Collection: Baker, James A.: Files
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Silver Star Oil, Inc.

PHONE: (618) 445-2049

P.O. BOX 142 / ALBION, ILLINOIS 62806

December 20, 1984

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

Dear Mr. President,

The "Tax Reform for Fairness, Simplicity and Economic Growth" is a blueprint for economic disaster to the OIL INDUSTRY OF SOUTHERN ILLINOIS and elsewhere within the United States.

I respectfully urge you to publicly REJECT the Treasury reform proposals for the petroleum industry! Oil is a nonrenewable resource and unless incentives exist to encourage investment into exploration, the United States will most certainly be at the mercy of foreign oil producing countries for years to come!

I repeat, please, publicly REJECT the Treasury reform proposals for the petroleum industry.

Best wishes,

Ralph L. Baker

SILVER STAR OIL, INC.
Ralph L. Baker, Vice Pres.

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

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Thomas C. Christensen

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Thomas C. Christensen, Vice Pres.

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William F. Elder

SILVER STAR OIL, INC.
Wm. F. Elder, President

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Howard L. Speir

SILVER STAR OIL, INC.
Howard Speir

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

BAKER PETROLEUM INC.

RALPH L. BAKER

Oil Producer

OFFICE (618) 445 - 3489 HOME (618) 936 - 2806

December 20, 1984

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R.L.Baker, President

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✓James A. Baker III
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Senator Alan Dixon
Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
Governor Jim Thompson

OFFICE 43¼ S. 4th. St.
Albion, Il 62806

HOME R.R. 2, Box 27
Sumner, Il 62466

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December 20, 1984

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T.C. Christensen

BAKER PETROLEUM, INC.
T.C.Christensen

cc. Edwin Meese III
James A. Baker III
Robert C. McFarlane
Senator Alan Dixon
Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
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BAKER PETROLEUM, INC.
W.F.Elder

cc. Edwin Meese III
James A. Baker III
Robert C. McFarlane
Senator Alan Dixon
Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
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[See also: Silver Star Oil Inc.]

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Howard Speir

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Robert C. McFarlane
Senator Alan Dixon
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Congressman Ken Gray
Congressman Terry Bruce
Governor Jim Thompson

OFFICE 43½ S. 4th. St.
Albion, Il 62806

HOME R.R. 2, Box 27
Sumner, Il 62466

Baldridge Oil Company

INDEPENDENT OIL PRODUCER

PHONE: 485-2300
Ashley, Illinois 62808

December 21, 1984

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

Dear Mr. President:

I wish to make a complaint about the changes you are planning for the oil industry. It looks to me as though you are trying to put the oil people out of business. The depletion gives the oil people a little more incentive to go out and drill for more oil.

If dry hole costs cannot be written off until the expiration of a particular lease, that is absolutely a disgrace. One may have a lease being held with an old well and think it wise to drill, but get a dry hole. Our money is tied up, maybe for years to come. I, for one, cannot afford to continue to operate if the new regulations go into effect.

If the oil people stop trying for new production, the tax money will be cut short.

Sincerely,

Adaline Moore
Adaline Moore, Owner

bt

cc: Edwin Meese, III, Counselor to the President
James A. Baker III, Chief of Staff
Robert C. McFarlane, Asst. to the President for National Security Affairs
Senator Alan Dixon
Senator Paul Simon
Congressman Ken Gray
Congressman Terry Bruce
Governor Jim Thompson
National Federation of Independent Business

GEO. N. MITCHELL DRLG. CO., INC.

P. O. Drawer 111 · Carmi, Illinois 62821
Tel. (618) 382-2343 · (618) 382-5032 (24 hr.)

COPY

December 28, 1984

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

Dear Mr. President:

The Treasury Department's Report on Fundamental Tax Simplification and Reform contains certain provisions which Geo. N. Mitchell Drlg. and Production Company feels would be disastrous, if not catastrophic to our company and to the energy industry as a whole.

Those specific provisions include the repeal of percentage depletion and expensing of intangible drilling costs, a provision disallowing deduction of dry hole costs until a property is abandoned and a provision requiring dry hole costs on developmental wells to be amortized over the life of the property.

If implemented, these provisions will certainly result in massive personnel layoffs and drastic cutbacks in capital outlays for new equipment and improved technology for our company and related energy producers, suppliers and service companies. In addition, retail merchants such as grocery stores, clothing stores, hardware stores, car dealerships, and other small businesses in our area will experience an overall decline in sales due to a diminishing labor force from our company and other companies similar to ours.

It is imperative that these factors be considered when you review the Treasury Department's report.

Respectfully,

Geo. N. Mitchell
President

GNM:lgf

Monrae Oil and Gas Corporation
BOX 97 Seven South East First St., Casey, Illinois 62420 217/932-4032

December 18, 1984

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

Dear Sir:

Monrae is an independent oil and gas corporation, operating mainly in the Illinois Basin. As you know, the overwhelming majority of new oil is discovered by independent producers. The job of finding new oil to replace our declining reserves is one of the riskiest endeavors of American business.

The recent changes to the tax law proposed by the Treasury Department would eliminate percentage depletion, curtail the deductibility of intangilbe drilling costs and eliminate the Windfall Profit Tax. If these changes become effective, they would have a significant adverse impact on the survival of many independent oil companies. The brunt of the two revenue raising parts of the proposal would fall on small independent producers who, under current tax law, are able to benefit from expensing intangible drilling costs and percentage depletion. Larger oil companies, in general, would not be affected by these revenue raising measures. On the other hand, the tax benefit portion of the proposed legislation, the elimination of the Windfall Profit Tax, would be almost entirely enjoyed by the larger companies who pay, in percentage terms, a far greater portion of Windfall profit tax than do independents.

This combination of penalizing the companies which find most of the oil and benefiting the larger companies which have very little "exploratory zeal" could have a devastating effect on future discovery of oil in this country.

Accordingly, we urge you to reconsider the Treasury's position on its proposed tax legislation affecting the oil and gas industry.

Very truly yours,

M. C. Milam

M. C. Milam

MCM/db

HUBERT W. ROSE, OIL PROPERTIES

1912 ESTHER DRIVE, R.R. # 3

CENTRALIA, ILLINOIS

618-532-6472

December 20, 1984

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

Dear Honorable Mr. Baker:

I am writing in response to the proposed repeal of Percentage Depletion and the Expensing of the Intangible Drilling Costs. In the place of Percentage Depletion and current expensing of the IDC there would be a system of "Cost Depletion".

The impact of such a proposal would be drastic, this would create a further decline in drilling that has resulted due to the drop of domestic crude oil prices. End result would be Drilling Contractors and Independent Operators falling in line at the Bankruptcy Courts with ramifications flowing over into other related industries.

Approximately 70% of domestic oil is being found by the Independent Operators. Major Oil Companies chose the route of mergers to acquire cheaper oil, without drilling. Resulting in further decline in domestic production and more and more dependence on foreign oil.

This aspect would have a greater impact on slowing down the economy, with loss of many jobs in the Illinois Basin of Drilling Contractors, Independent Operators and other related companies that depend on the oil industry. Can we afford the loss of hundreds of jobs in an area, at a time, when the unemployment rate is in the double digits.

All we are asking is that we have an equal opportunity to survive and realize a profit, in a high risk industry that is not subsidized, we have only our courage and ability to survive.

Very Truly Yours,

Hubert W. Rose

Hubert W. Rose

HWR:ls

QUEST PETROLEUM LTD.
P.O. Box 997
211½ South Locust
Centralia, Illinois 62801
618-533-1255

December 18, 1984

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

Dear Mr. Baker:

Please find enclosed a copy of a letter I recently sent to the President of the United States.

As you can see, the Treasury proposal is a threat to the very existence of the independent oil producer in the U.S.

Please do all you can to prevent these changes from becoming law. Our industry's very survival depends on your help.

Sincerely,

Bob Turnage

Robert Reid Turnage
President

RRT/sp

Enc.

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The President
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Dear Mr. President:

The report recently submitted to the White House by the Treasury Department entitled "Tax Reform for Fairness, Simplicity, and Economic Growth" is actually a blueprint for economic disaster for the oil and gas industry in the United States. The suggested changes aimed at independent oil producers would effectively grind the independent oil industry to a halt.

As you well know, most of the oil and gas produced in the continental U.S. is produced by independents. Yet the Treasury proposal would eliminate virtually all investment incentives and tax advantages that assist we independents in generating the massive amounts of capital necessary to explore for, and produce, the fossile fuels vital for our nation's very survival.

Specifically, the measures proposed include:

1. Repeal of percentage depletion for existing and future production.

2. Repeal of expensing of intangible drilling costs.

3. Dry hole costs to be written off only upon abandonment of a property.

4. Repeal of expensing of qualified tertiary injectant expenses.

5. Repeal of investment tax credit.

6. Repeal of accelerated cost recovery system.

7. "At-Risk" rules retained and applied to all investments.

8. Retention of individual alternative minimum tax and corporate minimum tax until 1/1/90.

9. Partnerships with 35 or more limited partners would be taxed as corporations. So-called "S" corporations, limited partnerships with 35 or fewer limited partners and general partnerships will continue to be accorded pass through treatment. Affected partnerships already in existance prior to 1985, would not become subject to this until 1/1/90.

10. Restrict the use of the cash method of accounting to businesses that do not use the accrual method for financial accounting purposes, carry no inventories, and have annual gross receipts of less than $5 million.

11. To assure uniform treatment of all multiperiod production activities (i.e., oil and gas production), develop comprehensive rules for capitalization of indirect costs such as interest.

12. Corporations could deduct from taxable income one-half of dividends paid from income subject to tax but not dividends paid from income that had not been subject to corporate tax. To be phased in over a period of several years.

The only advantageous recommendation is the 33 month phase-out of the Windfall Profits Tax.

Please help us prevent the ruination of our vital industry. Remember the problems energy dependence has heaped on our nation! America needs America's Oil and Gas. The independent oil industry must survive and thrive to assure energy independence!

Please, Mr. President, publicly reject the provisions that could so mortally wound our industry.

Thank you for your continued support.

Sincerely,

Bob Turnage

Robert Reid Turnage
President

Member - Republican National Committee

RRT/sp

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Robert Ray Turnage
Chairman

RRT/sp

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