



April 23, 2009

Dear Members of Congress,

We are the National Association of Royalty Owners (NARO) and represent the estimated 8.5 million individual royalty owners who live in all the states of America. The average royalty owner is female, widowed, over 60 years old and receives monthly royalty income of less than \$500 per month. Are these the people of America whose taxes you want to increase?

The recently released 2010 budget proposes the "Repeal (of) percentage depletion for oil and natural gas" – which is a direct tax increase on individual royalty owners.

With recent oil and gas price declines, lowering of domestic production and little leasing activity, the repeal of the depletion allowance will be taking away 15% more of royalty owners' already dwindling income.

We the undersigned, urge Congress to remove repeal of the percentage depletion allowance from the proposed budget. These are not times to further diminish individual citizens' economic security. Further, we urge you to remove repeal of; the enhanced oil recovery credit, the marginal well tax credit, the expensing of intangible drilling costs, the deduction for tertiary injectants, the passive loss exemption for working interest in oil and gas, the manufacturing tax deduction for oil and gas companies and increase geological and geophysical amortization period for independent producers to seven years.

Repeal of these incentives will further reduce domestic production, drive up American's energy costs in these stressful economic times and increase foreign imports.

Sincerely,