

Ronald Reagan Presidential Library  
Digital Library Collections

---

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

---

**Collection:** Baker, James A. III: Files  
**Folder Title:** [Oklahoma – Oklahoma City Q-Z]  
**Box:** 14

---

To see more digitized collections visit:

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

To see all Ronald Reagan Presidential Library inventories visit:

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

Contact a reference archivist at: [reagan.library@nara.gov](mailto:reagan.library@nara.gov)

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

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

December 24, 1984

The President  
The White House  
Washington, DC 20500

Dear Mr. President,

As an active independent producer, I am horrified that the Federal Treasury Department's tax proposal being considered today could become a reality.

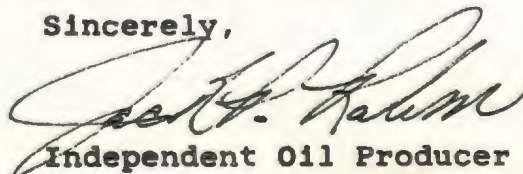
My concerns are very simple. If Intangible Drilling Costs and the Depletion Allowance are tampered with:

- Investment dollars will flow away from our industry because all outside investment capital and most internally generated capital will disappear;
- Production of both oil and gas will decline;
- Our Great Nation will become critically dependent on the whims of foreign governments and their oil and;
- Without question, billions of dollars of tax revenue that is being immediately demanded by the Treasury Department on an already overtaxed industry will also disappear.

Mr. President, I have worked diligently for many years to be able to provide income for my family and numerous other men and women and their families. I am not unlike most of my fellow producers. I expose myself daily to almost insurmountable risk, high debt, increased competition in a depressed industry, and a multitude of other problems. And frankly, it sickens me to think that I along with thousands of my associates and their families may be wiped out by the voracious gluttony of the Federal Treasury Department.

I seriously urge you to use the position that we as loyal voters placed you and your party in and defeat these insane and dangerous legislative proposals. My future, your future, and most importantly, the future of our country are at stake here.

Sincerely,



Jerry R. Kalm  
Independent Oil Producer

December 17, 1984

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

Dear Mr. Baker,

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

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

Very truly yours,

*Marty Rees*

Marty Rees  
12404 Acadia Court  
Oklahoma City, OK 73142

RICHARD EXPLORATION COMPANY, INC.

SUITE 1100 - 101 PARK AVENUE  
OKLAHOMA CITY, OKLAHOMA 73102  
(405) 236-0040

JAMES C. RICHARD  
President

November 18, 1984

The President  
The White House  
Washington, D.C. 20050

Dear Mr. President:

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

I have been a strong supporter of yours since 1964. In fact, my wife wrote a campaign song for your possible future presidential campaign back in 1964 when Mr. Goldwater was the candidate. I am an independent oil and gas explorationist and have worked in the industry for 27 years. I have never seen a more devastating proposal in all this time.

I cannot understand how you or a Republican Administration could support the proposals of Secretary Regan regarding the oil and gas industry. Further, I cannot understand how a Republican Administration can have a Secretary of Treasury that would make the statements regarding the oil and gas industry the way Mr. Regan did.

Again, I urge you to oppose the Treasury Department's proposal regarding the oil and natural gas industry.

Respectfully,



James C. Richard

JCR/dt

# SHEROIL, Inc.

December 24, 1984

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

Re: Treasury Department's Tax Reform Proposals

Dear Mr. President:

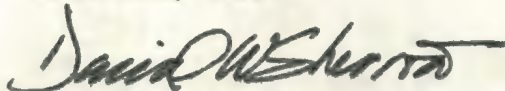
In reference to the captioned Tax Reform currently under consideration I am writing you to ask that you publicly denounce these changes as they pertain to the oil and gas industry. I feel, as a general statement, that any laws to control any industry are detrimental not only to the participants of that industry but also to the consuming public which that industry affects.

The lifeblood of the oil and gas industry is the Independent. The Majors will even be in agreement to this. Certainly, the State of Oklahoma is being kept alive by the efforts of the independent oil and gas producer. Independents are funded mainly through investment sources of capital, looking not only for a potential return but also to be able to take advantage of the current favorable tax laws. I truly believe our elected officials have the foresight to grasp what would happen to prices of oil and gas should funding sources of exploration be shut down- which this law would do!

The "J.R. Ewings" and "Blake Carringtons" of this industry make up such a small percentage. The vast majority are men and women making a decent living and enjoying the fruits of their hardwork. I believe this was the premise upon which our Free Enterprise System was founded.

As a registered Republican and a long supporter of you and your ideals I trust that you will make the right decision. As the owner of a small oil and gas exploration company I have seen that hard work and well thought out decisions have made a positive affect on the performance of my company. Please, don't take the easy way out in the short-term only to create greater difficulties in the future.

Sincerely Yours,  
Sheroil, Inc.



David W. Sherrow  
President

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

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

Robert C. McFarlane, Assistant to the President for  
National Security Affairs  
The White House  
Washington, D.C. 20500

Vice President George Bush  
The White House  
Washington, D.C. 20501

The Honorable Donald Regan  
Secretary of Department of Treasury  
Washington, D.C. 20220

The Honorable William Clarke  
Secretary of Department of Interior  
Washington, D.C. 20240

The Honorable Don Hodel  
Secretary of Department of Energy  
1000 Independence Ave., SW  
Washington, D.C. 20585

Randall E. Davis  
Special Assistant to the President for Energy & Natural  
Resources  
227 Old Exec. Office Bldg.  
Washington, D.C. 20500

F. P. SCHONWALD CO.

OIL PROPERTIES

~~XX~~

OKLAHOMA CITY, OK 73102

(405) 235 5996

1110 First City Place

FRED P. SCHONWALD, JR.  
PRESIDENT

December 21, 1984

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

Dear President Regan:

I am writing in regards to the recent tax reform proposals offered by the Treasury Department. I am an independent Petroleum Landman and also manage a small family mineral company. Though my remarks may not be complimentary to those tax reform proposals, I do realize that each industry tends to agree with those factors which cause increased profits. Sometimes, this can have a tunnel-vision effect.

However, in my particular situation these proposals would be extremely detrimental. It is becoming increasingly difficult for an independent to survive in our business, and if these proposals are passed and then enacted, it would really wipe-out a great many independent operators. Prudent operators, not just those who do not necessarily belong in the business. The expensing of intangible drilling costs would be extremely rough for the smaller independent, such as myself and that provision disallowing deductions for dryhole costs until a property is abandoned would be disasterous. There are a great many people who would not even consider an oil or gas investment if they could not write-off the dryhole costs. It is simply too risky of a business.

At this point, I realize that you and your advisors have not yet supported all of the proposals in the Treasury Department's new tax reform. I strongly urge you to place weight upon our industry and consider the independent. The only people that will survive these changes would be the larger international corporations. I am not opposed to those corporations, as I believe they compliment our end of the business, however, I would hate to see a complete category of people who have done business within the oil and gas industry for years, to disappear. It is vital for our country to preserve those smaller businessmen regardless of what industry they may find themselves.

I do sincerely hope that you and your family have a very merry Christmas and that 1985 proves to be a continuation of those great achievements which you and your administration have achieved.

Sincerely,

F. P. SCHONWALD CO.

Fred P. Schonwald, Jr.

FPS/rc

cc: Mr. Edwin Meese, III  
Mr. Robert C. McFarlane  
Mr. James A. Baker III

**C. W. SMITH & ASSOCIATES, INC.**

PETROLEUM CONSULTANTS

20 December 1984

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

Re: Treasury Department's Tax Reform Proposals.

Dear Sir:

We are a small independent oil company. In the past two years we have drilled 27 producing oil and gas wells at the cost of several million dollars. Seventy-five percent of those several million dollars came from Oklahomans, not in the oil business, but as investors, based on their present tax structure.

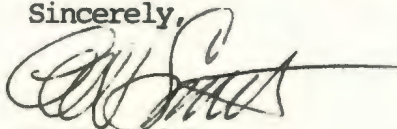
The referenced tax change proposals disallowing the expensing of intangible drilling costs, dry hole costs, the repeal of percentage depletion and other proposals aimed directly at the oil and gas industry will put me and thousands of small independents like me, who rely on outside investors, immediately out of business.

It is difficult to imagine the backwash from this. Not only the loss of domestic reserves, but the unemployment and economic slump throughout the Mid-Continent.

Sir, I respectfully urge your strong opposition to the Treasury Department's tax proposal regarding oil and natural gas. If this legislation is not totally rejected, it will mean that I, as well as thousands of conservative Republicans like me in the oil industry, supported and voted for our own ruination.

If the Kremlin wanted to hasten the economic downfall of the U.S.A. and hasten its total dependence on foreign oil, it would find a way to eliminate the independent oil and gas companies in this country. Maybe it has.

Sincerely,



C. W. Smith  
President

CWS:mg



TEXAS INTERNATIONAL COMPANY

December 21, 1984

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

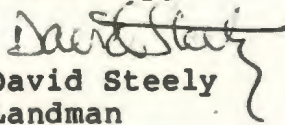
Re: Tax Reform Objection

Dear Mr. President:

Reference is made to the Treasury Department's tax reform proposals for the petroleum industry. Please be advised that I am very much opposed to the plan because of the damaging effects to the industry and the welfare of the country.

It is respectfully requested that you publicly reject those provisions. Your opposition to the tax reform is greatly needed.

Sincerely,

  
David Steely  
Landman

DS/pg

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

**TIGER MOUNTAIN ENERGY**

P. O. Box 1938  
OKLAHOMA CITY, OKLA. 73101

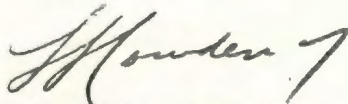
January 2, 1985

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

Dear Sir:

I urge you to fight against any changes in Oil and Gas depletion, intangible and dry hole allowances for the sake of the Oil and Gas Industry and for the economy of the entire nation.

Yours very truly,



L. L. Cowden, General Partner

LLC:dal

# Tolex Energies, Inc.

---

December 19, 1984

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

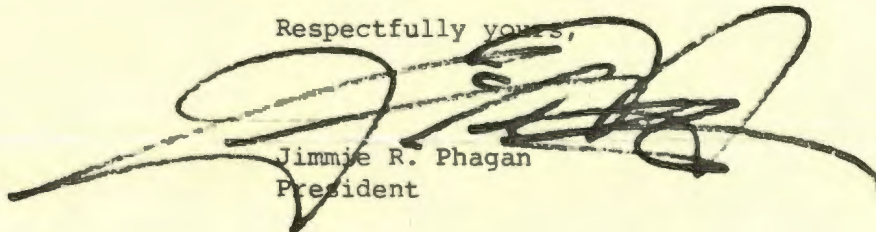
Mr. President:

I adamantly oppose the Treasury Department's tax reform proposals regarding the petroleum industry. These proposals would be extremely damaging to our industry as well as the welfare of the country.

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

I strongly urge you to publicly reject these proposals.

Respectfully yours,



Jimmie R. Phagan  
President

JRP/rlb

# WICKLUND PETROLEUM CORPORATION

THE PARAGON BUILDING

5801 NORTH BROADWAY, SUITE 100

OKLAHOMA CITY, OKLAHOMA 73118

TELEPHONE 405/840-1200

NASDAQ SYMBOL: WICK

December 18, 1984

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

Dear Mr. President:

Recently, I have read the Treasury Department's tax reform proposals for the petroleum industry. These proposals include:

1. Repeal of percentage depletion.
2. Repeal of expensing of intangible development cost.
3. Repeal of deduction for dry hole costs.

I wish to advise you at this time that if these proposals are enacted, my company, as well as most other independent petroleum companies of which I am familiar, will probably go out of business.

These particular items which enable companies and individuals to shelter income in return for assuming the substantial risk of oil and gas exploration are absolutely essential to our industry.

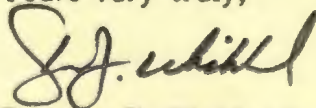
Without the benefit of these particular items, independent petroleum companies will not be able to raise funds for the purpose of drilling.

The end result will be a drastic reduction in the number of wells drilled in the United States and a considerably increased reliance on imported oil.

In addition, it goes without saying, that such a significant reduction in activity by petroleum independents will lead to increased unemployment, a reduction in taxes paid by the oil industry and an overall negative impact on the economy of our country.

I strongly urge you to reject these proposals in whole and in part.

Yours very truly,



Douglas F. Wicklund  
President

DFW:dh

**WOODS & TARPLEY**

A PARTNERSHIP

P. O. BOX 77533

OKLAHOMA CITY, OKLA. 73177

L. G. (LARRY) WOODS  
F. M. (MIKE) TARPLEY

TEL. 405-752-1283

December 27, 1984

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

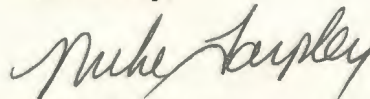
Re: Treasury Department's Tax  
Reform Proposal

Dear Mr. President:

We are an independent small producer of oil and gas. The independent oil man will be destroyed if the Treasury proposals are adopted by Congress. We have had more adverse tax legislation in the last four years than any time in our history, and we are now faced with a Treasury proposal called "Fundamental Tax Simplification and Reform" that challenges the very survival of the oil and gas industry. The people in the Treasury Department that make these proposals can not possibly have any knowledge of the industry they are attempting to destroy, and from the tenor of their comments and proposals they have little knowledge of our entire coveted free enterprise system.

We are enclosing herewith a commentary prepared by Deloitte Haskins & Sells which more clearly describes the effects of the current Treasury proposals on the oil and gas industry specifically and the business community in general. What has happened to the promises to reduce government burdens and interference with business? You can be certain that I am vehemently opposed to the Treasury proposals described herein.

Sincerely,



Mike Tarpley

MT:jlm

Enclosure

cc: Edwin Meese, III, Counselor to the President  
✓ James A. Baker, III, Chief of Staff  
Robert C. McFarlane, Assistant to the President for National Security Affairs  
Vice President George Bush  
The Honorable Don Hodel, Secretary of Department of Energy  
The Honorable Donald Regan, Secretary of Department of Treasury  
Randall E. Davis, Special Assistant to the President for Energy & Natural Resources  
The Honorable William Clarke, Secretary of Department of Interior

## **Energy Executive Briefs**

84-6

December 12, 1984

### TREASURY REFORMS COULD CRIPPLE INDUSTRY

On November 27th, the Treasury Department presented President Reagan with the Treasury Department's Report on Fundamental Tax Simplification and Reform. In Treasury Secretary Regan's words, this report is the "Treasury's proposal for making our tax system simpler, fairer, and more economically efficient". Essentially, all energy and mineral tax incentives would be repealed under the terms of this report. *Consequently, the proposed tax reforms present a devastating challenge to the fundamental economics of the oil and gas and mineral industries, thereby posing serious questions regarding the very survival of those industries.*

Treasury acknowledges that the elimination of existing tax incentives would result in a decrease of domestic energy production and a corresponding increase in reliance on foreign sources of energy. However, Treasury believes that such events would merely be burdensome in the short run and that the proposed reforms would be beneficial in the long run "because the capital and labor released from the energy and minerals sector as a result of a more neutral tax policy would be employed more productively in other industries". The report does not delineate specifically which industries will use the capital more productively, however, it does imply that a "more rational allocation among competing energy modes" will occur.

Outlined below are the more significant proposed reforms, most of which would be effective January 1, 1986:

• **Capitalization of IDC and Exploration and Development Costs**

These costs would no longer be currently deductible. Instead, these costs would be capitalized, indexed for inflation, and amortized

---

*Please send changes in address or mailing list additions to:*

*Deloitte Haskins & Sells, Energy Resources Group  
633 Seventeenth Street, Suite 2600  
Denver, Colorado 80202  
(303) 534-8153*

*Reproduction in whole or in part is permitted when credit is given to Deloitte Haskins & Sells.*

December 13, 1984

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

Dear Mr. Baker,

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

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

Very truly yours,

*Bill Wright*

Bill J. Wright  
3036 Stoneybrook  
Oklahoma City, OK 73120



## PETROLEUM CORPORATION

December 27, 1984

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

Dear Mr. President:

I am writing concerning the U.S. Treasury Department's tax reform proposals.

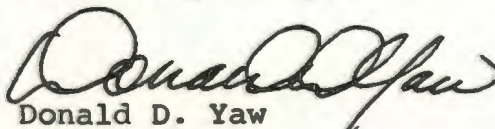
I am in full agreement that tax reform is desperately needed, but any such reform should be directed at those that do not contribute an equal or greater amount in return to society. I'm talking about abusive tax shelters, unreported income, sham religious organizations, etc.

The petroleum industry has historically paid its fair share of taxes. In addition, it employs thousands of people who pay their fair share of taxes. Depriving the oil industry of its tax incentives to invest money in a highly risk-oriented business will cause investment capital to dissolve and consequently result in a severe drop in drilling levels and increased layoffs of petroleum industry personnel. Legitimate oil operators put far more into the economy than they take out. Additional disincentives such as proposed in the Treasury report would have a disastrous effect on the availability of capital particularly to the independent operators who aggressively seek out and rely on investor capital in order to fund their drilling programs.

If the proposals are adopted, the only drilling will be by major oil companies in their sluggish, slow, non-aggressive manner or by the independents who will resort to drilling only those development prospects with very low risks and inherently low rewards. No one will risk the money necessary to drill higher risk but higher potential prospects which result in the discovery of new reserves.

Implementation of these proposals particularly in the face of the current glut of oil, surplus of gas, price erosion of oil and gas, and all the other negatives affecting the oil industry now will certainly cause permanent damage to an already depressed industry.

Yours very truly,

  
Donald D. Yaw  
President

DDY/dcy