

# Here We Go, Again

*“Those who fail to learn from their mistakes . . . are destined to repeat them.”*



March 13, 2009

President Barack Obama  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

Dear Mr. President:

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.

**Royalty owners remember -- the windfall profit tax of 1980 inflicted little harm on “Big Oil,” but rather increased individual royalty tax burdens; curtailed domestic production; dramatically increased energy costs to all Americans; and increased our dependence on foreign oil. As proposed, repeal of the percentage depletion allowance could have the same result.**

Royalty owners and small independent producers benefit the most from percentage depletion. It works the same for them as the depreciation deductions allowed other businesses and individuals. “Big Oil’s” use of the alternative, cost depletion, leaves them essentially unscathed.

NARO urges you, and Congress, to remove repeal of the percentage depletion allowance from the proposed budget. These are not the times to further diminish individual citizens’ economic security.

Sincerely,

Jeff Miller, President  
National Association of Royalty Owners