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SAM REEVES

ONE ENERGY SQUARE
SUITE 10D
ABILENE, TEXAS 79601
915-672-8448

December 18, 1984

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

Dear Mr. President:

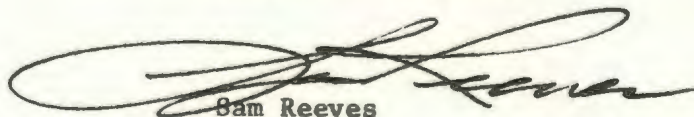
Regarding the Treasury Department's proposed changes in the tax code, I oppose the elimination of percentage depletion and intangible drilling costs. It is also most unfair that dry hole costs not be considered a deduction until a property is abandoned. These dry hole costs should be a deduction at the time they occur.

Repeal of the above three items are most important to the existence of the small independent operator, like myself. Without these incentives, the independent oil operator will no longer be in business and please remember, we drilled 90% of the wells in the USA last year!

When our investment dollars vanish, we will not be a part of the economy - how can this be in the best interest of our country? We have to have a domestic energy producing industry which provides a stable and dependable source of energy and the independent oil operator needs to continue to exist for this reason.

We are the backbone of the energy industry - you need us. Please continue in keeping with your objectives of energy independence for a stronger national defense and an economy that can expand.

Respectfully yours,



Sam Reeves

SR/cy

cc: Edwin Meese III
✓ James A. Baker III
U. S. Senator Lloyd Bentsen
Senator-elect Phil Gramm

R. T. ROARK

ROARK & HOOKER
720 CITIZENS NATIONAL BANK BUILDING
POST OFFICE BOX 2708
ABILENE, TEXAS 79604
PHONE (915) 677-8583

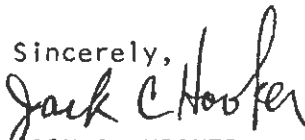
L. F. HOOKER

December 21, 1984

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

Dear Mr. President:

I respectfully urge your strong opposition to the Treasury Department's tax proposal regarding oil and natural gas. This legislation will force thousands of independent oil and natural gas producers to severely curtail or stop drilling new wells. There is evidence that the rate of decline in drilling will be between 30-40%. Similarly, there will be a 30-40% reduction in new reserves found, thereby increasing this nation's dependence on foreign oil. Additionally, thousands of Americans will lose their jobs.

Sincerely,

JACK C. HOOKER

JCH/jm

Copies of Letters to:

Mr. Edwin Meese III
Counselor to the President
The White House
Washington, D. C. 20500

U. S. Senator Lloyd Bentsen
703 Hart
Washington, D. C. 20510



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

Senator-elect Phil Gramm
1230 Longworth
Washington, D. C. 20515

Mr. Robert C. McFarlane
Asst. to President for National Security
The White House
Washington D. C. 20500

ROARK & HOOKER

**720 CITIZENS NATIONAL BANK BUILDING
POST OFFICE BOX 2708
ABILENE, TEXAS 79604
PHONE (915) 677-8583**

R. T. ROARK

L. F. HOOKER

December 21, 1984

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

Dear Mr. President:

I represent the very backbone of our nation's domestic energy industry. I am an independent producer, and frankly I'm petrified at some of the tax proposals being discussed.

My concerns are very simple. If Intangible Drilling Costs and the Depletion Allowance are tampered with:

- *Investment dollars will flow away from our industry;
- *Production of both oil and gas will decline;
- *Imported crude and crude oil products will destroy the market for both producers and refiners; and
- *Once again our nation will become vulnerable to foreign manipulation.

Mr. President, you have done an incredible job of reasserting America's strength throughout the world through your foreign policy and military preparedness. Don't allow our military to have to depend on OPEC oil to fuel our ships.

Sincerely,

HOOKER COMPANY, LTD.



JACK C. HOOKER
GENERAL PARTNER

JCH/jm

Copies of Letters to:

Mr. Edwin Meese III
Counselor to the President
The White House
Washington, D. C. 20500

U. S. Senator Lloyd Bentsen
703 Hart
Washington, D. C. 20510

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

Senator-elect Phil Gramm
1230 Longworth
Washington, D. C. 20515

Mr. Robert C. McFarlane
Asst. to President for National Security
The White House
Washington D. C. 20500

J. K. Buck Ridley

P. O. BOX 5083

125 COMMERCE PLAZA OFFICE BUILDING

ABILENE, TEXAS 79605

915/692-7183

December 28, 1984

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

RE: Treasury Department's
Tax Reform Proposals

Dear Mr. Baker:

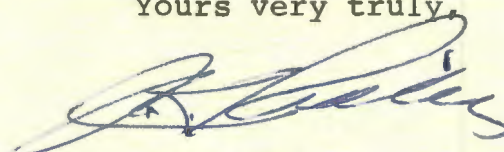
I represent the very backbone of our nation's domestic energy industry. I am an independent producer, and frankly I'm petrified at some of the tax proposals being discussed.

My concerns are very simple. If Intangible Drilling Costs and the Depletion Allowance are tampered with:

- *Investment dollars will flow away from our industry;
- *Production of both oil and gas will decline;
- *Imported crude and crude oil products will destroy the market for both producers and refiners; and
- *Once again our nation will become vulnerable to foreign manipulation.

Mr. Baker, you have been placed in office to aid America in this troubled time. Through strength in foreign policy and military preparedness America will stand strong. Don't allow our military to have to depend on OPEC oil to fuel our ships!

Yours very truly,

A handwritten signature in blue ink, appearing to read 'J.K. Ridley', is written over a horizontal line.

J.K. Ridley



THE TEMPLETON COMPANY
OIL OPERATORS AND PRODUCERS

December 19, 1984

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

Dear Mr. President,

As you and your staff are aware, the disclosure of the Treasury Departments' proposed changes in the tax code have the daylights scared out of everybody and especially the oil industry.

If their intent was to severely curtail drilling activity; they did it! And without actually doing anything - - that is the scary part!

By their actions, you will see a sharp decline in drilling activity until the final changes are put through.

Oil prices are falling, gas pricing is going to pot, investment capital is disappearing, and now the Treasury Department wants to put the final nail in the coffin. I always thought that when times were tough the government was to provide incentives to get the economy going again; not to take them away.

Please re-read the enclosed letter from WeTOGA and under no circumstances let such a ridiculous piece of legislation pass your desk.

Sincerely,

Ray Templeton
President
The Templeton Company
Templeton Investments, Inc.
Oilfield Equipment Leasing
Templeton & Associates
M & R Investments
Colonial Designs

Enclosure
ERT/skw

W. C. TOGA

WEST CENTRAL TEXAS OIL & GAS ASSOCIATION

(915) 677-2469 • P O BOX 2332 • ABILENE, TEXAS 79604

December 6, 1984

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

Dear Mr. President:

I received details of Treasury Department's proposed changes in the tax code this week. I am very concerned about these proposals, and oppose the elimination of percentage depletion and intangible drilling costs. I am also very concerned about Treasury's contention that dry hole costs should not be a deduction until a property is abandoned. It's only fair to allow the deduction of dry hole costs at the time they occur instead of waiting years to do so.

Percentage depletion and expensing of intangible drilling costs are more than just incentives to the thousands of independent oil producers and the tens of thousands of investors: It is our lifeblood. Without these business or economic incentives, the independent oil producer would become a vanishing breed. Last year independents drilled 89% of the wells drilled in the United States. And future reserves are a direct function of the number wells drilled.

Repealing percentage depletion and intangible drilling costs:

- * will drastically reduce the amount of investment dollars available for oil and gas exploration;
- * will dramatically reduce the number of independents exploring for oil and gas;
- * will reduce the number of wells drilled and reserves discovered in the United States;
- * will further hurt the United States' balance of payments as we import more foreign oil to make up for the oil not found and produced in the United States;
- * will increase our vulnerability to cut-offs of oil from unstable sources;
- * will increase the price of crude oil and petroleum products to consumers by decreasing the available supply in the future;
- * will decrease competition in exploration by giving major oil companies another competitive edge.

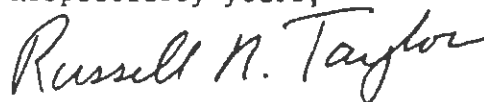
The President
December 6, 1984
Page Two

I take strong exception to Treasury's contention that capital diverted from oil and gas exploration would be "employed more productively in other industries." Treasury noticeably fails to mention exactly where these investment dollars could be spent "more productively." I cannot think of an industry that is any more important than the domestic energy producing industry which provides a stable and dependable source of energy.

Mr. President, we believe that the independent oilman is the cornerstone of America's energy industry. Most independent oil companies are small businesses, and do many things that major oil companies cannot and will not do. There is a place for the small independent, but without percentage depletion and intangible drilling costs his place will shrink until he has virtually no room to operate.

Therefore, on behalf of the 1,000 members of the West Central Texas Oil & Gas Association I urge you to withdraw the current proposals of the Treasury Department and draft provisions which are in keeping with your stated objectives of energy independence, a strong national defense and an expanding economy.

Respectfully yours,

A handwritten signature in cursive script that reads "Russell N. Taylor". The signature is written in dark ink and is positioned above the printed name and title.

Russell N. Taylor
President



TEXFEL PETROLEUM CORPORATION

401 Petroleum Building
Abilene - Texas 79601

(915) 676-7744 • Telex 739456 December 19, 1984

THE PRESIDENT
The White House
Washington, D.C. 20500

Mr. President:

Reading the Department of Treasury's proposed changes on taxes, depletion, and tangible drilling cost, this is a devastating blow to the National Independent Oil Industry.

Major oil companies hold vast reserves compared to America's independents. When the cost of drilling rises, Majors simply drill on proven reserves while independents do not drill at all. At this time when our reserves are being depleted, some incentive must be given to drilling new wells - independents drill 80% of the new wells. Don't take the cash flow away from drilling.

A few suggestions might be to: raise taxes after well production has been established - investors will gladly pay taxes on oil once they have it; raise taxes on imported tubular goods so that oil companies buy domestic for improving the steel industry. Almost every job in America is connected to oil in some way.

Independent wildcat discoveries are gambles while the major oil company drilling is simply economics in proven reserves.

Don't take away our drilling investment funds; we need them to keep America strong, energy independent and economical sound.

Respectfully,

James H. Moren
James H. Moren

JHM/val

pc: Edwin Meese III
Counselor to the President
Washington, D. C. 20500

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

U. S. Senator Lloyd Bentson
703 Hart
Washington, D. C. 20510

Senator-elect Phil Gramm
1230 Longworth
Washington, D. C. 20515

Robert C. McFarland
Asst. to President for
National Security
Washington, D. C. 20500

MCI Mail

The nation's new postal system.

December 26, 1984

The President
The White House
Washington DC 20500

(COURTESY COPY)

Dear Mr President

I have seen in the press and read reviews published by various concerned persons the contents of the Treasury Department's proposed Tax Revisions. I am deeply concerned about their impact on the small independent oil producer. I have been involved in the search for oil for some ten years, primarily from the finance and tax side. Most of the wells drilled in the United States (close to 90%) are drilled by the Independents. I know from first hand experience how low the reward is for the risk involved. I am also keenly aware of how these projects are financed. For the Independent who must live with reality on a day to day well to well basis, it is percentage depletion and expensed intangible development cost which make the next one possible. The tax laws already limit their effectiveness by making them preference items subject to the alternative minimum tax. To remove them altogether would greatly reduce the funds available for exploration and development. Any thinking man who lived through the oil embargo a decade ago does not want the OPEC influence to be regained. But if the wells are not drilled, the oil and gas will be imported and we will have "once again shot ourselves in the foot." Not to mention what will happen to the foreign trade balances.

You have said life is not fair. No tax law can be fair to all Americans. But to lower one group's taxes at the expense of others only makes the situation worse. No major industry makes less return on its risk capital than does the oil industry. Your own administration has researched this. We don't hear cries of foul obscene profits when the auto makers post returns greater than any oil company. This Treasury proposal sounds like something left over from the discredited Carter Administration. I would deeply regret my support for you in the last two elections if I voted against Carter and Mondale only to get their discredited policies. 1986 would not excite me very much.

For the good of the American Society and the Oil Industry which voted for you, I plead with you not to include those proposals which would gut the Independent Oil Producer of his ability to raise the funds necessary for his survival.

Specifically:

1. Percentage depletion as low as it is must not be repealed.
2. Expensing of intangible drilling costs must be continued.
3. Dry hole cost must be expensed immediately.

The Treasury proposals follow in the footprints of those policies which have

done so much to destroy the Spirit of America. The Free Enterprise System demands the possibility of success. These proposals like Carter's so called Windfall Profits Tax are short sighted and could cause the destruction of what some have called, and justly so, the Cornerstone of the American Energy Industry.

Respectfully Yours,

Raymond David Wier, Jr

From: David Wier
1449 Richland
Abilene TX 79603

MCI Mail

The nation's new postal system.

First Class
000181324584361074634300003*

To: James A Baker III
Chief of Staff
The White House
Washington DC 20500



WESTWOOD ENERGY, INC.

(915) 676-8281

P.O. Box 3859

Abilene, Texas 79604

December 28, 1984

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

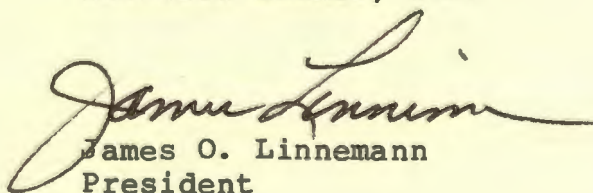
Dear Mr. Baker:

Recently Treasury Secretary Donald Regan revealed the U. S. Treasury proposal for tax reform. This proposal includes provisions which will adversely affect and be most damaging to the independent oil and gas producer. The provisions which repeal the current deductions allowed for percentage depletion and for intangible development costs would be a tremendous burden upon the independent oil and gas producer. In addition, a provision which would disallow a deduction of dry hole cost until a property is abandoned is not only unfair, it is unreasonable. All of these items would severely limit the availability of funds to independent oil operators for developing oil and gas reserves in the United States.

As you are aware, energy independence is a primary concern of not only independent oil and gas producers, but of every citizen of the United States. Actions taken by the Federal Government which impede our obtaining energy independence are certainly not in the best interest of this country. Therefore, I strongly urge you to consider the effects of the Treasury proposal on the petroleum industry and urge you to publicly reject these provisions.

Yours truly,

WESTWOOD ENERGY, INC.


James O. Linnemann
President

JOL/lp

H. W. WHITESIDE
P. O. Box 1863
Abilene, TX 79604

December 18, 1984

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

Dear Mr. President:

I recently received details of the Treasury Department's proposed changes in the tax code. I am opposed to the proposals of the elimination of percentage depletion and intangible drilling costs and the Treasury's contention that dry hole costs should not be a deduction until a property is abandoned. It is only fair to allow the deduction of dry hole costs at the time they occur, instead of waiting years to do so.

Percentage depletion and expensing of intangible drilling costs are more than just incentives to the many independent oil producers and investors: It is our Lifeline. Without these business or economic incentives, the independent oil producer will become a vanishing breed. Records show that over 3/4 of the wells drilled in United States last year were drilled by independent oil producers.

Repealing percentage depletion and intangible drilling cost:

1. will drastically reduce the amount of investment dollars available for oil and gas exploration, which in return will reduce the number of independents able to explore for oil and gas.

2. will reduce the number of wells drilled and reserves discovered in the United States.

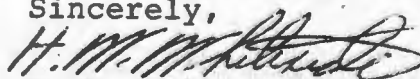
3. will further hurt the United States' balance of payments as we increase import of foreign oil to met our oil demands.

4. will increase our vulnerability to cut-offs of oil supplies from unstable sources.

5. will increase the price of petroleum products to consumers because of decreasing supplies.

I urge you Mr. President to withdraw the current proposals of the Treasury Department and draft provisions.

Sincerely,


H. W. Whiteside

C. E. JACOBS CO.
P. O. DRAWER 1178
ALBANY, TEXAS 76430

December 20, 1984

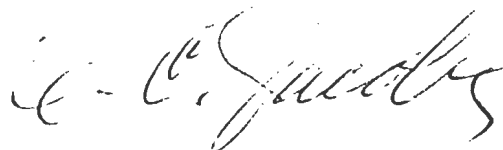
The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I am writing to you concerning the Treasury Department's proposed changes in the tax code. Specifically, I oppose the elimination of percentage depletion and intangible drilling cost. These two items are critical to the survival of my company as an independent oil producer. We have been in business since 1950, and at no time have these two incentives been more critical to us. The falling prices of our products and the high cost to drill and produce now will keep investors from risking dollars in search of oil and gas if we do not maintain our current incentives.

Please remove the current proposals on elimination of percentage depletion and intangible drilling cost from the Treasury Department's proposal, and at the same time please try to keep intact the current dry hole cost deduction in lieu of the plan to amortize it over the life of the property.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. E. Jacobs".

C. E. Jacobs

CEJ/dap

cc James A. Baker III
Chief of Staff

Howard D. Snider

Certified Professional Landman

Member
American Association of Petroleum Landmen
Dallas Association of Petroleum Landmen

December 26, 1984

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

RE: Treasury Department's
Tax Reform Proposals

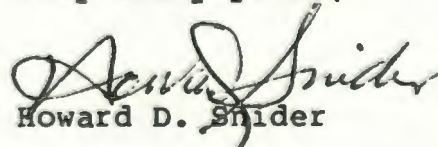
Dear President Reagan:

As a small (and I do emphasize small) independent, I have derived my principal income from the oil and gas business for the past 32 years. I wish to express my objection to the Treasury Department's Tax Reform Proposals as they relate to the petroleum industry. The industry is just now making a respectable recovery from its recent, rather severe recession. Oil prices are far from stable. The gas surplus may be good for consumers on a temporary basis but sooner or later it will disappear if there is insufficient economic reward to encourage exploration to replace depleting reserves.

Please request your advisors to carefully consider these matters as they pursue the problems of budgets and taxation. I am in favor of a balanced budget achieved through reduced spending, revised tax structure, etc., however, industries that are vital to the nation, especially those of a depleting reserve base, should be allowed to offset high risks by depletion and expensing costs at an accelerated rate, especially dry holes that return nothing on the investment.

Please accept my best wishes to you and your family for the coming year.

Very truly yours,


Howard D. Snider

d1m

cc: Mr. Edwin Meese, III
Counselor to the President



OIL & GAS—DRILLING & PRODUCING

HOME OFFICE: BOX 1940 — ALICE, TEXAS 78332
PHONE (512) 664-3427

MID-CONTINENT DISTRICT OFFICE
LEO R. "DICK" CHISHOLM — EXPLORATION MANAGER
FIRST OKLAHOMA TOWER • 210 W. PARK AVENUE • SUITE 2410
OKLAHOMA CITY, OKLAHOMA 73102
TELEPHONE (405) 236-8716

December 21, 1984

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

Re: Treasury Department's Tax Reform Proposals

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.

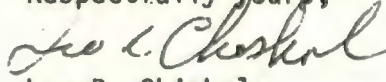
It is difficult to envision Republicans not only supporting, but GIVING BIRTH to a proposal which will realistically threaten the jobs of so many Americans, including those of the undersigned. Mr. President, this tax proposal will decidedly force many independent producers out of business altogether. 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.

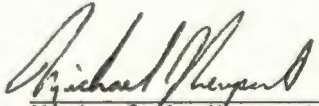
While recognizing you have many interests to balance, we are still convinced your careful review of the effect of this proposal on independents, their employees and our fine nation's energy dependence, will show you must oppose such proposals.

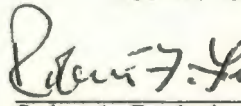
Letter to the President, United States of America
Re: Treasury Department's Tax Reform Proposal
Page 2

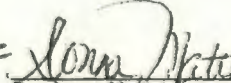
Please remember...wells not drilled will generate absolutely NO TAX at all...and no reserves. It is disturbing to realize, in case of war, we could be dependent upon foreign countries to provide fuel for our nation's defense. Are they that dependable?

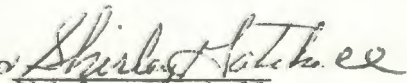
Respectfully yours,


Leo R. Chisholm


Michael J. Newport

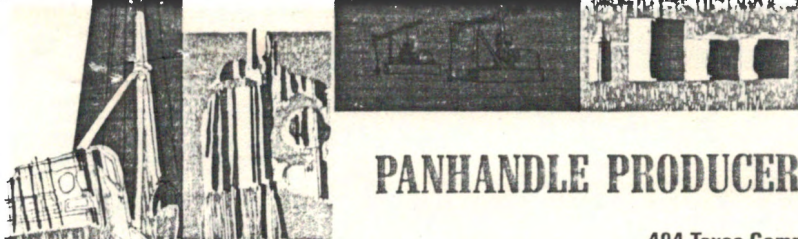

Robert F. Luke


Donna Matthews


Shirley Gatchell

Copies to:

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 Don Hodel, Secretary to Department of Energy
The Honorable Donald Regan, Secretary of Department of Treasury
Randall E. Davis, Special Assistant to the President for Energy & Natural
Resources
The Honorable William Clarke, Secretary of Department of Interior
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



PANHANDLE PRODUCERS AND ROYALTY OWNERS ASSOCIATION

404 Texas Commerce Bank Building / Amarillo, Texas 79109

Telephone (806) 352-5637

December 20, 1984

Dear Mr. President:

The Panhandle Producers and Royalty Owners Association is a regional oil and gas association which represents 750 independent producers and royalty owners who explore for and produce oil and gas in the Texas Panhandle. Members of this Association have enthusiastically supported you and your past economic programs; consequently, we were shocked to learn that the Treasury's Tax Reform Proposal contained provisions which would severely impact the independent oil and gas industry.

We strongly object to the following provisions:

- 1) the repeal of percentage depletion for existing and future production.
- 2) the repeal of current expensing of intangible drilling costs.
- 3) the restricting of deductions for dry hole costs to the time a property is abandoned.

Studies by our Association and other cooperating oil and gas associations indicate that, if adopted, such provisions would severely curtail oil and gas exploration and development by independent producers. An initial analysis performed by the Independent Petroleum Association of America concludes that if the Tax Reform Proposal had been in effect in 1984, the capital available to independents for drilling would have been reduced by approximately 50 percent; 30,000 fewer oil and natural gas wells would have been drilled; and, at a minimum, 4,000 independent producers would have left the business of drilling wells. Currently, independents drill 90 percent of the exploratory wells in the United States. A reduction in their drilling efforts will increase the United States' dependence on foreign oil and undermine the country's security.

OFFICERS

President Harry H. Phillips
Past President Thomas R. Cambridge
Vice President Richard E. Adams

Vice President Chester L. Lambert
Secretary Frank A. Ladd
Treasurer Richard F. Brown

Presidential Advisor F. Jackson Mott

EXECUTIVE COMMITTEE

Bob Conley
Peter A. Dallas
J. W. Snider
Jack M. Allen

Charles B. Morgan
Barrett W. Pierce
Gary D. Compton
Jeffrey G. Shrader
S. Keith Tuthill

Executive Vice President Mary E. Nordsven

The current tax code recognizes the inherent risks in oil and gas exploration and development and has provided the tax incentives necessary to raise capital for these ventures. The petroleum industry is like no other American industry: exploration and development of oil and natural gas are both capital intensive and high risk; there is a long lead time before large capital investments generate significant returns; a successful venture must pay for itself, as well as the cost of dry holes (four out of five exploratory wells are dry holes); and the very security of the nation depends on the successful exploration and development of domestic energy reserves. If the independent oil and gas industry is to continue to do its part in the development of the nation's petroleum reserves, current tax incentives must be retained.

Mr. President, we applaud your efforts to simplify the nation's tax code. However, we respectfully urge you not to endorse the Treasury's Tax Reform Proposal to the extent it adversely impacts the development of the nation's domestic oil and gas reserves by independent producers.

Very truly yours,


Harry H. Phillips
President

PANHANDLE PRODUCERS AND ROYALTY OWNERS ASSOCIATION

HHP/djc

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

cc: Mr. James A. Baker, III
Chief of Staff

Dear Mr. Baker,

12-17-84

The proposal by the treasury dept on income tax simplifications would be a terrible thing for this country. It would put the small business man out of business and destroy incentives for growth and investment.

The plan is so bad that if the White House and G.O.P. associate themselves with it, the Democrats will win by a landslide in 1984 and 1988. I have been a Republican all my life but would leave the party if they endorse such a program of tax changes.

Leave the tax incentives the way they are and concentrate on reducing the budget deficit.

TOM NOLAN
2117 INVERRAY CT
HOUSTON TEXAS 77057



CALHOUN-ELLISON OIL CO.

P.O. Box 446

Aspermont, Texas 79502

(817) 989-3582

(817) 989-2260—C. C. Calhoun

(817) 989-2914—Dewitt Ellison

(817) 989-2805—Junior Martin

December 19, 1984

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

Dear Mr. President:

I recently received details of the Treasury Department's proposed changes in the tax code. I am very concerned about these proposals. I strongly oppose the elimination of percentage depletion and intangible drilling costs. I am also very concerned about the Treasury's contention that dry hole costs should not be a deduction until a property is abandoned. It is extremely unfair to not allow the deduction of dry hole costs at the time they occur.

These incentives are more than just incentives to the thousands of independent oil producers and the tens of thousands of investors. It is the life-blood of the independent producer. Without these economic incentives the independent oil producer will become a thing of the past. In the last several years independents drilled 80% to 90% of the wells drilled in the United States and future reserves are a direct reflection of the number of wells drilled.

Repealing these incentives will dramatically reduce the number of independents exploring for oil and gas and will decrease competition giving major oil companies a competitive edge thereby increasing the United States vulnerability to the OPEC nations.

Mr. President, the Treasury's contention that capital diverted from oil and gas exploration could be employed more productively in other industries to me rings with the sound of socialism. What other industry at these crucial times is more important than a domestic energy producing industry that provides a stable and dependable source of energy and is already strapped with a discriminating so-called Windfall Profits Tax.

Mr. President, the independent oil man is a small business and do many things that the major oil companies cannot and will not do. This great country we live in was built and is supported by the small businessman. Please allow us to remain in business.

Respectfully yours,



C. C. Calhoun

cc: Edwin Meese III
U. S. Senator Lloyd Bentsen
✓ James A. Baker III
Senator-Elect Phil Gramm
Robert McFarlane

PS: Mr. President, I also feel that these proposals will have a very negative effect on the recent gains the Republican Party has made in the State of Texas as well as many other oil producing states because of its discriminating nature.

703 McKinney
Suite 400
Dallas, Texas 75202

1920 MBank Tower
221 West Sixth
Austin, Texas 78701

512 474-5581

December 28, 1984

HFG

James A. Baker III, Chief of Staff and Assistant to
the President
The White House, 1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

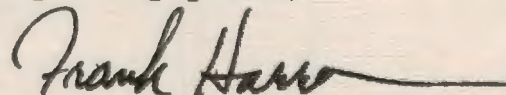
RE: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U. S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration. I therefore, urge you, in the strongest terms, to publicly oppose the Treasury proposal.

Very truly yours,



Frank Harren



p.o. box 448 - big spring, texas 79721
oil & gas exploration & production
(915) 267-7488

December 17, 1984

The President
The White House
Washington, DC 20500

Dear Mr. President:

I respectfully urge your strong opposition to the Treasury Department's tax proposal regarding oil and natural gas. This legislation will force thousands of independent oil and natural gas producers to severely curtail or stop drilling new wells, because without the Intangible Drilling Cost deduction and the Percentage Depletion Allowance, we will be unable to raise the capital necessary to continue drilling.

There is evidence that the rate of decline in drilling will be between 30-40%. Similarly, there will be a 30-40% reduction in new reserves found, thereby increasing this nation's dependence on foreign oil. Additionally, thousands of Americans will lose their jobs. I am convinced that your careful review of the effect of Treasury's tax proposals on independents, their employees and our fine nation's energy dependence will discover that you must oppose such proposals.

Sincerely,

A handwritten signature in cursive script that reads 'Tom McCann'.

Tom McCann
President

TM/td

Caddo Creek Corporation

1311 W. WALKER - 817-559-5812
BRECKENRIDGE, TEXAS 76024

December 18, 1984

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

Dear Mr. President:

I am writing this letter to express my concern over the recently proposed changes in the tax code, specifically the elimination of percentage depletion and expensing intangible drilling costs. I am very much opposed to both of these proposals. The elimination of either would cripple the oil industry, with the small independant oil producers being hurt most of all. Percentage depletion and expensing intangible drilling costs are economic incentives to drill new wells. This incentive is needed to offset the risk involved in finding and producing new reserves. Without these incentives, investment capital for the small independent producer would virtually disappear, severely curtailing the number of wells drilled by all independants in the United States. This would be a devastating blow to our Nation's goal of energy self-sufficiency.

Mr. President, I strongly urge you to withdraw the proposal of the Treasury Department and draft new provisions which will serve to help keep our economy and Nation strong.

Respectfully yours,



Greg Pitzer

cc

Edwin Meese III

U.S. Senator Lloyd Bentsen

James A. Baker III

Senator-Elect Phil Gramm

Robert McFarlane

GREGG E. GOODALL
P. O. BOX 731
BRECKENRIDGE, TEXAS 76024

December 28, 1984

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

Dear Mr. President:

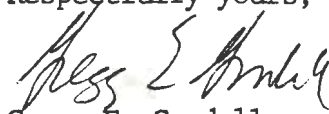
I received details of the Treasury Departments' proposed changes in the tax code. I am extremely concerned about these proposals, and oppose the elimination of percentage depletion and intangible drilling costs.

As a small independent oil producer, I fail to see any economic reason to risk venture capital in the exploration for oil and gas if percentage depletion and intangible drilling cost are repealed, and, furthermore, I fail to see any other industry that these same investment dollars could be spent more productively.

Please take notice of the significance of the independent oil producer as a provider of a stable and dependable source of energy to our country. Under these proposals his place will shrink until he has no incentive to operate. Our dependence on foriegn imports will no doubt grow to yet even higher levels.

Mr. President, I urge you to withdraw the current proposals of the Treasury Department and draft provisions which are in keeping with your stated objectives of energy independence, a strong national defense and an expanding economy.

Respectfully yours,


Gregg E. Goodall

GEG/rw

COPY

PICO DRILLING COMPANY, LTD.

PHONE 817-559-5489

102 NORTH COURT

BRECKENRIDGE, TEXAS 76024

December 19, 1984

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

Dear Mr. President:

I received details of Treasury Department's proposed changes in the tax code this week. I am very concerned about these proposals, and oppose the elimination of the percentage depletion and intangible drilling costs. I am also very concerned about Treasury's contention that dry hole costs should not be a deduction until a property is abandoned. It's only fair to allow the deduction of dry hole costs at the time they occur instead of waiting years to do so.

Percentage depletion and expensing of intangible drilling costs are more than just incentives to the thousands of independent oil producers and the tens of thousands of investors: It is our lifeblood. Without these business or economic incentives, the independent oil producer would become a vanishing breed. Last year independents drilled 89% of the wells drilled in the United States. And future reserves are a direct function of the number of wells drilled.

Repealing percentage depletion and intangible drilling costs:

- * will drastically reduce the amount of investment dollars available for oil and gas exploration;
- * will dramatically reduce the number of independents exploring for oil and gas;
- * will reduce the number of wells drilled and reserves discovered in the United States;
- * will further hurt the United States' balance of payments as we import more foreign oil to make up for the oil not found and produced in the United States;
- * will increase our vulnerability to cut-offs of oil from unstable sources;
- * will increase the price of crude oil and petroleum products to consumers by decreasing the available supply in the future;
- * will decrease competition in exploration by giving major oil companies another competitive edge.

The President
December 19, 1984
Page Two

I take strong exception to Treasury's contention that capital diverted from oil and gas exploration would be "employed more productively in other industries." Treasury noticeably fails to mention exactly where these investment dollars could be spent "more productively." I cannot think of an industry that is more important than the domestic energy producing industry which provides a stable and dependable source of energy.

Mr. President, we believe that the independent oilman is the cornerstone of America's energy industry. Most independent oil companies are small businesses, and do many things that major oil companies cannot and will not do. There is a place for the small independent, but without percentage depletion and intangible drilling costs his place will shrink until he has virtually no room to operate.

Therefore, I urge you to withdraw the current proposals of the Treasury Department and draft provisions which are in keeping with your stated objectives of energy independence, a strong national defense and an expanding economy.

Respectfully yours,

PICO DRILLING COMPANY LTD.

By: Michael Thornton
Michael Thornton

Copies to:
Edwin Meese III
James A. Baker III
Robert C. McFarlane
U.S. Senator Lloyd Bentsen
Senator-elect Phil Gramm
U. S. Senator Richard Lugar

PITZER ENTERPRISES
P. W. PITZER, JR.
TELEPHONE (817) 559-5488
102 NORTH COURT
BRECKENRIDGE, TEXAS 76024

December 19, 1984

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

Dear Mr. President:

I received details of Treasury Department's proposed changes in the tax code this week. I am very concerned about these proposals, and oppose the elimination of percentage depletion and intangible drilling costs. I am also very concerned about Treasury's contention that dry hole costs should not be a deduction until a property is abandoned. It's only fair to allow the deduction of dry hole costs at the time they occur instead of waiting years to do so.

Percentage depletion and expensing of intangible drilling costs are more than just incentives to the thousands of independent oil producers and the tens of thousands of investors: It is our lifeblood. Without these business or economic incentives, the independent oil producer would become a vanishing breed. Last year independents drilled 89% of the wells drilled in the United States. And future reserves are a direct function of the number of wells drilled.

Repealing percentage depletion and intangible drilling costs:

- * will drastically reduce the amount of investment dollars available for oil and gas exploration;
- * will dramatically reduce the number of independents exploring for oil and gas;
- * will reduce the number of wells drilled and reserves discovered in the United States;
- * will further hurt the United States' balance of payments as we import more foreign oil to make up for the oil not found and produced in the United States;
- * will increase our vulnerability to cut-offs of oil from unstable sources;
- * will increase the price of crude oil and petroleum products to consumers by decreasing the available supply in the future;
- * will decrease competition in exploration by giving major oil companies another competitive edge.

The President
December 19, 1984
Page Two

I take strong exception to the Treasury's contention that capital diverted from oil and gas exploration would be "employed more productively in other industries." Treasury noticeably fails to mention exactly where these investment dollars could be spent "more productively." I cannot think of an industry that is any more important than the domestic energy producing industry which provides a stable and dependable source of energy.

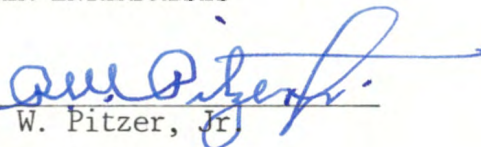
Mr. President, I believe that the independent oilman is the cornerstone of America's energy industry. Most independent oil companies are small businesses, and do many things that major oil companies cannot and will not do. There is a place for the small independent, but without percentage depletion and intangible drilling costs his place will shrink until he has virtually no room to operate.

Therefore, I urge you to withdraw the current proposals of the Treasury Department and draft provisions which are in keeping with your stated objectives of energy independence, a strong national defense and an expanding economy.

Respectfully,

PITZER ENTERPRISES

By:


P. W. Pitzer, Jr.

Copies to:
Edwin Meese III
James A. Baker III
Robert C. McFarlane
U. S. Senator Lloyd Bentsen
Senator-Elect Phil Gramm
U.S. Senator Richard Lugar

M. E. NEISWANGER

OIL OPERATOR

BOX 662

BROWNWOOD, TEXAS

76802

December 21, 1984

The President
The White House
Washington, DC 20500

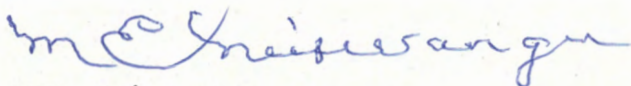
Dear Mr. President:

I understand that your time is valuable and that you do not have the time to read every letter that comes to you and address every single problem, nevertheless, I am compelled to write to you regarding the Treasury Department's tax proposal.

I would never have believed that the Republican Administration could give its support to a proposal that threatens so many people and their security in their jobs. For years the Independent Oil Producers have been the forerunners in the oil industry and have kept this fine nations energy program on-going. This tax proposal will put the independent producer out of business and as a result many other industries that depend on the oil business. Bankrupt businesses and jobless people do not generate tax revenue. These tax provisions will make our nation more dependent on foreign oil and raise energy prices for everyone.

Therefore, I respectfully urge your strong opposition to the Treasury Department's tax proposal regarding oil and natural gas.

Respectfully yours,



M.E. Neiswanger
Independent Oil Producer

cc; Edwin Meese III
James A. Baker III
Robert C. McFarlane
Lloyd Bentsen
Phill Gramm

NEWTON LEASE OPERATIONS
NEWTON WELL SERVICE

P.O. Box 1661
Brownwood, Texas 76804

915-646-0811
915-646-5761

Residence
915-784-5553

December 21, 1984

The President
The White House
Washington , DC 20500

Dear Mr. President:

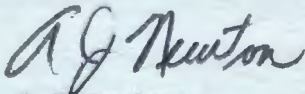
As an independent oil producer and the owner of a service company in the oil industry, I am compelled to write to you regarding the Treasury Department's tax proposal and its effect on the oil industry.

For several months we have seen many people facing difficult times in this industry because of price and demand but this tax proposal would certainly bankrupt many people and put countless others out of a job. I cannot possibly understand how this would benefit our nation.

If wells are not drilled no tax will be generated. These current tax provisions help the independent producer attract outside ventures so that wells can be drilled. It certainly generates the economy and in turn strengthens our nations energy picture. We must keep our nation as independent of foreign oil as possible and keep up with the future demands of our country.

I certainly realize that your time is valuable and that you cannot personally address every problem that arises, but I respectfully urge you to oppose the Treasury Department's proposal regarding oil and natural gas.

Respectfully yours,



A.J. Newton
Owner
Newton Well Service

cc; Edwin Meese III
James A. Baker III
Robert C. McFarlane
Lloyd Bentsen
Phill Gramm



4342 CARTER CREEK PARKWAY
SUITE 103
BRYAN, TEXAS 77802
409-846-2226

December 12, 1984

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

Dear Mr. President:

Congratulations on your reelection as our President for four more years.

In response to the Treasury Departments' Tax Reform proposals, I would like my objections known. Margo, Inc. is a small independent oil producer, and since 75% of our risk capital is derived from outside investors, the proposal as outlined by the Treasury Department concerning the petroleum industry would put us out of business. Our source of investment risk capital would dry up. The proposal probably would not hurt the major companies as much, but the independent companies would all fold up.

I believe the budget should be cut but not in this way to put me and our employees in the bread line.

Please Mr. President publically reject these provisions so we may continue to rebuild our ailing industry.

Thanking you for your consideration, I am

Sincerely yours,

W. E. Krueger, President
Margo, Inc.

WEK/tp



MALOUF ABRAHAM, INC.

P. O. BOX 36
CANADIAN, TEXAS 79014
806/323-6447

December 21, 1984

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

Dear Mr. Baker:

We are a small independent company in the Texas Panhandle.

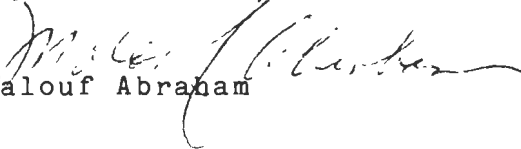
We are extremely concerned and shocked at the proposals contained in the Treasury recommendations as it applies to the independent oil and gas operators. 1984 has been a very tough year for us due to the cut in oil prices, the cut in natural gas prices, and the lack of market for our gas. We operate a dozen gas wells and they have been shut in over 40% of the time due to lack of demand. The lack of cash flow has caused severe financial problems to many of our colleagues. Many of them are involved in chapter 11.

You are aware that Independent's have drilled over 85% of the wells in our country. The repeal of expensing intangible drilling costs, percentage depletion, disallowance of tax deduction for dry holes on development wells, and the other recommendations would destroy most of the independent producers. Naturally this would result in a drastic reduction in the search for oil and gas by us. This would create the loss of many jobs in all phases of the oil industry. Our country desperately needs new oil and gas reserves for our national security and to try to cut down our dependence on unreliable foreign oil supplies.

We all believe in a free enterprise system and this proposal would be a very drastic blow to our goals. If you would like any additional information we would be happy to furnish you anything you wanted so that you could understand our critical situation. We appreciate very much the things you have done to restore our economy and hope that you will prevent this giant step backwards.

Sincerely yours,

MALOUF ABRAHAM, INC.


Malouf Abraham

MA:ls

ANADARKO BASIN OIL AND GAS PROPERTIES

Malouf Abraham Mert Cooper John T. Kerrigan, Jr. Rodney Laubhan

ELLIS PRODUCTION COMPANY, INC.

P. O. BOX 393
COLORADO CITY, TEXAS 79512
(915) 728-3495

December 20, 1984

President Ronald Reagan
The White House
1600 Pennsylvania Ave, N. W.
Washington, D.C. 20500

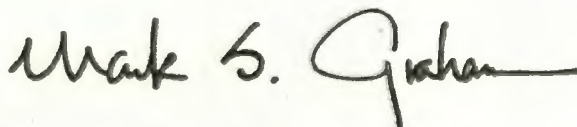
Dear Mr. President:

Treasury's proposed changes to the Tax Code will have an adverse effect on independent oil and gas producers in the United States. In fact, without the Intangible Drilling Cost deduction and the Percentage Depletion Allowance, independents will be out of business. At this time our country needs our oil supply from overseas to be curtailed and domestic oil increased.

We cannot see where the Treasury gets its ideas of cutting off the incentives for more domestic drilling.

Mr. President, we ask that you strongly oppose the Treasury's tax proposal regarding the oil and gas industry.

Sincerely,



Mark S. Graham, President
Ellis Production Co., Inc.

MSG/jd

C O P Y

LEM OPERATING, INC.

P. O. BOX 393

COLORADO CITY, TEXAS 79512

December 21, 1984

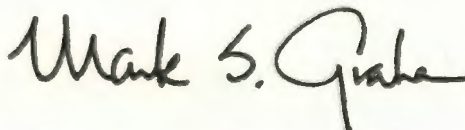
President Ronald Reagan
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Mr. President:

Why does the Treasury propose a change to the Tax Code which will seriously hurt the oil and gas industry.

Mr. President, independent producers request your strong opposition to the Treasury's reform proposal for the petroleum industry. Without the Intangible Drilling Cost deduction and the Percentage Depletion Allowance independent producers will financially be unable to do any drilling. If new oil field reserves are not found to replace the fields which are now being depleted the oil purchases from foreign sources will not be curtailed or the domestic oil purchases increased.

Sincerely,



Mark S. Graham, President
Lem Operating, Inc.

MSG/jd

C O P Y

GEORGE H. FRAZIER
COUNTY JUDGE
STONEWALL COUNTY
P.O. BOX 366
ASPERMONT, TEXAS 79502

December 19, 1984

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

Dear Mr. President:

I received retails of Treasury Department's proposed changes in the tax code this week. I am very concerned about these proposals, and oppose the elimination of percentage depletion and intangible drilling costs. I am also very concerned about Treasury's contention that dry hole costs should not be a deduction until a property is abandoned. It's only fair to allow the deduction of dry hole costs at the time they occur instead of waiting years to do so.

Percentage depletion and expenseing of intangible drilling costs are more than just incentives to the thousands of independent oil producers and the tens of thousands of investors: It is our lifeblood. Without these business or economic incentives, the independent oil producer would become vanishing breed. Last year independents drilled 8% of the wells drilled in the United States. And future reserves are a direct function of the number wells drilled.

Repealing percentage depletion and intangible drilling costs:

- *will drastically reduce the amount of investment dollars available for oil and gas exploration;
- *will reduce the number of wells drilled and reserves discovered in the United States;
- *will further hurt the United States' balance of payments as we import more foreign oil to make up for the oil not found and produced in the United States;
- *will increase our vulnerability to cut-offs of oil from unstable sources;
- *will increase the price of crude oil and petroleum products to consumers by decreasing the available supply in the future;
- *will decrease competition in exploration by giving major oil companies another competitive edge.
- *will dramatically reduce the number of independents exploring for oil and gas;

The President
December 19, 1984
Page two

I take strong exception to Treasury's contention that capital diverted from oil and gas exploration would be "employed more productively in other industries." Treasury noticeably fails to mention exactly where these investment dollars could be spent "more productively." I cannot think of an industry that is any more important than the domestic energy producing industry which provides a stable and dependable source of energy.

Mr. President, I believe that the independent oilman is the cornerstone of America's energy industry. Most independent oil companies are small businesses, and so many things that major oil companies cannot and will not do. There is a place for the small independent, but without percentage depletion and intangible drilling costs his place will shrink until he has virtually no room to operate.

Mr. President I have been a tax practitioner and advisor for thirty years and have done a considerable amount of work for Independent Oil Producers and I know they cannot operate under these conditions

Therefore, on behalf of the small Independent oil producers I urge you to withdraw the current proposals of the Treasury Department and draft provisions which are in keeping with your stated objectives of energy independence, a strong national defense and expanding economy.

Respectfully yours,


George Frazier
Stonewall County Judge

CC:
Edwin Meese III
Counselor to the President

James A. Baker III
Chief of Staff

Robert C. McFarlane
Asst. to President for
National Security

U.S. Sen. Lloyd Bentson

Sen. elect. Phil Gramm

ROGER W. ANDERSON CORP.

329 California

Clyde, Texas 79510

Independent Consultant

Ph. 915-893-5144 24 Hr.

December 20, 1984

James Baker III
~~The President~~

The White House
Washington, D.C. 20500

Dear Mr. *Baker*:
~~President~~:

I received details of Treasury Department's proposed changes in the tax code this week. I am very concerned about these proposals, and oppose the elimination of percentage depletion and intangible drilling costs. I am also very concerned about Treasury's contention that dry hole costs should not be a deduction until a property is abandoned. It's only fair to allow the deduction of dry hole costs at the time they occur instead of waiting years to do so.

Percentage depletion and expensing of intangible drilling costs are more than just incentives to the thousands of independent oil producers and the tens of thousands of investors: It is our lifeblood. Without these business or economic incentives, the independent oil producer would become a vanishing breed. Last year independents drilled 89% of the wells drilled in the United States. And future reserves are a direct function of the number of wells drilled.

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- * will decrease competition in exploration by giving major oil companies another competitive edge.

I take strong exception to Treasury's contention that capital diverted from oil and gas exploration would be "employed more productively in other industries." Treasury noticeably fails to mention exactly where these investment dollars could be spent "more productively." I cannot think of an industry that is any more important than the domestic energy producing industry which provides a stable and dependable source of energy.

~~The President~~

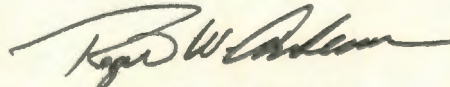
December 20, 1984

Page Two

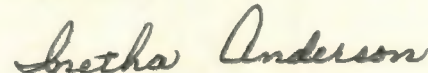
Mr. ~~President~~ ^{Baker}, we believe that the independent oilman is the corner stone of America's energy industry. Most independent oil companies are small businesses, and do many things that major oil companies cannot and will not do. There is a place for the small independent, but without percentage depletion and intangible drilling costs his place will shrink until he has virtually no room to operate.

Therefore, on behalf of myself and other small businesses, I urge you to withdraw the current proposals to the Treasury Department and draft provisions which are in keeping with your stated objectives of energy independence, a strong national defense and an expanding economy.

Respectfully yours,



Roger W. Anderson
President



Inetha Anderson
Vice-President

1a/RA



SAN JACINTO DRILLING FLUIDS

5434 FM 1488 • P.O. BOX 1889 • CONROE, TEXAS 77305 • CONROE: 409/273-1480 • HOUSTON: 713/353-8116

December 18, 1984

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

Dear Mr. Baker:

The new tax reforms are important to all of us.

We are all glad to see this problem addressed.

Please, do not make the oil industry carry the package - If I am not in business, I can't pay my taxes. Taxes that I want to pay.

Sincerely,

SAN JACINTO DRILLING FLUIDS

Wayne H. McKenzie
Vice President

WMc/pg



TL DRILLING

5434 FM 1488 • P.O. BOX 1889 • CONROE, TEXAS 77305 • CONROE: 409/273-1480 • HOUSTON: 713/353-8116

December 18, 1984

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

Dear Mr. Baker:

The new tax reform proposed by the Treasury will be very detrimental to the small oil and gas companies. This proposal could be the straw that broke the back of the Independent in our state.

All Americans are in favor of tax reform and paying our proportionate share. Please do not let our industry carry all the load.

Sincerely,

TL DRILLING COMPANY, INC.

A handwritten signature in black ink, appearing to read "Flynt Emmons", with a long, sweeping horizontal line extending to the right.

Flynt Emmons
President

FE/ks

Barbee
& COMPANY, INC.
OIL, GAS & MINERAL PROPERTIES
TEXAS COMMERCE PLAZA - SUITE 1970
802 NORTH CARANCAHUA
CORPUS CHRISTI, TEXAS 78470

PAUL PEYTON BARBEE
PRESIDENT

BUS. PH. 512-884-6005
RES. 853-7325

January 4, 1985

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

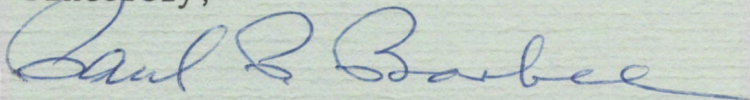
Dear Sir:

Attached is a copy of my letter to our President, Mr. Ronald Reagan.

I am sending this letter to you for your information and help in opposing the Treasury Departments Tax Proposal regarding oil and natural gas.

I appreciate your support.

Sincerely,



Paul P. Barbee
President

PPB/cb

Barbee
& COMPANY, INC.
OIL, GAS & MINERAL PROPERTIES
TEXAS COMMERCE PLAZA - SUITE 1970
802 NORTH CARANCAHUA
CORPUS CHRISTI, TEXAS 78470

PAUL PEYTON BARBEE
PRESIDENT

January 3, 1985

BUS. PH. 512-884-6005
RES. 853-7325

President Ronald Reagan
The White House
Washington, DC 20500

Dear Mr. President:

This is the first letter I have ever written to a public official. I am happy and very proud to live in this great country where one can communicate certain personal thoughts and make suggestions or requests to the number one top official, The President of the United States.

The message I want to communicate to you, Sir, is that I respectfully urge your strong opposition to the Treasury Departments Tax Proposal regarding oil and natural gas.

The oil and gas business is a tough, risky business. Every incentive possible to get new Investors and keep (not lose) present Investors in Domestic exploration should be one of the administrations major energy objectives.

Intangible drilling costs, depletion allowances and dry holes cost deductions are not tax "loopholes". They are tax provisions which enable independent producers to attract outside venture capital and maximize internally generated capital so that these independent producers can do more drilling and find more oil and natural gas reserves, which results in more tax revenue for the Federal Treasury.

Requiring independent producers to take cost depletion rather than percentage depletion would not make the tax law simpler. Under cost depletion, reserve estimates would have to be made and updated by competent reservoir engineers each year. Regardless of ones intent to do a good job of evaluation, many times reservoir engineers still do not always treat proven reserves alike. Numerous calculations would be required to compute cost depletion by property, thus adding to, rather than simplifying, the taxpayer's workload.

It appears that the Treasury, either consciously or inadvertently, is dismissing the majority of independents and turning over the oil and natural gas business almost completely to the majors.

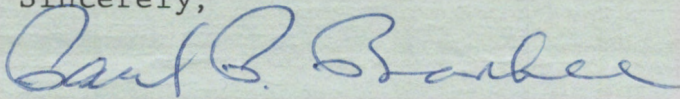
Send them back to the drawing board, to "Increase", "Not Decrease" the tax benefits to those of us who are willing to risk the possibility of a dry hole. The energy search takes a lot of "Commitment" and "Dollars", plus to find oil and gas sometimes you are just plain lucky. It is not uncommon to have one or more dry holes on a producing lease that requires development to hold the

lease. Not being able to write off these losses small Investors, such as mine, would be wiped out, just as I would.

In addition, this year we are most certainly faced with an increase in costs of doing business, beginning with the drilling contractor and service companies to the tubular goods.

The time is right to let the public know in your national address, (while the United States and World Oil Industry is in a slump and suffering from a soft market in sales) to show the world that you won't allow our military to have to depend on Opec Oil to fuel our ships.

Sincerely,



Paul P. Barbee
President

Past President
Corpus Christi Chapter
U.S. Submarine Veterans
World War II
Life membership No. 5323

PPB/cb



Commonwealth Financial Group

December 12, 1984

James A. Baker, Chief of Staff and Assistant to the President
The White House, 1600 Pennsylvania Avenue, N.W.
Washington, D. C. 20500

Mr. Baker:

I urge you to immediately take a strong position against the tax reform proposals recently issued by the U. S. Department of Treasury. The uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in an acceleration of the recessionary pressures already building in the present economic climate.

I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, and ultimately creating a severe housing shortage and higher rents for millions of tenants across the United States. The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I, therefore, urge you, in the strongest terms to publicly oppose the recent Treasury proposal.

Sincerely,


Jack K. Dumphy
Executive Vice President

JKD/jy

R. C. MINER
OIL & GAS
POST OFFICE BOX 413
CORPUS CHRISTI, TEXAS 78403

December 17, 1984

Mr. James A. Baker, III
Counselor to the President
The White House
Washington, D. D. 20500

Dear Mr. Baker:

Please consider the following: The new tax proposal will not allow deductions for productive oilwells, and will not allow any deduction for expenses for a dry hole drilled on a property with other producers, except for longterm capitalization and depreciation over the life of the property like a real estate investment.

I contend that this will have a devastating effect on the independent oil producers future (who drill about 90 percent of the Nations wells and greatly contribute to our nations energy success).

You ~~can't~~ borrow money from a bank to drill an oil well, ITS TOO RISKY. Everybody knows that. When you want money for a house or a real estate venture you go to a bank or similar financial institution and borrow all or part of the money - BECAUSE ITS SAFE - A SURE THING ALMOST.

Why then, is the treasury department asking you (the administration) to treat us like the real estate business for tax purposes, and CAPITALIZE EVERYTHING, OR ALMOST EVERYTHING.

I know you hear a lot of special interests gripe, and you must do your best to balance the act. But, don't you really believe that this tax treatment will harm the oil business? It will, I guarantee it.

Remember, there is MOBIL, EXXON, TEXACO, etc., and all of us thousands of small independents who get our money from investors (individuals) with tax problems who want a shot at an oil well, AND A DEDUCTION. There are thousand of service companies, like Haliburton, Schlumberger, Wellex, etc. and their employees who will go down the tubes with us.

Thanks for listening (as Rommie used to say on the Radio).

Very truly yours,

R. C. Miner

✓ Small Producer and Republican (I Think)

Keep the American Dream Alive!