. It is disturbing to realize, in case of war, we could be dependent upon foreign countries to provide fuel for our nation's defense. Are they that dependable?

Respectfully yours,


John H. Gatchell


David H. Cohenour


Donald J. Brown


Wanda J. Brown

Jan Oil Company

5208 WEST RENO
SUITE 300
P. O. BOX 76499
OKLAHOMA CITY, OKLAHOMA 73143
(405) 949-2207

December 13, 1984

The President
The White House
Washington, D.C. 20500

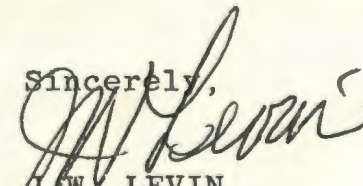
Dear Mr. President:

Our company in particular, and the oil industry in general, is quite concerned with the announced Treasury Department's Tax Reform Proposals insofar as they relate to the petroleum industry.

The repeal of percentage depletion, the expensing of intangible drilling costs, the disallowance of deduction of dry hole costs until a property is "abandoned" and the amortization of dry hole costs on development wells over the life of the property are sure to create havoc with the independent producer and to cause a tremendous fall-out of many companies associated with the oil and gas business. The search for new sources of oil and gas will almost be immediately stalled and the so-called "glut" will be quickly consumed and what will we do at that time for finding and replenishing the so badly needed reserves.

We urgently ask that you use all the powers available to you to reject the proposals.

Sincerely,



J.W. LEVIN
Vice-President

jwl/1

December 27, 1984

The President
The White House
Washington, D.C. 20500

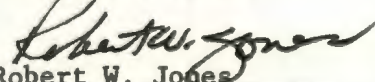
RE: Treasury Department's
Tax Reform Proposal

Dear Mr. President:

As an active practicing Landman in the Oil and Gas Industry I am opposed to ~~the Treasury Department's Tax Reform proposal for the following reasons:~~

1. Repealing of percentage depletion allowance will discourage exploratory and wildcat drilling by the smaller independent oil and gas operators who are responsible for a large percentage of exploratory and wildcat drilling in the Industry.
2. Expensing of intangible drilling cost will discourage investment in Oil and Gas drilling programs by outside investors who could just as well invest in secure insured savings accounts and tax free bonds.
3. Disallowing the deduction of dry hole cost until a property is abandoned will discourage drilling activity. Some properties will not be abandoned for three to five years depending upon the term of unexpired oil and gas lease agreements. This will discourage drilling activity and will lead the United States of America to further dependence on foreign imported oil when in fact America should be gaining independence from imported oil.

Very truly yours,


Robert W. Jones
Landman
9208 Candlewood Drive
Oklahoma City, Oklahoma 73132

RWJ/kt

cc: Edwin Meese, III, Counselor to the President
James A. Baker, III, Chief of Staff
Robert C. McFarlane, Assistant to the President for
National Security Affairs

Christell Sammons
2233 Red Elm Drive
Edmond, OK 73034

December 13, 1984

Mr. James A. Baker, III
Chief of Staff
The White House
Washington, D.C. 20500

Dear Mr. Baker:

This letter is written to implore you to totally reject the Treasury Department's proposed new tax law which would repeal both the percentage depletion deduction and the deduction for intangible drilling expenses for the oil and gas industry.

If these proposals should become law the following results will occur:

- (1) No one but the major oil companies will drill for oil and gas as the risk is far too great without the existing tax incentives.
 - (a) Statistics show that over 80% of all exploratory oil or gas wells are drilled by independent oil and gas operators.
- (2) At the present time we are 30%-40% dependent upon foreign countries for our oil and gas needs at our existing level of exploration. If exploration is stifled by tax disincentives, this country will be increasingly dependent upon foreign countries for a critical resource.
- (3) Hundreds of thousands of people who work on drilling rigs, for oil and gas service related businesses and the like will be put out of work, thus adding to the Federal and state costs of welfare.

(4) In a very few years a natural gas shortage will develop causing similar shut downs which occurred prior to the Natural Gas Policy Act, of factories, schools, etc. throughout the country during a severe winter.

(a) This will then cause the price for gas and electricity to escalate causing economic hardship to millions of persons on fixed incomes.

(5) With drastically reduced drilling, there will be a drastically reduced need for pipe, thus causing the U.S. steel mills major loses.

Indeed, one would think that government leaders would be interested in providing additional incentives to keep the oil and gas industry healthy and growing, instead of trying to cripple it.

If these two provisions become law, there will be economic repercussion throughout this country beyond anyone's imagination.

Please work against the elimination of depletion and intangible drilling costs as deductions for Federal income tax purposes.

Sincerely yours,



Christell Sammons
Production Analyst
Jones & Pellow Oil Company
Oklahoma City, Oklahoma

/cos

December 19, 1984

James A. Baker, III
Chief of Staff
The White House
Washington, D. C. 20500

2821 N. W. 50
Oklahoma City, Oklahoma 73112

This letter is written to implore you to totally reject the Treasury Department's proposed new tax law which would repeal both the percentage depletion deduction and the deduction for intangible drilling expenses for the oil and gas industry.

If these proposals should become law the following results will occur:

- (1) No one but the major oil companies will drill for oil and gas as the risk is far too great without the existing tax incentives.
 - (a) Statistics show that over 80% of all exploratory oil or gas wells are drilled by independent oil and gas operators.
- (2) At the present time we are 30%-40% dependent upon foreign countries for our oil and gas needs at our existing level of exploration. If exploration is stifled by tax disincentives, this country will be increasingly dependent upon foreign countries for a critical resource.
- (3) Hundreds of thousands of people who work on drilling rigs, for oil and gas service related businesses and the like will be put out of work, thus adding to the Federal and state costs of welfare.

- (4) In a very few years a natural gas shortage will develop causing similar shut downs which occurred prior to the Natural Gas Policy Act, of factories, schools, etc. throughout the country during a severe winter.
 - (a) This will then cause the price for gas and electricity to escalate causing economic hardship to millions of persons on fixed incomes.
- (5) With drastically reduced drilling, there will be a drastically reduced need for pipe, thus causing the U.S. steel mills major losses.

Indeed, one would think that government leaders would be interested in providing additional incentives to keep the oil and gas industry healthy and growing, instead of trying to cripple it.

If these two provisions become law, there will be economic repercussion throughout this country beyond anyone's imagination.

Please work against the elimination of depletion and intangible drilling costs as deductions for Federal income tax purposes.

Sincerely yours,

Mary Jane Stone

(A registered voter and tax payer and also employed by an independent oil company)

KEPCO, Inc.

December 27, 1984

The President of the United States
The White House
Washington, D.C. 20050

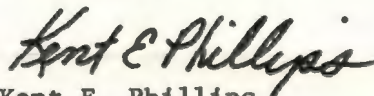
Dear Mr. President:

The Treasury Department's Tax Reform Proposal which effects the Oil and Gas Industry would have a damaging effect on the industry and the welfare of this country. The repeal of percentage depletion and the elimination of expensing of intangible drilling costs as well as restricting the deductibility of dry hole costs, would certainly have a negative impact on future drilling in the United States.

Being an independent operator, which drills fifteen (15) to twenty-five (25) wells a year, I can assure you business during the last three (3) years has been tough. However, the hardwork has been challenging and I am looking forward to a prosperous future. I fear the elimination of the above tax incentive as proposed, would critically limit that future. Not only for myself, but for many independent operators, oilfield service companies and people employed in the oil and gas industry.

Accordingly, I respectfully urge you to reject those provisions which would be so damaging to the Oil and Gas Industry.

Sincerely,



Kent E. Phillips
President

K.S. OIL

5201 S. WESTERN
OKLAHOMA CITY, OKLA. 73109
634-5115 634-3319

December 13, 1984

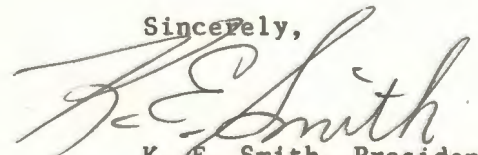
Mr. James A. Baker, III
Chief of Staff

Dear Mr, Baker

I am a small Independent Oil Operator. Each year I drill a few wells and have been doing so for thirty (30) years. I am able to do this with the help of a few investors.

If, however the Secretary of Treasurer's proposals of tax reform for the oil industry should be enacted, there would be no way we could intice investors to invest money in anything as risky as drilling for oil & gas. The incentive is not only important it is essential for the oil & gas industry to survive in this country. If we wish to become totally dependent on foreign oil this tax reform program will get the job done. I pray that this will not be the case.

Sincerely,



K. E. Smith, President
K. S. Oil Company

KES/bm

LANGER ENERGY CORPORATION

6410-C NORTH SANTA FE
OKLAHOMA CITY, OKLAHOMA 73116

December 26, 1984

The President
The White House
Washington, D. C. 20500

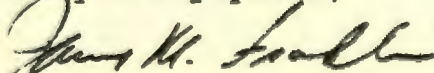
Dear Mr. President:

I am writing regarding the Treasury Department's latest tax proposal. I am a small oil and gas Operator and the proposals regarding our industry would without question devastate an already depressed industry as well our state. Those of us that have survived so far would not last very much longer under the Treasury's proposed "Tax Reform". Our investment dollars would dry-up and drilling for domestic oil cease. The net result would be a large increase in our dependence on imported oil such as we experienced in the early 70's.

On another subject, I favor a strong defense and believe that the strongest defense is a strong economy. I recommend a balanced budget using deeper defense cuts to accomplish a portion of this goal. I believe that we could cut 10% from Defense by nearly improving bid policies. If Defense had to run their business like most of us, a 10% cut could easily be accomplished.

In any case, I am thankful that I live in a Nation where opinions can be expressed openly.

Very truly yours,



JAMES M. FRANKLIN

cc: Presidential Staff
Oklahoma Congressional Delegation

December 13, 1984


James A. Baker, III
Chief of Staff
The White House
Washington, D.C. 20500

Dear Mr. Baker,

I ask you to publicly reject the Treasury Department's Tax reform proposal as it relates to the petroleum industry. While we do need tax reform, proposals to repeal percentage depletion and the expensing of intangible drilling costs would be counter productive (primarily to independent producers) in achieving energy independence. If we want to locate and develop oil and gas reserves here in the United States, we must continue to provide the necessary financial incentives to do so.

Again, please reject the Treasury Departments tax proposal regarding oil and gas depletion and the intangible drilling cost deductions. I would like to hear from you regarding this matter.

Very truly yours,


LeRoy Long
1720 Brighton Ave.
Oklahoma City, OK 73120

L.R.C. INVESTMENT CORPORATION

10109 THOMPkins LANE, OKLAHOMA CITY, OKLAHOMA 73132

PH: (405) 722-5022
OR (405) 848-7333

December 18, 1984

President Ronald Reagan
The White House
Washington, D.C. 20500

RE: Treasury Department's Tax Proposals

Dear Mr. President:

It has come to my attention that the Treasury Department has presented to you various tax reform proposals which directly concern the oil and gas industry. As the President of a small investment firm where the percentages of our investments are in oil and gas exploration and development, I feel these proposals would adversely affect and probably have far-reaching consequences for the industry as well as the welfare of the country.

In a time where we, as a nation, are trying to seize back the control of our oil dependency from foreign oil-producing countries and desiring a return to a more favorable import-export trade balance, I feel these proposals would erase any progress we've made in these areas in the recent years. We would become more dependent upon foreign oil imports and importers as domestic producers, small and large, find no incentives available to them or their private investors to explore for reserves. Due to the increased imports which would result as reserves are depleted, our balance of trade deficit would increase.

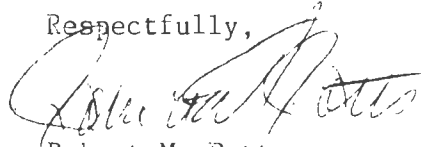
These proposals of repealing percentage depletion and expensing of intangible drilling costs are vital to the industry in attracting private investors into a drilling program and for the very establishment of a drilling program itself. You do away with primary business incentives and then business declines. There will be no incentives to drill for the small independent oil company or to the large established oil corporations. The same will result should the provision for disallowing deduction of dry hole costs until a property is ABANDONED is implemented.

This industry is as important to the nation's economy as the automotive, steel, and technological industries. Until other energy sources are made economically available to consumers, oil and gas will remain the most efficient sources of energy for this nation. However, this is the only industry which the Congress has singled out for a "temporary" windfall profits tax - a direct tax on the profits of the oil and gas investor, or should I say, "RISK-taker". Everyone from the president of an oil company to the individual with just a minimal investment but desiring to better his or her economic standing is taxed directly. We feel as investors in the industry that we have been doing our fair share to help in contributing to the improvement of the economy and to the reduction of budget deficits.

These provisions would cause a severe stagnation in the industry of which it may never recover and at a time when it is recovering slowly from the severe recession of recent years. These provisions affect the very heart of our business and desire to invest in oil and gas properties. I fear if they are implemented, we will see the end of an industry which has helped this country to become a strong and respected nation.

Organizations such as the Oklahoma Independent Petroleum Association are organizing themselves for the defeat of these provisions. I would request, along with these organizations, that you publically and privately reject these proposals made to you by the Treasury Department and that they not become a part of your tax reform programs and recommendations.

Respectfully,



Robert M. Potts
President
LRC Investment Corporation

RMP:rkp

cc: See Enclosure

Enclosure

Treasury Department's Tax Proposals - Letter

Vice-President George Bush
Edwin Meese, III, Counselor to the President
James A. Baker, III, Chief of Staff ✓
Robert C. McFarlane, Assistant to the President for National Security Affairs
The Honorable Donald Regan, Secretary of Department of Treasury
The Honorable Don Hodel, Secretary of Department of Energy
The Honorable William Clarke, Secretary of Department of Interior
Randall Davis, Special Assistant to the President for Energy & Natural Resources
Senator David L. Boren
Senator Don Nickles
Representative James R. Jones
Representative Dave McCurdy
Representative Mike Synar
Representative Mickey Edwards
Representative Glenn English
Representative Wes Watkins



Lyndell Buck Company

OIL & GAS PROPERTIES

Suite 1, 4700 N.W. 23rd Street

Oklahoma City, Oklahoma 73127

Phone (405) 949-2229

December 26, 1984

The President
The White House
Washington, D. C. 20500

Mr. President:

Re: Treasury's Tax
Proposal - Oil & Gas

"Shock" best describes my reactions to the Treasury's proposal to repeal percentage depletion and expensing of intangible drilling cost.

I have been in the oil and gas business since I graduated from law school at Oklahoma University in 1958, and I have never written a letter to my government to complain, until now. I have hired as many as thirteen people in my oil and gas business at one time, but, please, Mr. President, let me assure you, the treasury's proposal, if enacted, would effectively destroy my business and close my doors.

There must be motives or incentives to take risk, and I'm sure we can agree the oil business is risky and profits uncertain. The oil business is also a very high dollar business with lots to lose. The elimination of depletion and intangible drilling costs also eliminates motives and incentives. Not only mine, but those of my investors, such as other business men, doctors, etc. It plays into the hands of major oil companies by lessening the competition. OPEC loves it, nothing would create additional foreign oil dependence any faster than to eliminate the independent.

Independents live and die by drilling wells and finding hydrocarbons to increase our reserves. Decrease our reserves and all the public is worse off. Independents are the reserve finders and nothing helps more to find reserves than the present theory behind intangibles and depletion. Please, Mr. President, help us and help us now! Let us stay in business! We've given till it hurts - production taxes, windfall profits tax, income taxes, deregulation, and gas and oil price reductions. Please don't repeal percentage depletion and expensing of intangible drilling costs.

Does energy have to pay for everything? Why socialize us by regulation?

There is more I could say and write and what I've said is not too well organized but one thing is certain, I know you will do what's right by us and carefully reconsider the Treasury's proposal.

God bless you!

Yours very truly,

G. Lyndell Buck

December 26, 1984

Page Two

cc: Edwin Meese, III, Counselor to the President
James A. Baker, III, Chief of Staff
Robert C. McFarlane, Assistant to the President for National Security
Affairs
Vice-President George Bush
The Honorable Donald Regan, Secretary of Department of Treasury
The Honorable William Clarke, Secretary of Department of Interior
The Honorable Don Hodel, Secretary of Department of Energy
Randall E. Davis, Special Assistant to the President for Energy & Natural
Resources
Senator David L. Boren
Representative James R. Jones
Representative Mike Synar
Representative Mickey Edwards
Representative Wes Watkins
Senator Don Nickles
Representative Dave McCurdy
Representative Glenn English



Midwest Exploration, Inc.

1401 Park Harvey Center · 200 North Harvey · Oklahoma City, Oklahoma 73102 · (405) 235-6151

Eugene M. Knight
President

December 27, 1984

President Ronald Reagan
The White House
Washington, D. C. 20500

Subject: Secretary Regan's Tax Package

Dear Mr. President:

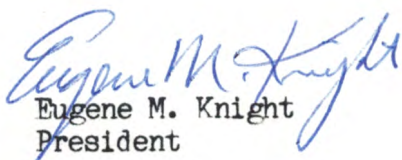
As a life long Republican and contributor to Republican causes, I was shocked at the tax proposal made by Secretary Regan. If implemented, the changes would essentially complete the destruction of the life blood of the independent segment of the petroleum industry in the United States. Recent changes in the tax structure implemented over the past two years, have already had the affect of hampering capital formation for needed exploration and development, and the Secretary's proposal would further wipe out the few remaining things available to the independent segment of the industry.

The proposal is flawed in almost all aspects. In attempting to cure "unfairness", whatever that is, it creates new and different kinds of unfairness. It is a dream proposal for accountants and tax attorneys. It is supposed to have appeal because it taxes businesses and corporations and reduces taxes for individuals. This is bunk and an attempt at a hoax on the "dumb people" who are not supposed to realize that people pay taxes - not businesses. If businesses cannot pass through their taxes, which are just one other cost of doing business, they eventually cease to exist - bankrupt. They are not allowed the luxury of government printing presses to cover the difference. So, in the end, the people pick up the tab. The tax reform proposal is a sham to cover raising taxes.

The problem should be attacked by cutting unneeded government spending, and one place that you can start is with the Synfuels operation - several billion dollars worth. A major reform is also an absolute must in overhauling the time-bomb built into the escalating cost of the government in automatic increases in programs, pay and benefit packages, these being enacted by prior sessions of Congress. If you want more specifics on real needed reform and cost cutting, Peter Grace and I will be glad to supply the ideas.

Very truly yours,

MIDWEST EXPLORATION, INC.


Eugene M. Knight
President

FMK/ah



MORRISON INTERNATIONAL ENERGY INC.

December 13, 1984

President Reagan
The White House
Washington, D.C. 20500

RE: Abolishing Oil Industry Tax Breaks

Dear Mr. President;

I have supported you through both elections because I believe you are a fair and just man and that you are trying to look out for all Americans.

I support your policies, even if I disagree with some of them. However, I want to be a little self-serving in this letter to you. I am a small Oil & Gas Operator in Oklahoma. I have been able to tuck in my belt and stay in the black (that means survive) through all of our industry crises to date. I have never been rich, but just make a good middle income drilling 4 shallow wells per year in old fields abandoned by the majors years ago. My money comes from average middle class Americans willing to take a gamble in finding production. They don't want to lose their money, but would rather make some income from it. One of my selling points is look at your tax breaks! This is not the total reason they invest because no one wants to lose money in an investment.

I have been told by all 56 of them that if any portion of Donald Regan's plan is enacted, I could count them out as future investors.

All 56 of these investors and myself still pay our share of taxes each year and any more burden on the oil industry will put private investors out of reach.

I can't speak for the majors, because I don't have their kind of income or ability to weather through rough times, but I can tell you that if my investors stop participating that I won't be able to continue to drill. Now I'm glad we have an abundance of crude oil & natural gas. That's great! But once drilling stops and our current production slows then those of us that will be out of business probably won't be able to start over. That means the majors keep going and the Saudi's open up their valves a little more.

MAN'S SEARCH FOR OIL

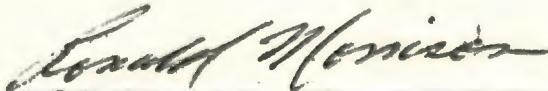
The present tax incentives aren't what everyone must think! For instance, I have enclosed a copy of a federal income tax summary done by my C.P.A. last month. If I don't make any investments before the end of the year, I will receive \$955.00 back on what I have paid in this year. However, if I invest \$30,000.00 into an oil project before the end of the year I would expect to receive back \$5,089.00. Now this may seem like alot, but when you spend \$30,000.00 hard dollars and hope that you hit a producing well, then hope it pays out in several years, then I feel this risk should justify some tax incentives. Without them, who in their right mind would invest? Not me!

So far, the oil companies and their investors have been handed the worst tax burden in history as compared to other industries. To continue would only lead to it's demize, especially the small independent.

You want me to show you why on \$27.00 oil I can't make money unless we have the write-off of intangible drilling costs. I think I have answered some of that and would like to further state \$27.00 per barrel "if" you find it and "if" you recover enough to pay back the original investment. Then at pay back, who knows what kind of profit you will get! "Why not only tax us on our after cost profits", like everyone else.

The older I get (37), I'm starting to realize what an insignificant role I play. I wasn't taught in school that our great government had such power over our lives. I have believed in you. Please try and make a fair decision (Can the plan). If you want a first-hand look of a small independent, come see me. Then you will understand.

Sincerely,



Ronald Morrison

Murray, Behrens, Taylor & Eblen

Attorneys at Law
1228 N. E. 63rd
Oklahoma City, Oklahoma 73111

405/840-1870
405/848-1014

Stephen J. Murray (1949-1984)
Verland E. Behrens
K. David Taylor
Ernest W. Eblen

December 28, 1984

Ronald Reagan
President of the United States
of America
The White House
Washington, D.C. 20500

Re: United States Treasury Department's
Tax Reform Proposals

Dear President Reagan:

The recent release of the tax reform proposals suggested by Mr. Regan and the Treasury Department Staff have created a considerable uproar in our area. Particularly objectionable are the proposals to alter the long established manner of taxation of certain income and expense items connected with oil and gas exploration and development.

As you are well aware, over 90% of the wells drilled for oil and gas exploration in the state of Oklahoma are drilled by "independent" operators. Nearly all of these individuals or companies are dependent upon private investment capital to fund the drilling operations. Because of the high risk nature of oil and gas exploration, many private investors would not participate in the same were it not for the intangible drilling cost deduction, depletion allowance and the deduction of the costs of non-productive leases rather than treating such costs as capital items. Without an available source of investor capital, I fear that most of the independent operators in Oklahoma and other states would gradually be forced to cease their operations. This would soon be felt nationally in the reduction of available surplus oil and gas. At a time when the United States is experiencing increasing dependence upon the importation of crude oil from countries whose domestic situation and/or national security is unstable, it would seem that any further dependence could jeopardize both the economy of the United States and the ability of our country to mobilize for national defense purposes.

Page - 2 -
President Ronald Reagan
December 28, 1984

I and many of my friends and associates feel that an urgent need exists for a statement from the White House publicly rejecting these reform proposals and reaffirming your administration's support for a sound energy policy. An immediate response from the White House is necessary to counter the growing allegations that your administration was aware of the Treasury Department's tax reform proposals prior to your reelection and chose not to release or discuss the same as an electioneering tactic. We in this state who have supported you in the past believe that these allegations are unfounded and hope that you will take a public stand to dispel the same.

Very truly,



Verland E. Behrens

VEB:svr

cc: Edwin Meese, III
✓ James A. Baker, III
Robert C. McFarlane
Vice President George Bush
Donald Regan
Don Hodel
Randall E. Davis
William Clarke
David L. Boren
James R. Jones
Mike Synar
Mickey Edwards
Wes Watkins
Don Nickles
Dave McCurdy
Glenn English



SUITE 1380 101 PARK AVENUE BLDG. OKLAHOMA CITY, OKLAHOMA 73102 405-239-6137

December 12, 1984

The President of the United States
The White House
Washington, D.C. 20500
Attention: Ronald Reagan

RE: Tax Reform for the
Petroleum Industry

Dear Mr. President:

On behalf of myself, employees of the petroleum industry and in the best interest of the United States of America, I strongly urge you to vote NO and DO NOT support the recent Treasury Department's tax reform proposals for the petroleum industry.

The loss of intangible drilling cost write offs would:

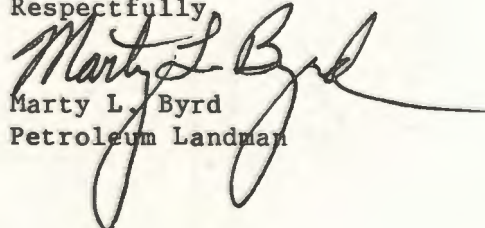
1. Discourage drilling for additional oil and gas reserves in the U.S.;
2. Cause massive personnel layoffs and bankruptcy of thousands of Companies;
3. Cause State and Federal Governments to lose millions of dollars in future tax revenues;
4. Cause depletion of proved oil and gas reserves without finding new reserves;
5. Cause further dependence on foreign oil and gas importation; and
6. Cause the major oil companies to become even larger than they already are and force the small independents out of business.

If the above mentioned items are not enough reasons to STOP the tax reform proposals, just wait and see what happens to our economy after the tax reforms are passed and tens of thousands of people are out of work and living on welfare checks.

To conclude, you can bet the more laws, restrictions, regulations and taxes that the government puts on the petroleum industry, the less oil and gas will be produced in the United States.

If you have any questions, let me know.

Respectfully,


Marty L. Byrd
Petroleum Landman

MLB:kaw

NORTH AMERICAN ROYALTIES, INC.



OIL AND GAS DIVISION • 5101 NORTH CLASSEN BLVD. - SUITE 500
(405) 842 - 4233 OKLAHOMA CITY, OKLAHOMA 73118

December 28, 1984

The President
The White House
Washington, D.C. 20500

Re: Tax Reform Proposals
Concerning the Oil Industry

Dear Mr. President:

This letter is a request for you to reject the tax reform proposals affecting the oil industry made by the Department of Treasury. I work for an oil company and have done so for over eight years. I am familiar with the risks and problems the oil industry is faced with. I believe the Secretary of the Department of Treasury, Donald Regan is not fully informed or aware of the impact of his proposed oil industry tax changes.

Several reasons I urge you to reject the proposals are as follows:

1. The Secretary of the Treasury is totally incorrect in his belief that the oil industry has more favorable tax advantages than other industries. This is untrue since the oil industry pays severance taxes, gross production taxes, windfall profits taxes as well as normal corporate income taxes. The intangible drilling cost deduction and the percentage depletion allowance which Secretary Regan wishes to abolish, are vital to the survival of the independent and to some extent, even the major oil companies. On the surface, these additional deductions may seem to give preference to the oil industry over other industries. However, if you look deeper, you will see that the oil industry faces many more uncertainties and intangible problems than the average manufacturing and production type of business in which costs can be forecast and predictions can be made. Presently, it takes ten wells to find one commercial well. This is how high the risk of exploration for oil is, therefore, due to the extremely high risk and numerous uncontrollable intangible factors, the intangible drilling cost deduction and percentage depletion allowance are necessary to maintain a profitable oil industry.
2. With the loss of the deductions stated in paragraph number one, I know for a fact that there will be a loss of many jobs nationwide. The oil industry employs hundreds of thousands of people either directly or indirectly. With the loss of jobs, the Treasury Department will lose tax payers. The Treasury Department will also lose income taxes paid by companies that fold. With a loss of jobs; in addition to less tax payers, there will be a greater welfare burden, not to mention the overall slowdown in spending.

3. Our national security is vital and oil is one of the most precious resources we have and need. It is inevitable that there will be war in the middle east; this area of the world has been fighting since the beginning of time. We should not be lulled into a false sense of security by the present falling prices of oil. Falling prices are already causing tension among OPEC members. Our country must not look to the present only, but must look to the future. We need an oil business in America that has incentive to explore for and find oil in America.

Yours truly,
NORTH AMERICAN ROYALTIES, INC.

C. Mark Ready

C. Mark Ready
District Landman

CMR/bag

NYTEX CORPORATION

December 13, 1984

The President
The White House
Washington, D.C. 20500

RE: Treasury Department's
Tax Reform Proposals

Dear Mr. President:

I wish to express my extreme disappointment in the entire package of Tax Reform Proposals suggested by the Treasury and in particular, I wish to voice my dissent to those portions affecting the oil and gas exploration business.

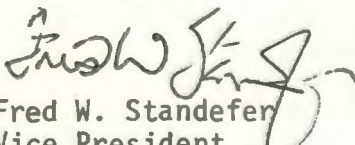
The proposals, in my view, serve one purpose; they make the major oil companies and large, well capitalized independents much stronger and they will obliterate the small independent producer. You simply will not be able to attract the necessary capital to drill wells if the Treasury's requested repeal of percentage depletion and expensing of intangibles is allowed. The provision disallowing deduction of dry hole costs until property abandonment is so ludicrous, it should not even be discussed.

It is interesting to me that only large financially strong companies have apparently offered support to some of the suggestions in the plan.

We started our own exploration company one year ago. We currently employ six (6) people, and we have been evolved with other oil companies (mostly independents) in drilling 25 wells this year. I promise you that if the ideas suggested by the Treasury are enacted, we will have to shut down. You will have our six people out looking for jobs and literally thousands of others employed by other independents and all other phases of this vast and complex industry. And if we are out of the picture, I can assure you that the major oil companies will not keep the rig count up by themselves.

Please reject the specific proposals regarding percentage depletion, intangible drilling costs and dry hole abandonment costs. I truly feel that the proposed changes would be a huge detriment to my industry and my country.

Sincerely,


Fred W. Standefen
Vice President

FS/js



PHI RESOURCES LTD.
5005 N. PENNSYLVANIA SUITE 103
OKLAHOMA CITY, OKLAHOMA 73112
(405) 843-0998

December 27, 1984

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

As an independent engaged in the business of acquiring Oil and Gas leases on a contract basis for several companies, I am writing to urge you to reject the current tax reform proposals regarding this industry. I can assure you that the passage of this reform will adversely affect the oil and gas industry at all levels, primarily by drying up the main sources of investment.

During these times of encouraging self reliance for our energy supply, it seems contradictory to your past policies to pass such a tax measure. I strongly urge you to consider the consequences, as I already have and can only see a bleak future for myself, my company and my employees should these reforms be effected.

Sincerely,

Bruce L. McLinn
General Partner
PHI Resources, Ltd.

BLM/tk