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*"Where People Come First"*

## BRUCE STORM REAL ESTATE & FINANCIAL SERVICES

Residential • Commercial • Farms • Investment Properties

BUS: (812) 336-9099 RES: (812) 332-6605 332 E. Fourth St. • Suite 1 • Bloomington, Indiana 47401

December 12, 1984

James A. Baker, III, Chief of Staff to Pres.  
White House, 1600 Pennsylvania Ave.  
Washington, D. C. 20500

Re: Treasury Tax Reform Proposals

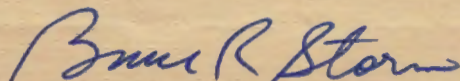
Dear Mr. Baker:

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.

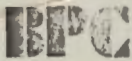
The proposal is economically damaging and ineffectual and conflicts with the underlying philosophy of the Reagan administration and re-election. I therefore urge you in the strongest terms to publicly oppose the recent Treasury proposal.

Cordially,



Bruce R. Storm

BRS/jw



BUTLER PETROLEUM CORPORATION  
908 Hulman Building  
Evansville, Indiana 47708  
Telephone 812/423-3128

December 26, 1984

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

Dear Mr. President:

I have just received information from the IPAA (Independent Petroleum Association of America) concerning the Treasury Department's tax reform package as it affects domestic oil and gas producers.

I could not believe what I read. As the Treasury's proposal now stands it will virtually eliminate the independent oil producers. I am sure you are aware that independent oil operators in this country do 90% of the exploration and development drilling. If we are eliminated through excessive taxation the search for domestic oil will be greatly reduced.

Faced with a continual need for oil it is incomprehensible how our own government could propose taxation which would virtually assure almost complete dependence on foreign oil. How can competent legislators have such short memories that they forget what happened only 11 years ago when our Middle-East oil supply was curtailed.

Domestic oil programs have been in a depressed state since 1981. Why would you want to further cripple the oil industry by driving away our source of capital. If the United States is to continue to exist as a dominate world power we must be able to supply our own needs and if necessary fuel the machines which would be required in case of war. If we have to depend on foreign oil to fuel our ships and planes you can be sure that submarines would never allow oil tankers to reach our ports.

Oil exploration and development is an on-going industry which takes time to expand and if there were a conflict it would take years for the industry to significantly increase domestic production. I urge you to carefully review the Treasury Department's proposal and have them withdraw their disastrous recommendations for oil taxation from your tax reform program.

Respectfully yours,

Robert E. Butler, President

LEASING  
DRILLING  
GEOLOGICAL  
PRODUCING



**WALT CLINE**  
CONSULTING GEOLOGIST  
7001 Old State Road  
Evansville, Indiana 47711

Phone (812) 867-3485

December 31, 1984

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

Dear Mr. President:

I am a small, independent oil producer who drills or invests in 10-15 well per year in Indiana, Kentucky, and Illinois. The proposed "Tax Reform for Fairness, Simplicity, and Economic Growth" package as proposed by the Treasury Department would put me out of business in a few years. It would also have a devastating effect on the ability of domestic oil and gas producers to prevent dangerous overdependence on foreign oil.

Oil was selling for \$20,000 per barrel of each day's known production 2 years ago. Now it is down to \$12,000 per barrel and could go down to \$8,000 - \$9,000 per barrel next year. With the proposed tax reform, prices could go down to \$5,000 per barrel. That is a 75% drop in a 3 year period. How are we to borrow the money we need to operate from any bank when there has been a 75% drop?

The percentage depletion and intangible drilling cost allowed on my dry holes are a must for us to stay in business. In one 2-1/2 year period, I myself drilled or was involved in drilling 21 straight dry holes. This one period cost me some \$250,000. Without the tax write off, I would have had to take bankruptcy.

If the Oil and Gas Industry is to find the energy resources our country needs to make itself 'energy secure', we can not consider doing away with provisions that have been critical to the energy economy for more than 70 years.

We urge you to have the Department of Treasury withdraw the current proposal and redraft tax provisions which are in keeping with your stated objectives of fairness and equity . . . tax provisions which provide incentive for the economic growth of our country as well as the stability of our country.

Respectfully yours,

*Walt Cline*  
Walt Cline

January 3, 1985

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,

*Richard T. Lewis*



*Hamilton Oil Corp.*

SUITE 42, PERMANENT FEDERAL SAVINGS BUILDING  
EVANSVILLE, INDIANA 47708

TEL. (812) 423-3282

December 27, 1984

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

Dear Mr. Baker:

This letter is in regards to the new "Tax Reform for Fairness, Simplicity, and Economic Growth" proposed by the Treasury Department. A tax reform package such as this one would have a devastating effect on the ability of domestic oil and gas producers to prevent dangerous overdependence on foreign oil.

Of primary concern is the proposed elimination of percentage depletion and current expensing of intangible drilling costs. The elimination of this drilling incentive would cripple small independent operators and thus force hundreds out of business.

The enclosed letter voices our opinion on the new tax reform package and its future effects on the oil and gas industry. We strongly oppose these tax proposals and urge that new tax provisions be drafted in order for the oil and gas industry to find the energy resources we need to make our nation more energy secure.

Yours truly,

HAMILTON OIL CORP.

  
William J. Hamilton  
President

WJH/kll

enc.

# INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA

1101 SIXTEENTH ST., N.W.  
WASHINGTON, D. C. 20036  
(202) 857-4722

OFFICE OF THE PRESIDENT  
CAPITAL BANK PLAZA  
333 CLAY STREET, SUITE 2380  
HOUSTON, TEXAS 77002  
(713) 659-4644



JON REX JONES  
PRESIDENT (CEO)

November 29, 1984

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

Dear Mr. President:

The Independent Petroleum Association of America represents an industry that has 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, in behalf of some 15,000 independent petroleum explorer/producers, 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.

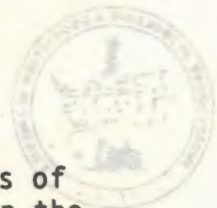
Domestic petroleum exploration/development has been severely depressed since 1981. Despite this, the Treasury acknowledges that its proposals would precipitate a further flight of capital from our industry. Treasury argues that such diverted capital would be "employed more productively in other industries."

The Treasury did not and I daresay 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

The President  
November 29, 1984  
Page Two

THE ASSOCIATION OF  
INDEPENDENT PETROLEUM PRODUCERS  
WASHINGTON, D. C. 20002



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

I will not detail here the nature and inescapable negative effects of the Treasury's energy tax proposals. 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.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Jon Rex Jones".

Jon Rex Jones



# William J. Hamilton

SUITE 42, PERMANENT FEDERAL SAVINGS BLDG. • EVANSVILLE, INDIANA 47708 • TEL. (812) 423-3282



December 27, 1984

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

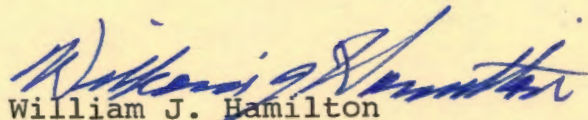
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The enclosed letter voices my opinion on the new tax reform package and its future effects on the oil and gas industry. I strongly oppose these tax proposals and urge that new tax provisions be drafted in order for the oil and gas industry to find the energy resources we need to make our nation more energy secure.

Yours truly,

  
William J. Hamilton

WJH/k11

# INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA



1101 SIXTEENTH ST., N.W.  
WASHINGTON, D. C. 20036  
(202) 857-4722

OFFICE OF THE PRESIDENT  
CAPITAL BANK PLAZA  
333 CLAY STREET, SUITE 2380  
HOUSTON, TEXAS 77002  
(713) 659-4644

November 29, 1984

JON REX JONES  
PRESIDENT (CEO)

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

Dear Mr. President:

The Independent Petroleum Association of America represents an industry that has 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.

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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

The President  
November 29, 1984  
Page Two

INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA  
1101 EIGHTH ST. N.W.  
WASHINGTON, D.C. 20004  
(202) 547-1000



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

I will not detail here the nature and inescapable negative effects of the Treasury's energy tax proposals. 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.

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Respectfully yours,

Jon Rex Jones

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. Their proposals represent a cynical conclusion that we no longer need a viable oil and gas industry. We are now operating at about two-thirds of this needed performance level. It is time to encourage petroleum investment; our national interest requires that we do just the opposite.

We are now operating at about two-thirds of this needed performance level. It is time to encourage petroleum investment; our national interest requires that we do just the opposite.

We are now operating at about two-thirds of this needed performance level. It is time to encourage petroleum investment; our national interest requires that we do just the opposite.

# HOLLAND ENERGY COMPANY

101 Court Suite 805 P.O. Box 6630  
Evansville, IN 47712 812-422-6740

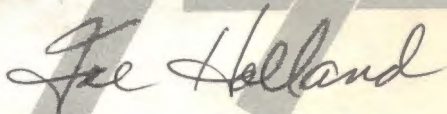
December 10, 1984

PRESIDENT RONALD W. REAGAN  
PRESIDENT OF THE UNITED STATES  
THE WHITE HOUSE  
WASHINGTON, D.C. 20500

MR. PRESIDENT:

WE ARE OBJECTING SPECIFICALLY TO THE TREASURY TAX REFORM PROPOSALS FOR THE PETROLEUM INDUSTRY AND REQUEST THAT YOU PUBLICLY REJECT THE PROVISION. THIS LAST NOVEMBER THE 6th ELECTION IS THE ONLY ONE THAT I HAVE EVER VOTED IN, OR REGISTERED FOR IN MY 43 YEARS. THE OUTCOME OF THIS TAX REFORM PROVISION WILL PROVE WHETHER OR NOT MY VOTE FOR RONALD W. REAGAN WAS THE RIGHT DECISION THAT I NOW BELIEVE THAT IT WAS.

YOURS TRULY,



COMPANY

JOE HOLLAND

HOLLAND ENERGY COMPANY

# ILLIND OIL CORPORATION

PRODUCERS OF CRUDE PETROLEUM

WILLIAM J. HAMILTON  
PRES. & GEN. MGR.

EVANSVILLE, INDIANA 47708  
SUITE 42, PERMANENT SAVINGS BUILDING  
TEL. (812) 423-3282

December 27, 1984

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

Dear Mr. Baker:

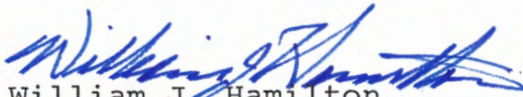
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Of primary concern is the proposed elimination of percentage depletion and current expensing of intangible drilling costs. The elimination of this drilling incentive would cripple small independent operators and thus force hundreds out of business.

The enclosed letter voices our opinion on the new tax reform package and its future effects on the oil and gas industry. We strongly oppose these tax proposals and urge that new tax provisions be drafted in order for the oil and gas industry to find the energy resources we need to make our nation more energy secure.

Yours truly,

ILLIND OIL CORPORATION

  
William J. Hamilton  
President

WJH/kll

enc.

# Sturges Griffin Trent & Co.

## INDUSTRIAL and COMMERCIAL REAL ESTATE SERVICES

December 19, 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

RE: Treasury Department Tax Reform Proposals

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.

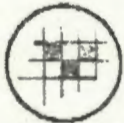
We believe that if enacted, certain provisions contained in the Treasury proposal would create a disincentive for capital formation, thus greatly damaging the economy of the United States. This in turn will cripple the construction and development industries resulting in the loss of millions of jobs, 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. We, therefore, urge you, in the strongest terms, to publicly oppose the recent Treasury proposal.

Very truly yours,

STURGES, GRIFFIN, TRENT & CO., INC.

Richard J. Ford  
Arnett W. Coyle  
James W. Roth  
Jeffrey D. Hart  
Barry Sturges

Toy A. Bushard  
Daniel Bollinger  
Paul D. Huff  
James Lewis  
Michael T. Boyer



## Gary-Williams Oil Producer

P.O. Box 1176 • Princeton, Indiana 47670 • (812) 769-5511

December 20, 1984

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

Dear Mr. Baker:

The Illinois Oil and Gas Association recently sent me a capsule description of the Treasury Department's "Tax Reform for Fairness, Simplicity and Economic Growth". After reviewing the proposed changes for depletion allowance, IDC, dry hole costs, etc. in this proposal I am alarmed! What has been outlined in these proposals will amount to economic disaster for the petroleum industry.

At the present, an oil glut exists and prices are declining. This is an understandable response to over reaction by the public and press, coupled with OPEC's efforts which drove oil prices up in the late 70's.

Exploration and drilling activity are down from the last several years, and if the Treasury Department's policies are implemented, I foresee an accelerated decline in domestic exploration and drilling activities. The United States will never be able to produce all the petroleum products it requires but a decline in domestic production will only serve to make the United States more dependant on Foreign oil with the long term result of escalating oil prices.

Some will argue that according to the Treasury Department's proposal, the Wind Fall Profits Tax will be phased out as of January 1, 1988, and that this phase out of W.P.T. will offset any deleterious effects that may be caused by the proposals. I disagree with this logic for several reasons. First and foremost the W.P.T. is an unfair tax which singles out a particular industry. It is not a tax on profits but on revenue, that should never have been put on. I would enjoy seeing the government try and place a W.P.T. on the automobile industry based on each car turned out or farmers based on each bushel of grain harvested. This is exactly what has been done to the oil industry. Wouldn't it be more realistic to place a Wind Fall Profit Tax on all industries that generates a PROFIT over a government specified amount each year? Sounds ludicrous doesn't it!

PAGE #2

Second, considering the political and public stink associated with the W.P.T. when it was ushered in, I find it difficult to believe that a few opportunistic politicians will not pick up a new cross in 1988 and try to prevent the phase out of the W.P.T. This would leave the oil industry with the Treasury Department's proposals along with the W.P.T.

I appreciate the time you've taken to read this letter. The proposals by the Treasury Department will have the most effect on the small producer typical of the Illinois Basin. Results from these proposals will show up immediately and will result in economic hardship for many small producers.

Respectfully Submitted:

A handwritten signature in cursive script that reads "Michael Thomas Gibbons". The signature is written in dark ink and is positioned above the typed name.

Michael Thomas Gibbons  
Petroleum Engineer  
Gary-Williams Oil Producers





1010 South "A" Street • P.O. Box 238 • Richmond, IN 47374 • Phone: 317-966-8480

10 December, 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

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.

This proposal may appear to somewhat lower the Federal tax for low to moderate income households. However, it completely ignores the intent embodied in the existing tax code to help provide decent and affordable housing for low to moderate income households. In today's marketplace, fully 35 to 40% of the total rental housing capital investment is equity which is compensated solely through tax deferral and conversion with no current yield. Current rent will only support a market competitive cash yield for 60 to 65% of the construction cost (typical mortgage financing). If the pass through tax benefits are eliminated under the Treasury proposal, new rental construction will stop and rents on existing rental housing will quickly adjust to a 50% increase, thereby costing the average American renter about \$2,000 per year. In essence, Treasury proposal is a government mandated rent increase.

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,

Greg Merchanthouse  
Partner

GM/sr



1010 South "A" Street • P.O. Box 238 • Richmond, IN 47374 • Phone: 317-966-8480

10 December, 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

Dear Mr. Baker:

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Sincerely,

*Pamela Merchanthouse*

Pamela Merchanthouse  
General Manager

PM/sr



10 December, 1984

JAB-4

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:

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Sincerely,

J. Scott Porter  
Partner

JSP/sr