

**The original documents are located in Box 17, folder “12/30/74 S425 Surface Mining Control and Reclamation Act of 1974 (vetoed) (1)” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

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POCKET VETOED  
OFF. MIDNIGHT 12/30/74  
MEMO OF DISAPPROVAL  
ISSUED 12/30

THE WHITE HOUSE  
WASHINGTON

ACTION  
Last day - Monday, Dec. 30

December 26, 1974

MEMORANDUM FOR: THE PRESIDENT  
FROM: KEN COLE  
SUBJECT: Enrolled Bill: The Surface Mining  
Control and Reclamation Act of  
1974 -- S. 425

BACKGROUND

Attached for your consideration is Senate bill, S. 425, sponsored by Senator Jackson of Washington. Under this legislation the Secretary of the Interior, in cooperation with the States, regulates surface coal mining operations and acquires and reclaims abandoned mines. The bill would establish Federal standards for the environmental protection and reclamation of surface coal mining operations including the reclamation of orphaned lands. The bill would encourage the States to implement and enforce a program for the regulation of surface coal mining with Federal administration of the program substituted if the States do not act. Roy Ash provides detailed comments at Tab A.

ARGUMENTS FOR SIGNING .

The environmental damage from strip mining is excessive and should be subject to effective control. A strip mining bill would provide industry with environmental groundrules and standards governing future production, the lack of which is said to be presently inhibiting expansion of coal mining.

A bill next year may contain more problems than the current one.

This legislation would provide a degree of uniformity in the regulation of surface mining operations throughout the applicable regions. Present State laws and performance standards vary significantly which in turn economically discriminates against operations in some States.



There is in excess of one-half million acres in the United States of "orphan lands" or lands upon which the surface has been spoiled by previous surface mining operations and then abandoned. This legislation would provide for reclamation of this land. Such reclamation would improve the environmental status as well as return a part of the land to agricultural or other productive uses.

Russell Train states that there is no reason to believe that the legislation will result in unacceptable increases in cost to the industry or losses of production. He believes that any legislation of the complex and controversial nature of this is necessarily going to involve compromise and some ambiguity of language most of which should be resolvable by carefully drawn regulations.

Train personally feels strongly in this matter. His views are attached at Tab B.

#### ARGUMENTS FOR VETO

Coal is the only basic and abundant energy source over which the United States has total control. This legislation would unduly impair our ability to use it properly. The United States must import four barrels of expensive foreign oil for every ton of coal that we cannot produce domestically, a situation which cannot long be tolerated without continued, serious economic consequences. This bill would exacerbate this problem. In addition this bill provides for excessive Federal expenditures and would clearly have an inflationary impact on the economy.

The legislation would have an adverse impact on our domestic coal production which is unacceptable. By 1977, the first year after the Act would take full effect, the Federal Energy Administration has estimated that coal production losses would range from a minimum of 48 million tons to a maximum of 141 million tons.

The Administration is currently undertaking a major energy policy review. This bill would limit your freedom to adopt the best energy options for the Nation.



You met on December 13 with your energy, economic and environmental advisors on this legislation. After reviewing the bill you found it unacceptable. The production losses would range between 5 and 15 percent exclusive of several very ambiguous administrative provisions and a very broad citizen suit provision. Ron Nessen made an announcement to this effect. Frank Zarb, John Whitaker and John Quarles gave an extensive press briefing on your decision.

STAFF AND AGENCY POSITIONS

Interior	Approval
EPA	Approval
CEQ	Approval
Agriculture	Approval
Friedersdorf	Pocket veto
Ash (Tab A provides detailed comments)	Pocket veto
Cole	Pocket veto
Areeda	Pocket veto
Seidman	Pocket veto
Greenspan	Pocket veto
Treasury	Pocket veto
Commerce	Pocket veto
FEA	Pocket veto

RECOMMENDATION

That you pocket veto S. 425 and sign the Paul Theis approved memorandum of disapproval at Tab D.

DECISION - S. 425

Sign (Tab C) \_\_\_\_\_

Veto ACG  
(Sign memorandum of  
dissapproval at Tab D)





EXECUTIVE OFFICE OF THE PRESIDENT  
 OFFICE OF MANAGEMENT AND BUDGET  
 WASHINGTON, D.C. 20503

DEC 23 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 425 - The Surface Mining  
 Control and Reclamation Act of 1974  
 Sponsor - Sen. Jackson (D) Washington

Last Day for Action

December 30, 1974 - Monday

Purpose

Provides for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines.

Agency Recommendations

Office of Management and Budget

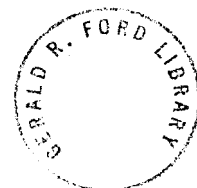
Disapproval (Veto message attached)

Department of the Treasury  
 Department of Commerce  
 Federal Energy Administration  
 Department of Labor  
 Tennessee Valley Authority  
 Department of the Interior  
 Environmental Protection Agency  
 Council on Environmental Quality  
 Department of Agriculture  
 Department of Justice

Disapproval (Informally)  
 Disapproval (Informally)  
 Disapproval (Informally)  
 Cites concerns (Informally)  
 No objection (Informally)  
 Approval (Informally)  
 Approval (Informally)  
 Approval (Informally)  
 Approval (Informally)  
 Defers to other agencies (Informally)

Discussion

The Executive Branch submitted to both the 92nd and 93rd Congresses legislation that would have established reasonable and effective reclamation and environmental protection



requirements for mining activities. Throughout this period the Administration made every effort in working with the Congress to produce a bill that strikes the delicate balance between our desire for reclamation and environmental protection and our need to increase coal production in the United States. Unfortunately, the efforts to produce a balanced bill have failed.

S. 425 would establish Federal standards for the environmental protection and reclamation of surface coal mining operations including the reclamation of orphaned lands. Under a complex procedural framework, the bill would encourage the States to implement and enforce a program for the regulation of surface coal mining with Federal administration of the program substituted if the States do not act.

Principal aspects of the bill considered objectionable by one or more of the agencies are:

- A 35¢/25¢ per ton excise tax on surface/underground coal with receipts going to a Federal fund for reclaiming orphaned strip mined land, public facilities, disaster relief, etc. (\$206 million would be produced in 1975).
- \$95 - 110 million for grants, research, and Federal regulation (includes funding for a Mineral Research Institutes program -- a similar bill was vetoed by President Nixon in 1972).
- Excessive direct Federal involvement in reclamation and enforcement programs.
- Precedent setting unemployment assistance.
- Coal production losses in 1975 of 2 to 8 percent (not counting unknown impact of provisions listed below) -- FEA estimates that by 1977, the first year after the Act would take full effect, losses could exceed 18 percent or some 141 million tons (Interior's estimates for this period are somewhat lower).



- Surface owner protection provisions that will limit access to Federal coal lands, produce windfall profits to surface owners and reduce Federal revenue from leases.
- Complex procedural requirements and standards in the lengthy bill which could involve extensive litigation and potential production impact, particularly:
  - A very broad citizens suit provision.
  - Near prohibition on mining that disturbs alluvial valley floors or water supplies in the west.
  - Limited administrative discretion.
  - Procedural requirements that could delay permits for new operations and impose a temporary moratorium on mining permits for Federal lands (including mineral rights).
  - Requirement to prevent any increase in siltation above premining conditions.
  - Designation of areas not suitable for surface mining.
  - Construction of certain impoundments prohibited.

In voting on the rule to consider the conference report on S. 425, the House vote was 198 to 129. The Senate passed the conference report by a voice vote.

Agency Views (informal)

Veto -- OMB, Treasury, FEA and Commerce (the arguments in favor of veto as shown below summarize the key points raised by the agencies).

Approval -- Interior, EPA, CEQ, and Agriculture (the arguments in favor of approval as shown below summarize the key points raised by the agencies).



In addition, Labor objects to the bill's unemployment provision, TVA does not object to approval, and Justice defers to the agencies more directly affected.

Arguments in favor of veto

1. The enrolled bill would have an unacceptable adverse impact on our domestic coal production.
2. Coal is the only basic energy source over which the United States has total control -- we should not unduly impair our ability to use it properly.
3. The Administration is currently undertaking a major energy policy review -- this bill would limit the President's freedom to adopt the best energy options for the Nation.
4. The United States must import four barrels of expensive foreign oil for every ton of coal that is lost in domestic production, yet the importation of such oil cannot long be tolerated even at present levels without continued, serious economic consequences -- S. 425 would exacerbate this problem (i.e., if 50 million tons of utility coal had to be replaced with 200 million barrels of foreign oil, the net oil replacement cost would run \$1.65 billion with utility fuel costs increasing by around 18 percent).
5. Unemployment would increase in both the coal fields and in those industries that could not obtain replacement fuel sources. Also, the undesirable unemployment assistance provision could serve as a precedent for other industries which are suffering high unemployment rates.
6. The bill provides for excessive Federal involvement and expenditures, and would have an inflationary impact on the economy.
7. S. 425 contains numerous other technical and institutional deficiencies.

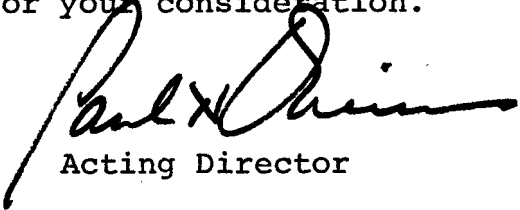




Arguments in favor of approval

1. The environmental protection achieved outweighs the production loss problem (this view is not shared by those agencies recommending veto).
2. A bill next year may contain more problems than this one.
3. A strip mining bill would provide industry with environmental groundrules and standards governing future production, the lack of which is said to be presently inhibiting expansion of coal mining.

On balance, we believe the arguments cited above strongly support a veto. Accordingly, we recommend that you disapprove the bill. We have prepared the attached draft of a Memorandum of Disapproval for your consideration.

  
Acting Director

Enclosures





United States  
Environmental Protection Agency  
Washington, D.C. 20460

December 17, 1974

The Administrator

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Surface Mining Legislation

I regret that I was on my way back from Moscow at the time of your decision-meeting on the strip mining legislation and could not participate. John Quarles, EPA Deputy Administrator, has reported to me on the meeting, and I appreciate the full opportunity that he had to represent EPA views. However, because I feel so strongly personally in this matter, I wish respectfully to set out my views before you take final action.

1. The environmental damage from strip mining is excessive and should be subject to effective control. Legislation on the subject is long overdue.

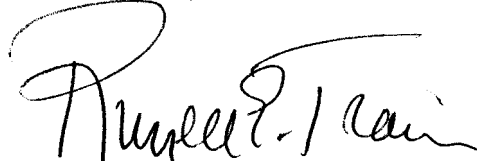
2. There is no reason to believe that the legislation will result in unacceptable increases in cost to the industry or losses of production. On the contrary, any such impacts would be relatively modest.

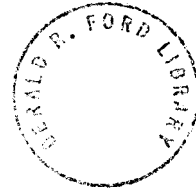
3. It is claimed that there are a number of uncertainties and ambiguities in the legislation which will invite litigation and, thus, production losses and delays. First of all, any legislation of the complex and controversial nature of this is necessarily going to involve compromise and some ambiguity of language, most of which should be resolvable by carefully drawn regulations. Secondly, the greatest single impediment to increased coal production and the needed investment in new productive capacity is the continuing uncertainty as to what the future rules are going to be. The failure to enact legislation now can only continue and compound this uncertainty. It is highly problematical whether improved certainty or better balance will be achieved by the next Congress. The Interior Department believes that a sensible program can be implemented.



Recommendation: Recognizing that there may well be infirmities in the legislation which need correction but that continuing failure to provide a statutory framework which will permit the Department of the Interior to move ahead with regulation now will itself have an adverse effect on production, I would urge approval of the legislation subject to the express understanding that you will be submitting perfecting amendments at the beginning of the next Congress and subject further to the express agreement by the Chairmen of the respective committees that they will give high priority to prompt consideration of those amendments early in the session.

If, however, it should be your final decision not to approve the legislation, I would urge that the development and submission of effective surface mining legislation be given the highest priority in the Administration's legislative program for 1975.

  
Russell E. Train

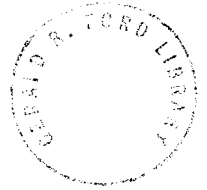




DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

December 24, 1974

Honorable Roy L. Ash  
Director  
Office of Management and Budget



Dear Mr. Ash:

Your office requested the following report on the enrolled enactment of S. 425, "To provide for the regulation of surface coal mining operations in the United States, to authorize the Secretary of the Interior to make grants to States to encourage State regulation of surface mining and for other purposes."

This Department recommends that the President approve the enactment.

The enactment authorizes (1) the establishment of the Office of Surface Mining Reclamation and Enforcement, (2) grants-in-aid to State mining and mineral resources institutes, (3) abandoned mine reclamation, (4) control of the environmental impacts of surface coal mining, and (5) a program for non-coal mine environmental impact control and various necessary administrative and miscellaneous provisions.

In recommending approval, we are cognizant of Presidential concerns regarding certain provisions of this legislation. While some coal sources may be made unavailable, thereby affecting unemployment, opportunities for employment will be increased by an active reclamation program. Such a program requires labor, materials and equipment, all of which stimulate employment. Budget outlays would increase, principally because of grants-in-aid to resources institutes, and administrative costs. However, most of the money used in restoration of abandoned mines will come from the private sector through the Abandoned Coal Mine Reclamation Fund. Even though coal prices may increase, returning land to productive capacity would be a National gain.

This Department would have preferred that the prohibition of surface coal mining operations on Federal lands within the boundaries of National Forests not be included in the legislation and that surface coal mining on these lands continue to be at our discretion. We are also concerned with the Federal lessee protection provision of the enactment. This provision would require the written consent or execution of a bond in favor of grazing or other surface lessees prior to the issuance of a Federal permit for surface coal mining operations. This provision appears to grant to the surface land lessee a degree of control or authority over the surface lands that exceed the conditions of the lease. We believe that the responsibility to ensure protection or adequate restoration of surface resources and associated improvements should be a condition of the Federal coal permit or lease and be established at the Federal discretion.

OFFICE OF MANAGEMENT  
AND BUDGET

74 DEC 24 AM 10:46

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Honorable Roy L. Ash

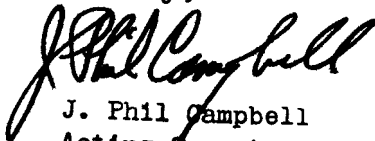
2

This Department has cooperated with the Department of the Interior throughout the evolution of this legislation. We recognize that it is the result of compromise. At the Department of the Interior's request, we have provided technical assistance in drafting Federal regulations which would be needed to implement the act.

Even though we have concerns regarding certain provisions of the enactment, this recommended approval is based on the need for national guidance in surface mining and to ensure the restoration of our mined lands. This Department provides the leadership in surface mine reclamation and has demonstrated that certain lands can be surface mined and returned to sustained productive use in agriculture, forestry, recreation, wildlife, and other purposes. Lack of national leadership has led to the eroding surface mined lands that exist today. This Department believes it to be in the national interest to provide that guidance now.

Under Title IV of the enactment, the Secretary of the Interior shall transfer funds to this Department for technical assistance to landowners entering into long-term agreements for reclamation purposes. Based on an estimated annual production of 600 million tons of coal, approximately \$35 million would be available annually from the Abandoned Mine Reclamation Fund to the Department of Agriculture for use in the rural lands reclamation program. Current inventories indicate that these funds are needed in the restoration of abandoned surface mined lands.

Sincerely,



J. Phil Campbell  
Acting Secretary



Department of Justice  
Washington, D.C. 20530

DEC 24 1974

Honorable Roy L. Ash  
Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Ash:

In compliance with your request, I have examined a facsimile of the enrolled bill (S. 425), "Surface Mining Control and Reclamation Act of 1974."

The Department of Justice defers to those agencies more directly concerned with the subject matter of the bill as to whether it should receive Executive approval.

Sincerely,



W. Vincent Rakestraw  
Assistant Attorney General



Faint, illegible text, possibly bleed-through from the reverse side of the page.



OFFICE OF MANAGEMENT  
AND BUDGET

74 DEC 24 PM 3:02

RECEIVED



EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

December 24, 1974

MEMORANDUM FOR W.H. ROMMEL  
OFFICE OF MANAGEMENT AND BUDGET


ATTN: Ms. Mohr.

SUBJECT: S.425 -- Surface Mining Control and  
Reclamation Act of 1974

The Council supports this legislation and recommends that the President sign the enrolled bill.

This bill creates a workable system which provides adequate safeguards for the land without unduly restricting mining activities. The bill is the product of long and bitterly fought Congressional controversy, and we recognize that it contains some measures for which there is questionable need. But there is no reason to expect that the next Congress would produce a better bill, that would justify the delays in both mining and regulatory activities that would necessarily follow a veto.

By approving the bill now, the uncertainties which have discouraged new surface mining operations would be resolved and the mining industry, the public and the Congress could all proceed to other, more urgent matters.

  
Steven D. Jellinek  
Staff Director



OFFICE OF MANAGEMENT AND BUDGET

MEMORANDUM FOR THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

DATE: 12/29/74

SUBJECT: [Illegible]

[Illegible]

[Illegible]

[Illegible]

OFFICE OF MANAGEMENT AND BUDGET

74 DEC 29 PM 4:47

RECEIVED



**GENERAL COUNSEL OF THE  
DEPARTMENT OF COMMERCE**  
Washington, D.C. 20230

DEC 30 1974

Honorable Roy L. Ash  
Director, Office of Management  
and Budget  
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Ash:

This is to confirm the verbal views of the Department of Commerce communicated to the Office of Management and Budget on December 17, 1974, with respect to S. 425, an enrolled enactment entitled

"Surface Mining Control and Reclamation Act of 1974".

The Department of Commerce recommends disapproval by the President of the enrolled enactment.

Throughout the course of Executive Branch and Congressional consideration of this legislation, the Department has strongly and consistently maintained that any strip mining bill must permit the continued and accelerated development of our domestic coal resources, taking into consideration appropriate measures to protect the environment.

However, this legislation, if enacted into law, would cause a severe restriction or loss of coal production. The results of this would be: (1) increased costs to consumers of electric power; (2) increased unemployment in the domestic coal mining industry; and (3) a general adverse affect on our national economy evidenced by a loss to our Gross National Product, both directly and indirectly, attributable to lost coal production. Moreover, additional inflationary pressures would be created by the high administrative costs associated with a new Federal enforcement program and the uncertainties created as a result of the extreme complexity of the bill and the resulting proliferation of citizen suits and other court cases. Finally, in direct contravention of the need to reduce our dependence on foreign oil supplies, enactment of this legislation would require even greater oil imports at higher prices, thus creating a balance of payments deficit.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. R. Ford".

ACTING General Counsel





TENNESSEE VALLEY AUTHORITY

WASHINGTON, D. C. 20444

December 30, 1974

Mr. Wilfred H. Rommel  
Assistant Director for  
Legislative Reference  
Office of Management and Budget  
Washington, D. C.

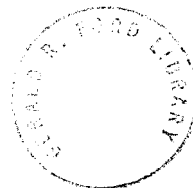
Dear Mr. Rommel:

In response to a request from Mr. Ron Peterson of your office, this will confirm TVA's view on S. 425, dealing with surface mine reclamation.

For many years, the Tennessee Valley Authority has supported the enactment of strong surface mine reclamation legislation which would provide both effective reclamation and allow the mining of the nation's vital coal resources. The uncertainty of coal production losses associated with S. 425 continues to give us concern. However, based on our analysis of its effect on the TVA area of coal supply, we have no objection to the enrolled bill.

Sincerely,

Lawrence L. Calvert  
Washington Representative



Date: December 24, 1974

Time: 11:07 a.m.

FOR ACTION: Mike Duval  
Max Friedersdorf  
Phil Areeda  
✓ Paul Theis  
Bill Seidman  
Alan Greenspan  
FROM THE STAFF SECRETARY

cc (for information): Warren Hendr  
Jerry Jones

1974 DEC 24 PM 2 23

— g 12/24/74

dk/mt

DUE: Date: December 26, 1974

Time: 4:00 p.m.

SUBJECT:

Enrolled Bill S. 425 - The Surface Mining Control  
and Reclamation Act of 1974

ACTION REQUESTED:

\_\_\_ For Necessary Action

X For Your Recommendations

\_\_\_ Prepare Agenda and Brief

\_\_\_ Draft Reply

X For Your Comments

\_\_\_ Draft Remarks

REMARKS:

Please return to Judy Johnson, Ground Floor, West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 823

Date: December 24, 1974

Time: 11:07 a.m.

FOR ACTION: Mike Duval  
Max Friedersdorf  
Phil Areeda  
Paul Theis  
√ Bill Seidman  
Alan Greenspan

cc (for information): Warren Hendriks  
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: December 26, 1974

Time: 4:00 p.m.

SUBJECT:

Enrolled Bill S. 425 - The Surface Mining Control  
and Reclamation Act of 1974

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnson, Ground Floor, West Wing

Veto JWS per  
position of OMB - Treasury

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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Warren K. Hendrik  
For the President



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

DEC 24 1974

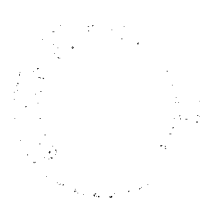
MEMORANDUM FOR ROBERT D. LINDER

Subject: Enrolled Bill S. 425 - Strip Mining

Frank Zarb, the new Administrator of the Federal Energy Administration, asked to be recorded as strongly recommending that the above enrolled bill be disapproved.

A handwritten signature in cursive script, appearing to read "Neil Rounne".

Assistant Director for  
Legislative Reference



THE WHITE HOUSE  
WASHINGTON

December 24, 1974

MEMORANDUM FOR:

WARREN HENDRIKS

FROM:

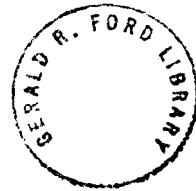
MAX FRIEDERSDORF *M.G.*

SUBJECT:

Action Memorandum - Log No. 823  
Enrolled Bill S. 425 - The Surface  
Mining Control and Reclamation Act of  
1974.

The Office of Legislative Affairs concurs in the attached proposal and has no additional comments, other than to say it would be impossible to get a worse bill next year - VETO IT.

Attachment.





Date: December 24, 1974

Time: 11:07 a.m.

FOR ACTION: Mike Duval  
Max Friedersdorf  
Phil Areeda  
Paul Theis  
Bill Seidman  
Alan Greenspan  
FROM THE STAFF SECRETARY

cc (for information): Warren Hendriks  
Jerry Jones

DUE: Date: December 26, 1974

Time: 4:00 p.m.

SUBJECT:

Enrolled Bill S. 425 - The Surface Mining Control and Reclamation Act of 1974

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks



REMARKS:

Please return to Judy Johnson, Ground Floor, West Wing

1) on the merits, 2 defer to those who know something about the subject.  
2) if vetoed, the message should not refer to specific production losses unless we are very confident of the numbers. That the bill would limit our options will not seem persuasive to those who think the Administration has had more than a year to consider options; I would omit Nixon #2 of the draft statement.

P. Areeda

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks  
For the President

ACTION MEMORANDUM

WASHINGTON

LOG NO.: ~~823~~

Date: December 24, 1974 Time: 11:07 a.m.

FOR ACTION: Mike Duval  
 Max Friedersdorf *- nets* cc (for information): Warren Hendriks  
 Phil Areeda Jerry Jones  
 Paul Theis ✓  
 Bill Seidman  
 Alan Greenspan

FROM THE STAFF SECRETARY

DUE: Date: December 26, 1974 Time: 4:00 p.m.

SUBJECT: Enrolled Bill S. 425 - The Surface Mining Control  
 and Replamen~~ent~~ Act of 1974

## ACTION REQUESTED:

- |   |  |
|---|--|
| <input type="checkbox"/> For Necessary Action         | <input checked="" type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply                         |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks                       |

## REMARKS:

Please return to Judy Johnson, Ground Floor, West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.  
 For the President

Date: December 24, 1974

Time: 11:07 a.m.

FOR ACTION: Mike Duval  
Max Friedersdorf  
Phil Areeda  
✓ Paul Theis  
Bill Seidman  
Alan Greenspan  
FROM THE STAFF SECRETARY

cc (for information): Warren Hendr  
Jerry Jones

1974 DEC 24

PM 2 23

g 12/24/74

ck/MS

DUE: Date: December 26, 1974

Time: 4:00 p.m.

SUBJECT:

Enrolled Bill S. 425 - The Surface Mining Control  
and Reclamation Act of 1974

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnson, Ground Floor, West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren F. Hendricks  
for the President



*aw.*

RETURN TO RESEARCH ROOM 123

MEMORANDUM OF DISAPPROVAL

I am withholding my approval from S. 425, the Surface Mining Control and Reclamation Act of 1974. *ok ok*

S. 425 would establish Federal standards for the environmental protection and reclamation of surface coal mining operations, including the reclamation of orphaned lands. Under a complex procedural framework, the bill would encourage the States to implement and enforce a program for the regulation of surface coal mining with *Substitution* ~~Federal administration of the program~~ substituted if the States do not act.

The Executive Branch submitted to both the 92nd and 93rd Congresses legislation that would have established reasonable and effective reclamation and environmental protection requirements for mining activities. Throughout this period, the Administration made every effort in working with the Congress to produce a bill that *would* strike the delicate balance between our desire for reclamation and environmental protection and our need to increase coal production in the United States.

Unfortunately; S. 425, as enrolled, would have an ~~unacceptable~~ adverse impact on our domestic coal production, *which is unacceptable*. By 1977, the first year after the Act would take full effect, the Federal Energy Administration has estimated that coal

production losses would range from a minimum of 48 million tons to a maximum of 141 million tons. In addition, further losses could result which cannot be quantified ~~because of~~ <sup>due to</sup> various ambiguities in the bill, ~~and~~ <sup>forcing and protracted</sup> regulatory disputes and ~~protracted~~ litigation. In my judgment, the most significant reasons why such coal losses cannot be accepted are as follows:

1. ~~Coal~~ <sup>one abundant</sup> is the ~~only basic~~ energy source over which the United States has total control ~~and~~ <sup>we</sup> should not unduly impair our ability to use it properly.
2. ~~The Administration is currently undertaking a major energy policy review. This bill would~~ <sup>We are engaged in a major review of national energy policies. Unnecessary major energy policy review.</sup> ~~restrictions on coal production would limit the President's freedom to adopt the best energy options for the Nation.~~ <sup>Our Nation's freedom to adopt the best energy options.</sup>
3. ~~The United States must import four barrels of expensive foreign oil for every ton of coal that we cannot produce domestically, and the importation of such oil cannot long be tolerated even at present levels without continued, serious economic consequences. This bill would exacerbate this problem.~~ <sup>uses the equivalent of 4 barrels of</sup> ~~reproduced domestic~~ <sup>we cannot produce domestically, and the</sup> ~~in a situation which~~ <sup>that this bill</sup> ~~importation of such oil cannot long be tolerated even at present levels without continued, serious economic consequences~~ <sup>and</sup> ~~this bill~~ <sup>would</sup> ~~would exacerbate this problem.~~
4. Unemployment would increase in both the coal fields and in those industries ~~that could not~~ <sup>unable to obtain alternative fuels.</sup>



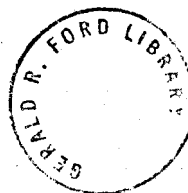
S. 425

In addition, ~~the bill~~ provides for excessive Federal expenditures and would clearly have an inflationary impact on the economy. Moreover, <sup>it</sup> ~~S. 425~~ contains numerous other deficiencies which have recently been addressed in Executive Branch communications to the Congress concerning this legislation.

In sum, I find that <sup>the</sup> ~~S. 425~~ <sup>of this bill</sup> would produce an unacceptable <sup>is unacceptable</sup> adverse impact on our domestic coal production ~~efforts~~ at a time when the Nation can ill afford significant losses from this critical energy resource. It would also further complicate our battle against inflation. Accordingly, I am withholding my approval from S. 425.

In doing so, I am truly disappointed and sympathetic with those in Congress who have labored so hard to come up with a good bill. We must continue to diligently strive to ensure that laws and regulations are ~~in effect~~ <sup>in effect</sup> which establish environmental protection and reclamation requirements appropriately balanced against the Nation's need for increased coal production. This will continue to be my Administration's goal in the new year.

(change back)



December 27, 1974

Mr. Robert Linder,

In the event that the President decides to approve H.R. 8193, the Energy Transportation Security Act, we have prepared the attached draft of a Signing Statement for his consideration.

*Wilf Rommel*  
Wilf Rommel



STATEMENT BY THE PRESIDENT

I have today signed H.R. 8193, the Energy Transportation Security Act, 1974. The purpose of this Act is to help assure that a much larger portion of U.S. petroleum imports will be carried in U.S. flag ships. It is the objective of the Act to have 20% of our oil imports carried in U.S. flag ships as soon as possible, 25% by June 1975 and 30% by June 1977. This compares to about 5% of the U.S. oil imports now being carried in U.S. flag ships.

The Act also provides authority to the President to waive the application of the cargo preference requirements in emergencies where he finds it to be in the national interest to do so.

Application of the preference at this time would result in a large increase in demand to build new ships in U.S. shipyards to carry the oil at the preferential rates. Shipyards are already in the midst of a strong boom and are operating near capacity. The increased demand created by application of this Act is likely to jeopardize the ability of our shipyards to meet the requirements of the Navy for new ships to fulfill our national defense needs.

Furthermore, application of the preference would increase the cost of transporting oil to the U.S. at a time when the cost of imported oil is already unreasonably high. These higher oil costs would result in increased prices for all products and services which depend on petroleum. This would be a serious set-back in our war on inflation. While I have always been supportive of a strong U.S. flag merchant marine, it is the inflationary aspect of the Act which most concerns me. We must continue to review and modify those Federal actions which add to our economic problems and which may not provide sufficient offsetting benefits to the public.





Therefore, I intend to seriously consider whether present economic conditions compel me to waive the cargo preference provisions of this Act at this time until the national interest and economic conditions permit application of the preferences in whole or in part.



MEMORANDUM OF DISAPPROVAL

I am withholding my approval from S. 425, the Surface Mining Control and Reclamation Act of 1974.

S. 425 would establish Federal standards for the environmental protection and reclamation of surface coal mining operations including the reclamation of orphaned lands. Under a complex procedural framework, the bill would encourage the States to implement and enforce a program for the regulation of surface coal mining with Federal administration of the program substituted if the States do not act.

The Executive Branch submitted to both the 92nd and 93rd Congresses legislation that would have established reasonable and effective reclamation and environmental protection requirements for mining activities. Throughout this period the Administration made every effort in working with the Congress to produce a bill that strikes the delicate balance between our desire for reclamation and environmental protection and our need to increase coal production in the United States.

Unfortunately, S. 425, as enrolled, would have an unacceptable adverse impact on our domestic coal production. By 1977, the first year after the Act would take full effect, the Federal Energy Administration has estimated that coal



production losses would range from a minimum of 48 million tons to a maximum of 141 million tons. In addition, further losses would result which cannot be quantified because various ambiguities in the bill could result in regulatory disputes and protracted litigation. In my judgment the most significant reasons why such coal losses cannot be accepted are as follows:

1. Coal is the only basic energy source over which the United States has total control -- we should not unduly impair our ability to use it properly.
2. The Administration is currently undertaking a major energy policy review -- this bill would limit the President's freedom to adopt the best energy options for the Nation.
3. The United States must import four barrels of expensive foreign oil for every ton of coal that we cannot produce domestically, yet the importation of such oil cannot long be tolerated even at present levels without continued, serious economic consequences -- S. 425 would exacerbate this problem.
4. Unemployment would increase in both the coal fields and in those industries that could not obtain replacement fuel sources.



In addition, the bill provides for excessive Federal expenditures and would clearly have an inflationary impact on the economy. Moreover, S. 425 contains numerous other deficiencies which have recently been addressed in Executive Branch communications to the Congress concerning this legislation.

In sum, I find that S. 425 would produce an unacceptable adverse impact on our domestic coal production efforts at a time when the Nation can ill afford significant losses from this critical energy resource. It would also further complicate our battle against inflation. Accordingly, I am withholding my approval from S. 425.

In doing so, I am truly disappointed and sympathetic with those in Congress who have labored so hard to come up with a good bill. We must continue to diligently strive to ensure that law and regulations are in effect which establish environmental protection and reclamation requirements appropriately balanced against the Nation's need for increased coal production. This will continue to be my Administration's goal in the new year.

THE WHITE HOUSE

December , 1974



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RETURN TO RESEARCH  
ROOM 128

MEMORANDUM OF DISAPPROVAL

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The Executive Branch submitted to both the 92nd and 93rd Congresses legislation that would have established reasonable and effective reclamation and environmental protection requirements for mining activities. Throughout this period, the Administration made every effort in working with the Congress to produce a bill that *would* strike the delicate balance between our desire for reclamation and environmental protection and our need to increase coal production in the United States.

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2. ~~The~~ The Administration is currently undertaking a major energy policy review. ~~This~~ <sup>my</sup> bill would limit ~~the~~ <sup>my</sup> President's freedom to adopt the best energy options for the Nation.
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4. Unemployment would increase in both the coal fields and in those industries ~~that could not~~ <sup>unable to</sup> obtain replacement fuel sources.



S. 425

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In sum, I find that ~~S. 425~~ <sup>the</sup> would produce an unacceptable ~~adverse impact~~ <sup>of this bill</sup> on our domestic coal production ~~efforts~~ <sup>is unacceptable</sup> at a time when the Nation can ill afford significant losses from this critical energy resource. It would also further complicate our battle against inflation. Accordingly, I am withholding my approval from S. 425.

In doing so, I am truly disappointed and sympathetic with those in Congress who have labored so hard to come up with a good bill. We must continue to diligently strive to ensure that law and regulations are ~~in effect~~ <sup>enacted</sup> which establish environmental protection and reclamation requirements appropriately balanced against the Nation's need for increased coal production. This will continue to be my Administration's goal in the new year.

THE WHITE HOUSE

December , 1974



THE WD

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1. Coal is the one abundant energy source over which the United States has total control. We should not unduly impair our ability to use it properly.
2. We are engaged in a major review of national energy policies. Unnecessary restrictions on coal production would limit our Nation's freedom to adopt the best energy options.
3. The United States uses the equivalent of 4 barrels of expensive foreign oil for every ton of unproduced domestic coal -- a situation which cannot long be tolerated without continued, serious economic consequences. This bill would exacerbate this problem.
4. Unemployment would increase in both the coal fields and in those industries unable to obtain alternative fuel.

In addition, S. 425 provides for excessive Federal expenditures and would clearly have an inflationary impact on the economy. Moreover, it contains numerous other deficiencies which have recently been addressed in Executive Branch communications to the Congress concerning this legislation.

In sum, I find that the adverse impact of this bill on our domestic coal production is unacceptable at a time when the Nation can ill afford significant losses from this critical energy resource. It would also further complicate our battle against inflation. Accordingly, I am withholding my approval from S. 425.

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*Gerald R. Ford*  
GERALD R. FORD

THE WHITE HOUSE,

December 30, 1974



Office of the White House Press Secretary  
(Vail, Colorado)

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THE WHITE HOUSE

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(MORE)

In sum, I find that the adverse impact of this bill on our domestic coal production is unacceptable at a time when the Nation can ill afford significant losses from this critical energy resource. It would also further complicate our battle against inflation. Accordingly, I am withholding my approval from S. 425.

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GERALD R. FORD

THE WHITE HOUSE,  
December 30, 1974

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