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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

Bruce R. Storm

BRS/jw

BPC
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 competant 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

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 Tresury 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 adversly. 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 drafts 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 <u>all</u> 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. 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,

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

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 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

William J. Hamilton

WJH/kll

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

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The White House
Washington, D. C. 20500

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Respectfully yours,

Jon Rex Jones

Jon Rex Jones

Member Evansville Chamber of Commerce

Member Better Business Bureau

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 WEATHER OR NOT MY VOTE FOR RONALD W. REAGAN WAS THE RIGHT DICISION THAT I NOW BELIEVE THAT IT WAS.

YOURS TRULY,

Joe Holland

JOE HOLLAND
HOLLAND ENERGY COMPANY

Member Illinois Oil & Gas Association

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:

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,

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 A. Ford
Barrett W. Cooper
James W. Roth
Jeffrey A. Hart
Barry Sturges

Roy A. Buskirk
Daniel Bollhorster
Lowell C. Griff
Barry Lehrer
Michael T. Bayers

202 West Berry St. • Suite 610 • Fort Wayne, Indiana 46802 • (219) 424-8448

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 Departments "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 diaster 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 deletereous effects that may be caused by the porposals. 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 <u>all</u> industries that generates a <u>PROFIT</u> over a government specified amount each year? Sounds ludicrous doesn't it!

Second, considering the political and public stink associated with the W.P.T. when it was ushered in, I find it difficult to belief 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 Departments 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.

Respectively Submitted:

Michael Thomas Gibbons

Michael Thomas Gibbons
Petroleum Engineer
Gary-Williams Oil Producers

REALTY GROUP
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 accelaration 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

REALTY GROUP
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

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Sincerely,

Pamela Merchanthouse

Pamela Merchanthouse
General Manager

PM/sr

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

10 December, 1984 JAB·4

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Assistant to the President
The White House, 1600 Pennsylvania Avenue N.W.
Washington, D.C. 20500

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Sincerely,

Scott Porter

J. Scott Porter
Partner

JSP/sr