

March 17, 2009

President Barack Obama
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Obama,

Yesterday, you unveiled your latest plan to strengthen the economy. We agree that empowering the nation's small businesses and entrepreneurs will play an integral role in the recovery of the American economy. The Independent Petroleum Association of America (IPAA) also supports efforts that will thaw the credit market and shoot much needed life into the economy.

Unfortunately, your proposed FY2010 Budget sends a much different message to some very important small businesses – America's independent oil and natural gas producers. Your budget eliminates eight key provisions that aid America's smaller oil and natural gas companies that find and provide American energy for the nation. Taken together, these tax changes would strip more than \$25 billion from U.S. natural gas and oil production investment (money spent here at home) – and would mostly hurt independent oil and natural gas producers. This budget would cripple America's independent producers and negate any such improvement that might be seen from the announcement you made yesterday.

Independent oil and natural gas producers represent more than 5,000 of America's small businesses. A new IPAA membership survey shows that the median number of full-time employees at these oil and natural gas exploration and production companies is twelve. These companies, while small, collectively produce the majority of the country's oil and natural gas. They drill 90 percent of the oil and natural gas wells in the United States and provide 82 percent of American natural gas. Independents have been reinvesting 150 percent of their cashflow to provide clean, safe, American energy, jobs and government revenues. American natural gas backs up the wind and solar energy that you promote. American natural gas provides the low carbon energy necessary for your climate agenda. American oil should be part of your plans to reduce foreign energy dependency.

We ask that you reconcile your support for small businesses by not penalizing what remains a dynamic and productive industry of independent American energy producers.

Capital investments, jobs, and exploration and production of American natural resources will assist the U.S. market in rebounding back to prosperity. I look forward to working with you on crafting a comprehensive energy and economic policy that will allow America's smaller oil and natural gas producers to show their entrepreneurialism.

Sincerely,



Barry Russell
President and CEO