

March 30, 2009

The Honorable Pat Tiberi
113 Cannon House Office Building
Washington, D.C., 20515

Dear Representative Tiberi ,

I am writing to you to explain the serious concerns I have with President Obama's current budget proposal as it pertains to Ohio oil and natural gas development. As a constituent of yours, I urge you to vigorously oppose any tax proposal that would unfairly target an industry that is working for Ohio consumers.

The Ohio oil and natural gas industry is comprised mainly of Independent producers. Independents drill 90% of the wells in the U.S., while producing 82% of our country's natural gas and 68% of our country's crude oil. The average independent producing company employs 12 – 15 people, people like myself.

The Ohio oil and natural gas industry drilled over 1,000 new wells in 2008. Ohio produced over 84.8 billion cubic feet of natural gas and over 5.5 million barrels of oil last year with a combined market value of \$1.4 billion. We employ over 14,000 people via direct and indirect jobs.

For our companies to survive, especially facing the current economic climate, we must reinvest our cash flow into producing more Ohio energy. If we do not replace our oil and natural gas reserves, our companies will lose revenue, jobs, and eventually be forced to close.

Tax components of President Obama's budget proposal will discourage the influx of capital investment, strangle new drilling and stifle the development of American energy resources. In today's trying times, why would we want to do that?

The budget specifically eliminates the following reasonable and proper tax treatments for our industry:

- **Intangible Drilling and Development Costs (IDC)** – Eliminating this provision, established in 1913, would remove over \$3 billion in American oil and natural gas investment.
- **Percentage Depletion** - Eliminating this provision, established in 1926, would remove over \$8 billion in American oil and natural gas investment.
- **Marginal Well Tax Credit** – Eliminating this provision, which currently costs the federal government nothing, would only support increasing our reliance on foreign energy sources.
- **Passive Loss Exemption** – Eliminating this provision, established in 1986, would negate one of the key reasons outside individuals invest in the American oil and natural gas industry.

- **Geological and Geophysical (G&G) Amortization** – Extending the G&G recovery period to seven years would remove \$1 billion in American oil and natural gas investment.

By removing over \$12 billion in American oil and natural gas investment, you severely impede Ohio's recent drilling trends. The development of domestic oil and gas reserves in Ohio will be reversed without your quick action. Please do everything possible to eliminate these unfair and detrimental tax policies to my industry and our community.

Sincerely,

John Doe
John Doe Oil & Gas
123 Anywhere Street
Westerville, OH 43082