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Golden Touch

Property Management, Inc.



570 Northwest Hwy.
Suite 5-B
Des Plaines, Il. 60016
312-296-6678

December 11, 1984

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

Goodmorning Mr. Baker:

We 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.

We 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,

Joseph F. Iacovo, CPM, CCIM

JFI/ds

Joseph F. Iacovo

Certified Property Manager ©
Commercial Investment Counselor



Corporate Real Estate—Serving Industry for over 75 years

Timothy M. O'Leary
VICE PRESIDENT

Harrington, Tideman,
O'Leary & Co.

O'Hare N.W. Office Park
1111 E. Touhy Avenue
Des Plaines, Ill. 60018
(312) 299-9600

December 14, 1984

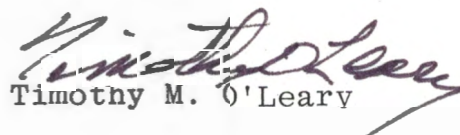
James A. Baker III
Chief of Staff & Assistant
to the President
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Mr. Baker:

We 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.

We 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 million 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. We, therefore, urge you, in the strongest terms to publicly oppose the recent Treasury proposal.

Very truly yours,


Timothy M. O'Leary

TMO/fl



Individual Memberships in the Society of Industrial Realtors

December 20, 1984

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

RE: Treasury's proposed "Tax Reform for Fairness, Simplicity and Economic Growth" to begin January 1, 1986

Dear President Reagan:

The Domestic Oil and Gas Exploration Industry in this country will be seriously impacted in present and future operations if the above Treasury's proposals remain unchallenged.

The Treasury is recommending the following major tax allowances be eliminated for all Royalty owners, Working Interest investors, Independent Oil Producers, and Major Oil Companies:

1. Depletion Allowances on existing and future production
2. Intangible and Tangible cost deductions
3. Investment Tax Credit on Tangible costs
4. Dry hole costs - only expensed over several years if acreage not abandoned by producer.
5. No deduction of Secondary and Tertiary Recovery costs

The elimination of these necessary tax considerations would deal a devastating blow to all people in the oil and gas exploration and production business creating a heavy increased tax burden.

Also--if these Tax proposals become law, it will definitely contribute to the deficit increasing due to the necessity of this country's need for increased costly imported oil.

President Reagan, we need to ask you to publicly reject the Treasury's proposals as outlined above to avoid the catastrophic effect on the Domestic Oil and Gas Exploration Industry. Further, State Senators and key Congressmen also need to be aware of the effects of this heavy increased tax burden for all tax payers.

We ask your support to retain these tax allowances rather than eliminate them.

Sincerely,



CC: Edwin Meese, III
James A. Baker, III
Robert C. McFarlane
Senator Alan Dixon

Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
Governor Jim Thompson

950 Steel Street
Elgin, IL. 60120
December 10, 1984


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

Dear Mr. Baker:

It has come to my attention that the Treasury Department has recently made certain tax reform proposals. I strongly urge you to take an immediate stand against all such proposals because of the severe effects they would surely have on the investment community. The uncertainty caused by such reforms will result in additional recessionary pressure already evident in the current economic climate.

I believe such reforms would certainly result in strong negative effects on capital formation, and greatly damage the economy of the United States. This would then cripple the construction and development industry causing the loss of millions of jobs, create housing shortages as well as unduly high rent increases for millions of tenants throughout the United States. Finally, the formation of these laws will add to the present recessionary pressures and further increase the existing federal budget deficit.

Very Truly Yours,


Joe Garza

December 17, 1984

Mr. James Baker, Chief of Staff
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Re: Treasury Department Tax Reform Proposals

Dear Mr. Baker:

I am aware that the Treasury Department has recently made certain tax reform proposals. I urge you to immediately take a strong position against these proposals since the uncertainty of future legislation is causing havoc in the investment community. This uncertainty is likely to result in a worsening of recessionary pressures already building in the present economic climate.

I believe that the matters set forth in this report would, if enacted in substantially its present form, result in a disincentive for capital formation, thus greatly damaging the economy of the United States. This, in turn, will cripple the construction and development industry resulting in the loss of millions of jobs, and, with respect to real estate, cause a severe housing shortage and result in higher rents for many millions of tenants all across the United States. This, in turn, will worsen recessionary pressures on the economy and greatly increase the existing federal budget deficit.

Very truly yours,

Alan R. Burman

Alan R. Burman
222 Main Street
Evanston, IL 60202

GLEN K. BROCK
P. O. Box 443
FAIRFIELD, ILLINOIS 62837

December 28, 1984

The President
The White House
1600 Pennsylvania Ave.
Washington, DC 20500

Dear Mr. President:

As an independent crude oil producer, I sincerely believe that the proposals contained in the suggested tax changes would eliminate the small independent producer. The elimination of depletion and charge off of drilling expense would seriously curtail exploration and development in all areas of marginal return such as the Tri-State area of Illinois, Indiana and Kentucky.

The liberals of congress would like nothing better than to be able to say that you endorse these tax changes. I feel that the enactment of these proposals would eliminate the independent oil producer. My hope is that you will not give them this satisfaction.

Sincerely Yours,



Glen K. Brock

cc: James A. Baker, III



CIRCLE FOUR OIL DEVELOPERS, INC.

FAIRFIELD, ILLINOIS 62837 -- Phone (618) 842-9455

December 28, 1984

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

Mr. President:

This letter is to inform you of our objection to the Treasury reform proposals specifically related to the petroleum industry included in the "Tax Reform for Fairness, Simplicity and Economic Growth" report. The reforms will not increase the economy or employment.

Instead of economic growth, we feel that the proposals are a blueprint for economic disaster to the oil industry. The Treasury proposals are so seriously flawed that they cannot be readily modified to be made acceptable.

We urge that you actively and publicly reject the Treasury reform proposals for the petroleum industry and not simply be silent or neutral.

Your action on the proposals will be crucial to the future of the oil industry in the United States.

Respectfully,

CIRCLE FOUR OIL DEVELOPERS, INC.

Donald R. Powless
Donald R. Powless, President

DRP/te

cc: Edwin Meese
James A. Baker ✓
Robert C. McFarlane
Senator Alan Dixon
Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
Governor Jim Thompson

CSGDDRLM OIL CO.
Box 38
Fairfield, IL 62837

December 20, 1984


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

Mr. President:

This letter is to inform you of our objection to the Treasury reform proposals specifically related to the petroleum industry included in the "Tax Reform for Fairness, Simplicity and Economic Growth" report.

The reason for our objection is that these reforms will not increase economy or employment.

Sincerely,


CSGDDRLM OIL CO.

Independent

OIL WELL CEMENTING CO.

BOX 40

FAIRFIELD, ILLINOIS 62837

842-6921 • 842-8596 • 842-9026

December 18, 1984

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

Dear Mr. President,

Our firm cements pipe in oil and gas well in Illinois, Indiana and Kentucky. We have been in this business since 1950.

We urge you PLEASE DO NOT let the recent tax proposal regarding intangible drilling costs and the depletion allowance to pass!! If each of these do pass, it will mean we will become MORE dependent on OPEC OIL!!

The Independent Oil Operator "sells" his "deals" to persons in the upper tax brackets and the intangible drilling costs and depletion allowance are incentives for them to invest.

If these individuals do not invest, then the individual oil operator is "DEAD"!! No one will want to invest with them. The oil found by individual oil operators makes up a GOOD portion of all oil found in the USA today.

It has always been the intent, we thought, for the USA to find its own oil and NOT have to import it from OPEC!! Every drop we import runs up our Trade Deficit!! How well you know that!!

Last year alone we paid OPEC over 60 Billion Dollars!! We most certainly will pay them much much more if this tax proposal regarding the oil industry passes!!

We urge you, PLEASE PLEASE DO NOT let this thing pass!! It will simply ruin the Independent Oil Industry as we know it today.

Thank you for your consideration.

Sincerely Yours,

Roy Teter

Roy Teter Credit Mgr.

CC: Mr. Edwin Meese Counselor to the President
Mr. James Baker Chief of Staff
~~Honorable Don Hodel Sec. of Dept of Energy~~

Jerry D. McKneelen
President

MID-AMERICA PETROLEUM CORPORATION

Post Office Box 432
Fairfield, Illinois 62837

Telephone
842-9348
842-7950
847-4231

January 2, 1984

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

Dear Mr. President:

I am writing to protest the proposed "Tax Reform for Fairness, Simplicity and Economic Growth" prepared for you by the Treasury Dept.

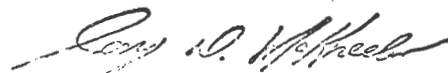
The repeal of percentage depletion, repeal of expensing of intangible drilling costs, change in the time frame of writing off of dry hole costs, repeal of expensing of qualified Tertiary Injectant expenses, repeal of investment tax credit, repeal of accelerated Cost Recovery System, etc. all spell economic disaster to the oil industry of southern Illinois.

The independent producer has enough of a hardship complying with ever-increasing regulations and ever-decreasing price of oil.

I pray you will have the courage not to allow the oil industry to become the scapegoat for the deficit in the budget.

Thank you for your consideration.

Yours truly,



Jerry D. McKneelen

JDM/ss

cc: Edwin Meese, III
James A. Baker III ✓
Robert C. McFarlane
Alan Dixon
Paul Simon
Ken Gray
Terry Bruce
James Thompson



December 12, 1984

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

Dear Mr. President:

As a member of the U.S. Senatorial Inner Circle, I have strongly supported your economic agenda calling for business/industrial/employment expansion stimulated by tax reduction and simplification, reduced government spending, and elimination of needless regulation.

Now, as an independent petroleum explorer/producer, I must express to you a sense of shock and disbelief that your Administration's Treasury leaders would propose a body of tax changes that would further decimate the domestic petroleum industry, and with it all hope of preventing over-dependence on foreign energy supplies.

Domestic petroleum exploration/development has been severely depressed since 1981. Despite this, the Treasury acknowledges that its proposals would precipitate a further flight of capital from our industry. Treasury argues that such diverted capital would be "employed more productively in other industries." Other industries don't pay Windfall Profits Tax, but our industry does pay this terrible discriminatory tax.

The Treasury did not, and I dare say could not, designate what sector of the economy is of more critical importance to the nation than discovery and development of additional energy supplies. Mr. President, if we are to contain oil import dependence even at present high levels, we will need to drill 1,000,000 additional wells at a cost of \$620 billion in the next decade. We are now operating at about two-thirds of this needed performance. This is no time to discourage petroleum investment; our national interest requires that we do just the opposite.

The Treasury's proposed wholesale abandonment of all existing oil and natural gas tax incentives can only be described as a blueprint for putting our country at the mercy of foreign energy producers. These proposals represent a cynical conclusion that we no longer need a viable oil and gas producing industry.

The President
December 12, 1984
Page Two

They would impact most severely the thousands of independents who account for 90 percent of exploratory drilling in the United States.

I can assure you that contrary to your announced goals, our analysis shows that they not only would result in significantly higher taxes on the most tax-burdened industry in America, but would impose on our industry - not tax simplification - but substantial burdens in accounting, record keeping and reporting requirements.

Mr. President, we have reason enough to object to the Treasury's tax proposals because of the direct implications for each of our independent oil and gas producer members. But, more fundamentally, we must object because of the threat to our nation's economy and national security if such overwhelmingly negative provisions should be enacted into law. We therefore most respectfully urge you to direct the Department of Treasury to withdraw the current proposals and draft tax provisions which are in keeping with your stated objectives of fairness, equity, simplicity and providing incentives for economic growth.

Sincerely,

MIDWEST OIL PRODUCERS



Edwin C. Prasuhn

ECP/et

cc Edwin Meese, Counselor to the President
James A. Baker, Chief of Staff
The Honorable Don Hodel, Sec. of Dept. of Energy
Dan Crane, Congressman
Paul Simon, Congressman
Ken Gray, Congressman Elect
Terry Bruce, Congressman Elect

MODERN EXPLORATIONS



Route 45 North • Box 387 • Fairfield, Illinois 62837 • 618-842-3718

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

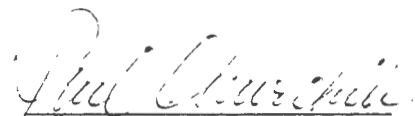
Dear Mr. Baker,

Enclosed is a copy of a letter sent to the President of the United States in reference to the Treasury Tax Reform proposals presently under consideration and requesting that the provisions be rejected.

Passing of the Treasury Tax Reform proposals would have a direct impact on many Americans who are working in the oil fields or related service companies at this time. It will discourage future exploratory or development of our own domestic reserves, leaving us more dependent of imported fuel.

I am requesting your assistance in rejecting these proposals. Lets keep America working - be self sufficeint - TAX imports. Don't take the incentive away from the American investors - we all need the investors money to explore new horizons and developpe our own domestic reserves.

Thank You,
Modern Explorations


Phil Churchill

MODERN EXPLORATIONS



Route 45 North • Box 387 • Fairfield, Illinois 62837 • 618-842-3718

The President
The White House
Washington, D.C.
Att: Mr. President

Dear Mr. President,

I am writing in reference to the Treasury Tax Reform proposal for the petroleum industry and request that you publicly reject the provisions being considered.

Myself along with thousands of other independent oil companies and oil related service companies throughout the nation are concerned and would be affected if these proposals are passed.

The proposals being considered would do away with, Percentage Depletion, Expensing of Intangible Drilling Cost, Expensing of Qualified Tertiary Injectant Expenses, Investment Tax Credits, and the Accelerated Cost Recovery System. These tax considerations are necessary to encourage investments in a very speculative venture such as exploring for oil and gas and the continued production of marginal producing wells under production at this time.

The investor in an oil and gas syndication does not invest to shelter or to avoid taxes, they invest to make money, like any other investment they make. The tax incentives mentioned above are to make the investment attractive in the event the exploratory drilling is non-commercial. Eliminating the tax incentives the Oil Industry has today will discourage future investments which will curtail exploratory drilling activities which represents a large portion of the domestic oil and gas production we have in this country.

Nearly seventy percent of the domestic oil and gas production we have in this country today was discovered, developed, operated and produced by independents who use investment money for exploring new horizons, and developing and increasing production in proven areas.

The embargo in 1973 affected the economy of the whole country - a few small countries brought us to our knees - without fuel we have no strength and cannot defend the freedom we still have. Are we self sufficient with our domestic production today or do we rely on others?

Instead of removing the incentives we have, more incentives should be considered to encourage more extensive exploration of our own reserves to become less dependent on imports.

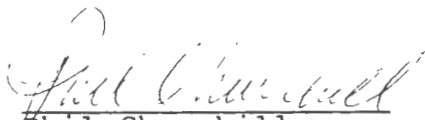
ENCOURAGE EXPLORATORY DRILLING,

KEEP AMERICA WORKING,

TAX - TAX - TAX - TAX

LETS TAX IMPORTS

Modern Explorations


Phil Churchill



Maguire Oil Company, Inc.

P.O. BOX 38 - FAIRFIELD, ILLINOIS 62837
Phone (618) 842-3737

December 20, 1984

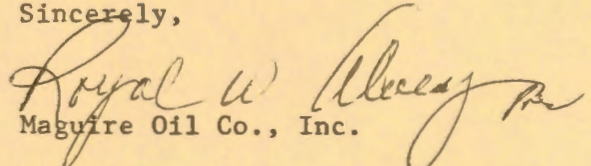
The President
The White House
Washington, D.C. 20500

Mr. President:

This letter is to inform you of our objection to the Treasury reform proposals specifically related to the petroleum industry included in the "Tax Reform for Fairness, Simplicity and Economic Growth" report.

The reason for our objection is that these reforms will not increase economy or ~~an~~ employment.

Sincerely,


Maguire Oil Co., Inc.

TIPPS CASING PULLING COMPANY
BOX 217
FAIRFIELD, ILLINOIS 62837

December 24, 1984

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

Mr. President:

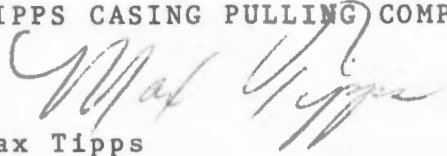
In regard to the report by the Treasury Department, "Tax reform for Fairness, Simplicity and Economic Growth", please be advised that I strongly object to the reform proposals for the petroleum industry.

I respectfully request that you publicly reject these proposals.

Thank you.

Sincerely yours,

TIPPS CASING PULLING COMPANY


Max Tipps
owner

MT/jt

C.C. -Edwin Meese III
James A. Baker III
Robert C. McFarlane
Senator Alan Dixon
Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
Governor Jim Thompson

Flora Bank & Trust

1010 WEST NORTH AVENUE • R. R. 2, BOX 34
PHONE (618) 662-4441 • FLORA, ILLINOIS 62839

ED
JAB-4

December 10, 1984

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

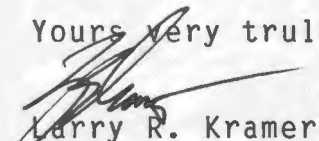
Mr. Baker,

It is important that I write to you concerning the Treasury Department's proposal entitled "Tax Reform for Fairness, Simplicity and Economic Growth."

I can assure you that, except for the repeal of the Windfall Profits Tax, the proposal will cause considerable economic stress on our community which is very dependent on the oil industry.

Please urge the President to publicly reject these proposals as indicated above.

Yours very truly


Larry R. Kramer
President

Flora Bank & Trust

1010 WEST NORTH AVENUE • R. R. 2, BOX 34
PHONE (618) 662-4441 • FLORA, ILLINOIS 62839

December 10, 1984

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

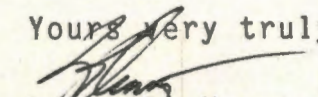
Mr. President,

It is important that I write to you concerning the Treasury Department's proposal entitled "Tax Reform for Fairness, Simplicity and Economic Growth."

I can assure you that except for the repeal of the Windfall Profits Tax, the proposal will cause considerable economic stress on our community which is very dependent on the oil industry.

Please do not adopt the above proposal as your own. I urge you to publicly reject these proposals as indicated above.

Yours very truly



Larry R. Kramer
President



DIVERSIFIED

real estate

SERVICES



REALTOR, Fred T. Brown GRI, CRS

233 N. Henderson St. — Galesburg, Illinois 61401

December 17, 1984

309-342-9131

To: 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 Chief of Staff 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,


Fred T. Brown, Realtor, GRI, CRS

FB/ph

HAYDEN'S I.G.A. FOODLINER

Since 1910

P.O. Box 215

PHONE (217) 923-3703

GREENUP, ILL. 62428

26 December, 1984


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

Dear Mr. Baker:

I am sending you a copy of my letter to the president regarding my opinion of certain provisions of the Treasury Department's recommended tax changes.

I felt this would be of interest to you.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jay Hayden". The signature is written in a cursive style with a large, looping initial "J" and a distinct "H".

Jay Hayden

HAYDEN'S I.G.A. FOODLINER

Since 1910

P.O. Box 215

PHONE (217) 923-3703

GREENUP, ILL. 62428

26 December, 1984

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

Dear Mr. President:

After reviewing the aspects of the recommendations of the Treasury Department's tax reform I find myself very distressed. My reference particularly regards treatment of the domestic oil and gas industry.

Provisions such as capitalization of intangible expenses and and dry holes over the economic life of a lease is absurd. Phasing out percentage depletion of a non-renewable resource is equally so. These items alone will curtail most investors and force many independant producers to suspend operations.

Considering that domestic oil and gas are vital to our national security, plus the economic livelihood of thousands of American citizens, I suggest you seriously consider the impact of these changes before recommending them to become law.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jay Hayden", written in dark ink.

Jay Hayden

PROVEST

December 12, 1984

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

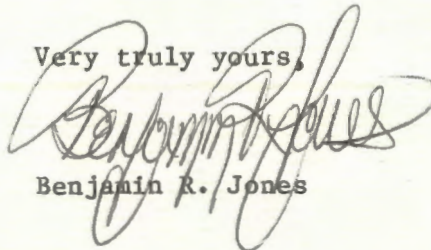
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I believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries 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.

Very truly yours,



Benjamin R. Jones

BRJ:lmc

December 14, 1984

The President
The White House
Washington D.C. 20500

Dear Mr. President,

I am a petroleum geologist working in the Illinois Basin. The local petroleum industry is a major employer and vital to the economies of Illinois, Indiana, and Kentucky. I believe, as I'm sure you do, that a strong domestic petroleum industry is of grave importance to our national defense and to the continuing growth of the American economy. The elimination of percentage depletion and IDC as proposed by the Treasury Department would be devastating to the domestic petroleum industry. Therefore I am asking you to publicly reject the Treasury Tax Reform proposals that would effect the domestic petroleum industry so adversely. Thank you in advance for your consideration in this important matter.

Sincerely,

James R. Coffroth

cc: James A. Baker
Chief of Staff



kemper cpa group

Certified Public Accountants

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

Dear Sir:

As a CPA actively engaged in energy related tax matters, I have had the opportunity to monitor the grass roots effect of energy tax regulations over the last ten years. I'm sure you are aware of the long-term tendency to impose a greater and greater tax burden upon the oil and gas industry. We have seen depletion deduction allowances cut in half, the Carter administration's bludgeoning Windfall Profits Tax, and now the Treasury Department wants to tax the petroleum industry out of existence with it's version of tax reform.

It strikes me that the Treasury's approach was conceived in a vacuum devoid of any realistic, economic considerations. The Treasury Department does not seem to realize that: (1) the economics of the oil industry have deteriorated to the point that many energy related businesses, particularly the small and medium sized companies, are just barely holding on and (2) the economic risks involved in the petroleum industry are tremendous.

Inconsistent economic and taxation policy have been a significant factor in the recent history of the industry. The Treasury proposal seeks to continue this trend by:

- 1.) Completely eliminating the depletion deduction which has helped preserve capital for future exploration and development.
- 2.) Eliminating the deductions available for an immediate write-off of drilling costs with a substitute long term amortization.
- 3.) Capitalizing certain dry hole costs whereas they have been previously allowable as an immediate deduction.
- 4.) Eliminating the investment tax credit.
- 5.) Repealing the ACRS depreciation system.
- 6.) Restricting limited partnerships to 35 or fewer participants. Large partnerships have been significant in capital formation in this industry for a long time.

All of the above taxation items have economic reality at their foundation. To further erode the status of the industry by supporting the Treasury's proposal would mean the serious weakening of a previously strong pillar in our nation's economy.

I simply fail to see the rational of dealing another blow to the petroleum industry. An impotent and stagnant petroleum industry won't help this country one bit.

Please, take a position in support of strengthening our economy by building up rather than tearing down.

Sincerely

Robert Zahn

KEMPER CPA GROUP

R. R. 1
Lawrenceville, IL 62439
December 26, 1984

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

RE: Treasury's proposed "Tax Reform for Fairness, Simplicity and Economic Growth" to begin January 1, 1986

Dear President Reagan:

The Domestic Oil and Gas Exploration Industry in this country will be seriously impacted in present and future operations if the above Treasury's proposals remain unchallenged.

The Treasury is recommending the following major tax allowances be eliminated for all Royalty owners, Working Interest investors, Independent Oil Producers, and Major Oil Companies:

1. Depletion Allowances on existing and future production
2. Intangible and Tangible cost deductions
3. Investment Tax Credit on Tangible costs
4. Dry hole costs - only expensed over several years if acreage not abandoned by producer.
5. No deduction of Secondary and Tertiary Recovery costs.

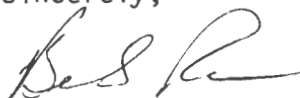
The elimination of these necessary tax considerations would deal a devastating blow to all people in the oil and gas exploration and production business creating a heavy increased tax burden.

Also--if these Tax proposals become law, it will definitely contribute to the deficit increasing due to the necessity of this country's need for increased tax payers.

President Reagan, we need to ask you to publicly reject the Treasury's proposals as outlined above to avoid the catastrophic effect on the Domestic Oil and Gas Exploration Industry. Further, State Senators and key Congressmen also need to be aware of the effects of this heavy increased tax burden for all tax payers.

We ask your support to retain these tax allowances rather than eliminate them.

Sincerely,



Ben S. Rue

cc: Edwin Meese, III
James A. Baker, III ✓
Robert C. McFarlane
Senator Alan Dixon

Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
Governor Jim Thompson



V^{s/c}
VAUGHAN
OIL PRODUCTION CO.

OIL DRILLING • DEVELOPING • PRODUCING

CHARLES A. VAUGHAN, PRESIDENT

December 20, 1984

The President
The White House
Washington D.C. 20500

Re: " Tax Reform for Simplicity and
Growth "

Dear Mr. President

The tax reform proposal as related to the oil industry in the Treasury Departments report to you would be devastating, with a far reaching impact on the stability, not only of the oil industry, but on the total economic balance of Southern Illinois. Illinois, as you are aware, has a comparatively high unemployment rate, should this reform pass, the oil industry would come to a complete halt, and coupled with the areas farming problems would have a devastating effect on the economy.

With the above problems looming, I must therefore request that you reject these tax reform proposals, as related to the oil industry, publicly. Rumors of what could happen often have the short term effect of the actual occurrence. I specifically refer to the following:

1. Percentage depletion for existing and future productions
2. Expensing of Intangible Drilling Cost
3. Dry hole costs
4. Expensing of Qualified Tertiary Injectant Expenses.
5. Investment Tax Credit
6. Accelerated Cost Recovery System
7. Taxing of partnerships as Corporations
8. Retaining the Individual and Corporate minimum Tax
9. Windfall Profit tax phase out delay

The above and several other items in the report are of the gravest concern to the oil industry, I again request that not only do these be modified, but that they be totally rejected by you.

I supported you for re-election, as did the majority of the voters of this country. I feel confident that you will not only listen to my personal plea, but will see the negative effects of the tax reform, and act on the behalf of the people employed in the oil industry.

Sincerely,
S.C. Vaughan Oil Production Company

E. Roberta Noel
E. Roberta Noel
Executive Administrator



^{S/C}
VAUGHAN
OIL PRODUCTION CO.

OIL DRILLING • DEVELOPING • PRODUCING

CHARLES A. VAUGHAN, PRESIDENT

December 20, 1984

The President
The White House
Washington D.C. 20500

Re: " Tax Reform for Simplicity and
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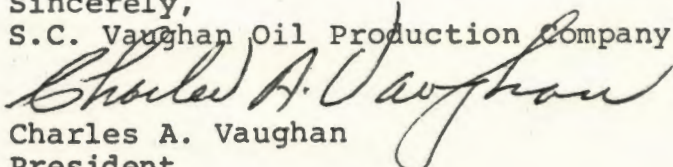
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8. Retaining the Individual and Corporate minimum Tax
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Sincerely,
S.C. Vaughan Oil Production Company


Charles A. Vaughan
President

James L. Baker
Petroleum Engineer
R.R. 3
Mt. Carmel, Illinois 62863

Office Ph. — 618-263-3793

Res. Ph. — 618-262-5680

January 3, 1985

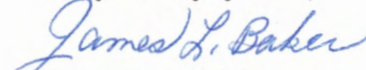
Mr. James A. Baker, III
Chief of Staff
The White House
Washington, D. C. 20500

Re: Treasury Department's Tax
Reform Proposal

Dear Mr. Baker,

A copy of a letter to President Reagan is enclosed. This letter states my position on the Tax Reform Proposal.

Very truly yours,


James L. Baker

James L. Baker
Petroleum Engineer
R.R. 3
Mt. Carmel, Illinois 62863

COPY

Office Ph. — 618-263-3793

Res. Ph. — 618-262-5680

December 28, 1984

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

Re: Treasury Department's Tax
Reform Proposals

Dear Mr. President,

The Treasury Department's Tax Reform Proposals should be unacceptable to any Independent Producer of Petroleum. The proposals evidently are written with the primary objective being to eliminate the Independent Producer.

The Independent Producer and his investors are involved in a high risk industry and account for 90 percent of the exploratory drilling in the United States. One sure way to increase the dependence on foreign imports is to support the Treasury's Tax Reform Proposals. Evidently the public and governmental agencies are ignorant of the high risks and amount of capital needed to continue the exploration. The only time our industry gets any attention is when some disruption of supplies occur. Then the attention is adverse with none of the responsibilities taken by the public or government.

Historically the Petroleum Industry is one industry that has provided energy during good and bad times. There have been no nation wide stoppages of production as with other types of energy producers. We need all forms of energy to provide the fuel for economic development. The proposals will eliminate one source of future exploration for energy sources. No new reserves will be added by the Independent Producer.

It is imperative that we retain the Intangible Drilling Costs (IDC). IDC's are out of pocket expenses for labor, fuel, transportation, supplies, services and etc. I know of no industry that does not handle these costs as expenses in the year that they occur. Many prospects will be abandoned or not drilled if these costs are not deductible in the year that they occur.

The proposal for dry hole costs is asinine and does not deserve any further comments.

There are other proposals that are just as objectionable but would take an excessive amount of space for a letter.

James L. Baker
Petroleum Engineer

COPY

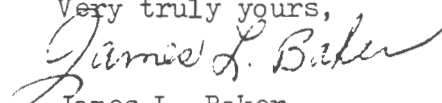
Other industries will be adversely affected but I am not qualified to comment on the proposed depreciation schedules and other proposed changes for those industries.

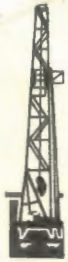
Individuals will also be affected because it is just a matter of time before the flat rates are increased after deductions are eliminated for the individual. The effect in the long term will be a heavy increase in taxes for the individual. This worries me because as an individual I will have to have some sort of job after the death of the independent oil industry.

It appears that the liberals are going to be handed a gift package with the blessing of the conservatives and the middle of the road Americans. I have supported and contributed heavily to Republican Causes in the past number of years but will discontinue the support if they are going to stand by and grant everything the ultra-liberals have wished for and worked for many years.

It seems that Mr. Mondale, Senator Kennedy and Representative O'Neill have written this proposal. They must be extremely happy to get what they want and not have to win an election to do it.

I believe that if this proposal is accepted that it will be years before another Republican President is elected by the American people regardless of the type of industry they are involved in.

Very truly yours,

James L. Baker



D. L. DAVIS DRILLING COMPANY, INC.

Route 1 North • Box 570 • Mt. Carmel, Illinois 62863 • 618-262-7624

December 29, 1984

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

Dear Mr. President:

I am writing to you as an independent oil producer to urge you not to pass the Treasury Department's tax proposals regarding oil and gas.

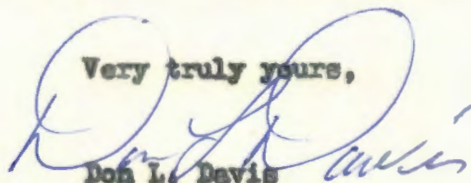
This would be just about the final blow to our already depressed industry.

It would stop all exploration for oil and gas by independents in this country, for one would in fact be penalized for investing money for drilling to any great extent under such circumstances.

We have survived the Windfall Profit Tax but the Treasury Department's new proposal would finish us.

I urge you once again, do not pass the proposals regarding oil and gas.

Very truly yours,



Don L. Davis

DLD/rjw

CC: Edwin Meese, III
James A. Baker III ✓
Robert C. McFarlane
Senator Robert Packwood
The Honorable Don Hodel
Senator Alan Dixon
Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
Governor Jim Thompson

December 27, 1984

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

Dear James A. Baker III:

As an Independent Oil Producer in the Illinois Basin, I am deeply concerned about the proposed new tax regulations. It seems to me that the tendency is impose greater and greater tax burdens on the oil and gas industry; as evidenced by the Carter Administration Windfall Profit Tax; The reduction in the depletion allowance and now the proposed new tax reform.

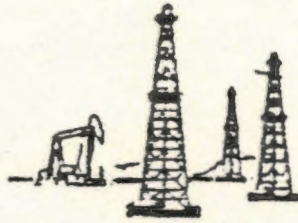
In consistant economic and taxation policies have been a significant factor in recent history of the industry. The Treasury proposal seeks to continue this trend by:

- 1.) Completely eliminating the depletion deduction which has helped preserve capital for future exploration and development.
- 2.) Eliminating the deduction available for an immediate writeoff of drilling costs with a substitute long term amortization.
- 3.) Capitalizing certain dry hole costs whereas they have been previously allowable as an immediate deduction.
- 4.) Eliminating the investment tax credit.
- 5.) Repealing the ACRS depreciation system.
- 6.) Restricting limited partnerships to 35 or fewer participants. Large partnerships have been significant in capital formation in this industry for a long time.

All of the above taxation items have economic reality at their foundation. To further erode the status of the industry by supporting the Treasury's proposal would mean the serious weakening of a previously strong pillar in our nations economy. Has everyone already forgotten the mid 1970's. I thought we were trying to become energy independent. Please take a stand that could make that possible instead of impossible.

Sincerely

Patrick J. Malone
620 Park Road
Mt Carmel, Ill. 62863



HARRELL OIL CO., INC.
113 W. 9th
Mt. Carmel, IL 62863
Phone: 618-263-3900

December 28, 1984

B.R. Harrell, Pres.
Helen Harrell, Sec. Treas.

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

Dear President Reagan:

It is very important to us B. R. Harrell and Helen Harrell operating as Harrell Oil Co., Inc. as a small oil producer that you reject the tax reforms pertaining to the petroleum industry recommended by the Treasury Department "Tax Reform for Fairness, Simplicity & Economic Growth;" that you not be silent or neutral.

If these proposals are enacted it will be very difficult for independent oil producers to find funds for exploratory drilling. The final result would be more dependence on foreign oil.

We are in favor of trimming government waste and we believe in building up our defense program. Since there is a Windfall Profit Tax on Crude oil, why not put the same Windfall Profit Tax on all income from underground products, it would only be fair. How about a Federal Lottery or a Sweepstakes? The State of Illinois has a Lottery and we seem to do very well.

Once again-please reject the Treasury proposals for the petroleum industry publicly, and we thank you with all our heart.

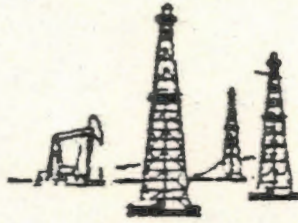
Sincerely,

HARRELL OIL CO., INC.

brh:hh

B. R. Harrell
B. R. Harrell, President

Helen Harrell
Helen Harrell, Sec.-Treas.



B.R. Harrell, Pres.
Helen Harrell, Sec. Treas.

HARRELL OIL CO., INC.
113 W. 9th
Mt. Carmel, IL 62863
Phone: 618-263-3900

December 28, 1984

Page -2-

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

Copies to:

Senator Robert Packwood, Chairman
Senate Finance Committee

The Honorable Don Hodel
Secretary of Department of Energy

Edwin Meese, III
Counselor to the President

James A. Baker III
Chief of Staff

Robert C. McFarlane
Asst. to the President for Nat'l. Security Affairs

Senator Alan Dixon

Senator Paul Simon

Congressman Ken Gray

Congressman Terry Bruce

Governor Jim Thompson

December 18, 1984

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

Dear Mr. President:

I know you have little time to read every letter that is addressed to you, and it is with due respect to the value of your time that I am, nevertheless, compelled to write you at this time regarding the Treasury Department's tax proposal. Fundamentally, I am horrified that such a proposal was generated under a free enterprise, Republican Administration.

Never in my life have I envisioned that Republicans would not only support, but give birth to a proposal that will threaten, realistically, the jobs of so many Americans, mine included. Mr. President, the Treasury Department's tax proposal will force many independent producers out of business. Many others will be compelled to cease exploring and drilling for new wells. Thousands of Americans will, as a result, lose their jobs, not only employees of independent producers, but employees of related businesses.

Recognizing that you have many interests to balance, I am convinced that your careful review of the effect of the Treasury's tax proposals on independents, their employees and our fine nation's energy dependence will discover that you must oppose such proposals.

Yours truly,

Eddie McGuire

Eddie McGuire
Mt. Carmel, Illinois

cc: Edwin Meese, III
James A. Baker III
Robert C. McFarlane
Senator Alan Dixon
Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
Governor Jim Thompson

Puntney Engineering, Inc.

P.O. Box 230 • 600 CHESTNUT STREET • MT. CARMEL, ILLINOIS 62863 • (618) 262-4035

December 12, 1984

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

Dear Mr. President:

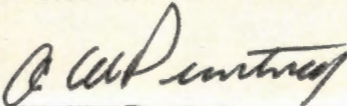
I beg of you to object to the Treasury Tax Reform proposals for the petroleum industry and request that you publicly reject the provision.

The repeal of percentage depletion and expensing of intangible drilling costs would surely ruin most small independent oil producers.

We cannot afford the loss of the small independent oil producers who drill and operate 90% of the oil and gas wells in the United States. This would cause devastating results in unemployment and a great loss to the gross national product.

Very truly yours,

PUNTNEY ENGINEERING, INC.



A. W. Puntney
President

AWP:bs

SECURITY BANK AND TRUST CO.

December 31, 1984

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

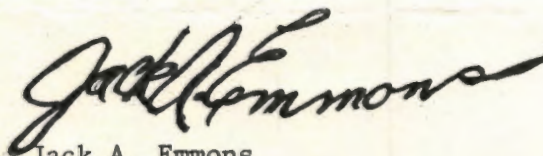
Dear Mr. President:

I strongly object to the U.S. Treasury Department's tax reform package in regard to changing the rules for the oil and gas industry. I, along with many other of your constituency realize that the inability to write off intangible drilling costs and the dropping of the "percentage depletion allowance" will strongly affect the economic climate of the Illinois Basin as well as all other oil and gas producing areas. The Illinois Basin is already devastated with plant closings and poor agricultural years. We cannot stand the loss of further jobs as a result of tampering with the tax laws which have served so well over the years.

Also, I am sure you are aware just as everyone else is, that a lack of drilling for new oil in the United States could have a devastating effect on domestic oil and gas producers and cause a dangerous over-dependence on foreign oil importation.

I urge you to give strong consideration before consenting to any of the Treasury Department's tax proposals.

Sincerely,



Jack A. Emmons
President



December 14, 1984

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

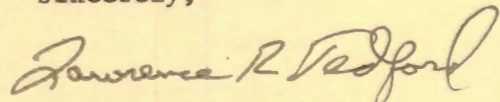
Dear Mr. Baker:

This letter is to express my personal opinion and objections to certain provisions of the tax reform proposals, which are included in the Treasury Department Report, relating to the oil and gas industry.

Enclosed is a copy of my letter to President Reagan which explains my position on these issues.

I encourage you to publicly take a very positive stand against any tax reform proposal which will damage the oil and gas industry of this country.

Sincerely,



Lawrence R. Tedford, CPA
108 Bona Terra
P.O. Box 470
Mt. Carmel, Illinois 62863

LRT:dmc
Enclosure

December 14, 1984

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

Dear Mr. President:

This letter is to express my personal opinion and objection to certain provisions of the tax reform proposals which are included in the Treasury Department Report, relating to the oil and gas industry.

The repeal of percentage depletion, repeal of the provisions which allow expensing of intangible drilling costs, stipulation that dry hole costs can only be written off at the time a "property" is abandoned, the restricted use of the cash method of accounting and taxing partnerships with more than 35 limited partners as a corporation will have a dramatic negative impact on independent oil and gas producers.

The above referenced provisions will tend to force most independent producers out of business. Exploration for oil and gas reserves will diminish rapidly. We should not become more dependent on foreign oil. We should continue to encourage development of our own domestic reserves.

In my opinion, the Windfall Profit Tax should be repealed. Due to the declining price of oil and related expense in tax collections coupled with the tremendous cost to administer the programs, the net revenues raised do not warrant the continuation of the tax. The tax puts substantial burden of costs on the producer and the pipeline companies as well as the Federal Government.

I encourage you to publicly take a very positive stand against any tax reform proposal which will damage the oil and gas industry of this country.

Sincerely,

Lawrence R. Tedford, CPA
108 Bona Terra
P.O. Box 470
Mt. Carmel, Illinois 62863

LRT:dmc

COPY