The original documents are located in Box 19, folder "Outer Continental Shelf Oil Leases" of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.

Administration Objections to H.R. 6218 -- Amendments to OCS Lands Act

1. Delays development of OCS oil and gas supplies by

   -- threatening cancellation of leases under vague, one-sided criteria, reducing incentive to invest for development purposes. Sec. 5(a)(2), and Sec. 25(g)(1)(C).

   -- forcing use of new, untested bidding systems on large acreages. Sec. 8(a)(6)(C).

   -- requiring revelation of companies' proprietary information to States, where confidentiality cannot be assured. Sec. 205(f)(1)(B), Sec. 26(d)(1)(B), Sec. 26(d)(2)

   -- giving Governors a veto over leasing wherever national defense or overriding national interest is not involved. Sec. 19(d)

   -- confusing the assignment of regulatory authority by giving the same duties to as many as three agencies at the same time. Secs. 21 and 22

   -- introducing time-consuming red-tape by requiring review of each lease by both the Attorney General and FTC. Sec. 205(c)

   -- broadening possibilities for nuisance litigation by loose citizen suit provisions. Sec. 23(a)(1)

2. Gives rights to States over heretofore Federal lands, by granting the State "joint lessor" status in the first 3 miles of Federal waters. Sec. 205(f)

3. Deprives Interior of its major OCS environmental studies program, and thereby reduces Interior's capacity to make environmentally sound leasing decisions. Sec. 20(a through d)

4. Threatens to increase unnecessarily the costs of operation on OCS leases by imposing rigid, one-sided rules about equipment. Sec. 21 (a) and (c)

5. Contains an expensive program of grants to coastal States ($250 million per year by 1981) distributed without regard to need. Title IV

6. Forbids extension of jointly-owned leases if one owner has failed to be diligent on another lease. This is unfair, would seriously reduce the chance for smaller companies to own leases jointly, and (since it applies to existing leases as well as future ones) is presumably a violation of prior contracts, and a "taking" of property. Sec. 205(d)

7. Opens the door to Federal take-over of exploration for OCS oil and gas by requiring pre-lease drilling in all frontier areas. Sec. 11(g)

H.R. 6218--OUTER CONTINENTAL SHELF LANDS ACT AMENDMENTS OF 1976
Ad Hoc Select Committee on the Outer Continental Shelf,
H. Rept. 94-1084
Introduced by Mr. Murphy et al. on April 22, 1976

PURPOSE

H.R. 6218 amends the 1953 Outer Continental Shelf Lands Act by establishing new OCS management policies and procedures; directing Interior to experiment with alternative leasing systems; providing for State participation in OCS development decisions; providing impact assistance to the States; and establishing an oil pollution liability fund.

BACKGROUND

OCS Development: Energy and Environmental Concerns

US dependence on foreign oil has increased from 35 to 40% of total domestic consumption in the past year. This dependence threatens national security and the maintenance of a favorable balance of payments, and increases the nation's vulnerability to another oil embargo. The immediate development of domestic oil and gas reserves on the Outer Continental Shelf is, therefore, critical; and it could supply the needed time for the US to develop alternative energy sources before domestic fossil fuels are exhausted.

On the other hand, unplanned development threatens other valuable and scarce natural marine resources. The 1969 Santa Barbara oil spill, the largest in US history, demonstrated all too clearly the need for new technologies, research, and planning in OCS development. As the US embarks on a program to develop new areas off Alaska and the Atlantic Seaboard, and to expand tracts in the Gulf of Mexico and off the California coast, decisions made now will affect the future of the OCS resource frontier for years to come.

OCS Reserve Potential

OCS lands equal one-third of the land area of the US, yet only 12 million acres have been leased--the majority of which are in the Gulf and off the coast of southern California. The Gulf alone supplied 70% of the oil and 95% of the natural gas from OCS leases in 1974.

Although OCS reserves account for 17% of total domestic supply, they could become the major domestic reserve source by the 1990's. Given the decreasing rate of supply of other domestic sources, OCS reserves will probably provide between one quarter to one third of total domestic production in 1985.

OCS reserve estimates are difficult to calculate; and the USGS has reduced its estimates over the past 2 years. USGS current projections are that demonstrated reserves could provide 3.5 billion barrels of oil and 36.0 trillion cu. ft. of natural gas, while undiscovered

recoverable reserves (more difficult to estimate) could provide between 8 and 50 billion barrels of oil, 28 and 199 trillion cu. ft. of natural gas, and 2.8 billion barrels of LNG. Clearly, significant OCS reserves do exist, which will be attractive to developers.

US Policy

At the height of the oil embargo in 1973, President Nixon announced a plan to accelerate offshore leasing, with the intention of leasing 10 million acres by 1975. Interior continued the 10-million-acre schedule for 1975, although 1974 target levels were never reached. A total of 8 sales totalling 3.5 million acres eventually were concluded between 1974 and '75. Interior set a 1976 target of 6 sales, and estimated total receipts of $6 billion. Two sales in the Gulf and Alaska have been held to date; and Interior now projects only 2 more for the remainder of the year. Recent bonus bids have also been somewhat lower than anticipated, with 1976 receipts thus far totalling only $735.8 million.

Past Legislation

International Law--A 1945 proclamation by President Truman unilaterally extended US jurisdiction over the adjacent continental shelf. The proclamation was affirmed internationally by the 1958 Convention, which provided for coastal nation jurisdiction of the shelf up to 200 meters, and beyond to the extent that a nation could exploit the area's resources. Since 1958, offshore drilling has been moving progressively outward. Further expansion, however, will probably be limited by Congress' adoption of the 200-mile limit and probable concurrence of this limit by the UN Law of the Sea Conference.

Domestic Legislation--Congress enacted the OCS Lands and the Submerged Lands Acts in 1953, giving coastal States jurisdiction up to 3 miles and the Federal government control over the area beyond (including the seabed and subsoil). Several States have contested for further jurisdiction and the right to share Federal proceeds, but a recent Supreme Court decision, US v. Maine, denied such a claim.

The 1953 OCS Lands Act provided the statutory basis for Interior's leasing program, by giving the agency primary administration over OCS reserves. The Act lacked specificity, however, and left Interior much discretion in setting policy and implementing the program.

Other Federal legislation has provided authority for the regulation of certain OCS activities. Specifically, OCS employee operations are covered under OSHA; environmental impact statement requirements under NEPA; and fish and wildlife, marine sanctuaries, gas pipelines, and deep water ports are regulated under various other Federal laws.

Interior's Leasing Program

Interior is authorized to lease tracts not exceeding 3 square miles for a period of 5 years, or more if production is continued. Interior has delegated responsibility for leasing to the Bureau of Land Management (BLM), tract oversight and planning authority to USGS, and fish and wildlife management to the Fish and Wildlife Service. The Coast Guard also provides on-site inspection and surveillance.

Tracts are leased by a competitive, sealed, cash bonus bidding system. Leases go to the highest bidder, and generally, require a large initial investment. Lessees pay royalties on proceeds of at least 1/8--generally 1/6.

The USGS estimates that the time from sale to initial production ranges between 4 to 11 years (to peak production, 7 to 14 years). The stages of OCS leasing involve: 1) request for tract nomination from industry, States and the general public; 2) selection of tracts by USGS; 3) preparation of an environmental impact statement (EIS); 4) notice and public hearing; 5) preparation of the final EIS; 6) Interior's decision on the lease; and 7) notice, sale, and final contract.

Committee Investigation and Specific Findings

To consider a proper national policy for future OCS development, the House established on April 22, 1975, the Ad Hoc Select Committee, eventually comprised of 19 members drawn from the Judiciary, Merchant Marine and Fisheries, and Interior and Insular Affairs Committees and chaired by Congressman Murphy. The committee held field hearings during 1975 and early this year in coastal areas directly or likely to be affected by OCS development, and in the North Sea countries overseas. The committee also compiled and studied numerous departmental, congressional, and outside OCS reports. The committee's major findings and recommendations seem to focus on 3 major areas: 1) inadequacies in existing law and program structure; 2) environmental and other regulatory deficiencies; and 3) adverse State impacts.

The committee found that the 1953 Act is essentially obsolete, and that it provides little direction for the existing program. They also noted that Interior's leasing procedures may not assure the public a fair return. Critics charge that the royalties are too low and that the cash bonus bidding system restricts bidding to major companies with the large front-end capital requirement.

The committee also found that environmental and safety regulations needed reviewing and restructuring. Reporting that numerous States and outside interest groups have sought injunctions to halt leasing operations, the committee pointed out that there would be even more problems in potentially risky frontier areas. The committee believes that OCS development can and should be compatible with the goal of protecting the environment, but feelsthat agency efforts in this area require greater planning and coordination.

The committee also found a need for more State involvement in the planning process and for greater Federal-State coordination in joint leasing areas. The committee points out that OCS development will require a new State infrastructure, as States will be directly involved in processing, storing, and transport operations and indirectly involved in supplying community services. The committee felt that in the first years of production, particularly, there might be certain adverse impacts from OCS development on State economies. The committee specifically recommended that States be given greater access to information and opportunity for comment, and that Federal assistance be provided.

The committee concludes that the OCS program is too vital to the national interest to continue decisionmaking under existing law. The committee therefore recommends congressional action to correct program deficiencies and provide for carefully planned OCS development.

PROVISIONS

National Policy

The bill establishes as national policy: that the OCS seabed and subsoil belong to the US; existing navigation and fishing rights will continue; and that the OCS is a vital national resource, to be developed in a manner which will protect the environment and maintain competition. The right of the States to participate in decisions regarding their land, water, and human environment is formally recognized, as well as the importance of conducting all operations so as to minimize health and safety hazards.

State and International Laws--State civil and criminal laws, consistent with this Act shall be considered Federal law for adjacent OCS lands on enactment; US civil laws, however, shall be updated every 5 years to conform with changes in State laws. Within 1 year, the President must determine the OCS boundaries between the States and between the US and its neighbors, and establish dispute settlement procedures.

OCS Program

Interior Program Administration--Within 9 months, Interior must develop and submit to Congress an oil and gas leasing program and indicate, as precisely as possible, the size, schedule, and location of operations which will best meet energy needs for the next 5 years. Interior also shall estimate program personnel and appropriations requirements, and solicit the Attorney General's comments on the effect of the proposed program on competition. States, local governments, and regional boards may also submit program recommendations.

The program shall be prepared and managed so as to consider all economic, social, and environmental values, the receipt of fair market value for production, and potential impact of oil and gas exploration

on other OCS uses. The timing and location of leases shall be based on consideration of: 1) geological and ecological characteristics; 2) equitable sharing of risks and benefits among regions; 3) requirements of regional and national markets; 4) other area uses; 5) producer interests and capabilities; 6) State laws, goals, and management plans; and 7) regional board recommendations.

Interior must establish procedures for tract nomination, public notice and participation, State and local review, periodic consultation with interested parties, and coordination with coastal State management plans. The agency must include provisions for lease suspension or temporary prohibition of any activity at the request of the lessee, to further conservation and proper development, or allow for transport problems. Interior may mandate automatic suspension, however, if the operation threatens serious, immediate, or irreparable harm. Lease rights may be extended during a suspension period provided the action was not due to an operator's gross negligence or willful violation. Interior may also cancel a lease, after hearing, when continued operation would cause serious damage which would not decrease over a reasonable period of time. Cancellations shall not bar any legally-required compensation. The issuance, extension, or continuation of any lease is conditioned upon compliance with all Federal regulations and lease terms.

Regional Advisory Boards--Affected States may establish regional boards to cooperate with Federal agencies on OCS activities. Any regional board (or State Governor) recommendation, submitted to Interior within 60 days after notice of a sale or plan, must be accepted by the agency, unless there are overriding security or other national interests. Interior shall explain in writing the reason for any rejection.

Regulatory Authority--Interior, the Coast Guard, DOL, and Army may prescribe appropriate regulations to implement Act provisions. Insofar as existing regulation and enforcement is adequate, the appropriate agency shall continue to carry out its delegated responsibilities. The Coast Guard additionally is authorized to cooperate with OSHA (DOL) on implementing employee safety regulations, and required to mark any artificial islands or structures not already suitably designated by the owner. Federal agency regulations shall apply to all existing and proposed leases.

Safety Regulations--Safety regulations for OCS operations must be promulgated within 1 year of enactment and periodically revised by: Interior, EPA, or NOAA for matters concerning environmental protection; OSHA or the Coast Guard for employee safety; and the Coast Guard or Army for navigational safety. OSHA must also establish interim diving regulations within 60 days. All regulations must require that operators use the best and safest technology economically possible on all new operations and, wherever possible, on existing operations. The National Academy of Engineering must study existing regulations, and submit recommendations within 9 months to Congress, Interior, and the Coast Guard. Within 1 year, the agencies must review and compile all regulations (revising them annually) and make them publicly available.

Enforcement--Interior and other appropriate agencies must strictly enforce all safety and environmental regulations. All lessees and subcontractors shall be held jointly responsible for compliance. Operators must also provide prompt access to the site for official inspections. The Coast Guard must make regular inspections (at least twice annually, and periodically without advance warning) and test safety equipment.

Each major fire or oil spill shall be investigated by the Coast Guard and any death or serious injuries by OSHA. Responsible agencies shall also investigate, within 30 days, any allegations that a violation has been committed, and submit their findings within 90 days. Violations shall be reported annually to Congress.

Bidding

Interior must use competitive, sealed bidding procedures, but may experiment with 7 new systems--in addition to the present cash bonus system. Interior may fix the cash bonus and provide for a variable or a diminishing royalty; or allow the companies to bid a net profit share (in lieu of a royalty). Alternatively, Interior may fix the net profit share and/or royalty, and allow cash bonus bids. Two new percentage leasing systems ("Phillips Plan") are also authorized, where Interior may fix the net profit share or provide for fixed or diminishing royalties. The percentage leasing bidding system is designed to provide an opportunity for companies to concurrently lease and jointly develop an area.

Interior must define "net profits" at least 90 days prior to a sale using a net profit system. Minimum royalties of 12 1/2% and net profit shares of 30% are required, except that Interior may reduce or eliminate these minimums to stimulate production. Cash bonuses may be paid in installments, up to 5 years or until commencement of production, whichever occurs first.

Phillips Plan Bids--Interior must establish procedures for forming a working group, and the agency must be a non-voting member of any such group. Bids will be averaged to determine final share price, and unawarded lease shares shall be offered to successful bidders in proportion to bidded interest. Interior must assure, however, that the total amount paid for all shares under one of the percentage leasing systems represents a fair return.

Selection of System--Interior must assure that the particular bidding system selected will not cause undue speculation or delay production, and will foster competition and a fair return. Annually for 5 years, ten percent of all leases in frontier areas must be leased under one of the 7 new systems. This requirement, however, may be reduced if Congress adopts a resolution at Interior's request that the new system will cause undue delay or reduce competition. Interior may require bids to be submitted under more than 1 system for statistical purposes, and then select the successful bid randomly or by the best bid received.

Joint Bids--Interior may permit joint bids under certain circumstances. Joint bids, however, are not permitted among "majors" (defined as controlling, directly or indirectly, an average daily crude oil production of 1.6 million barrels). Joint bidding under the Phillips Plan is prohibited unless Interior finds that it would promote competition.

Federal Leases

Terms--Leases may cover the entire area of a geological structure or trap, or a reasonable economic production unit (thus, eliminating the existing 3-square-mile limit). Leases must expire after 5 years, unless extended for 5 more years to encourage exploration and development in unusually deep waters or under adverse weather conditions. Due diligence in development is required of lessees, and Interior has the right to require increased production under leases in emergencies.

Joint State/Federal Leases--Interior shall notify a State of any leases extending over its territory, provide information about the proposed lease, and offer an opportunity for the State to jointly lease the area. If the State does not accept the arrangement within 90 days, Interior may proceed to lease the waters under Federal jurisdiction. If the area is jointly leased, however, mutually acceptable terms shall be established and proceeds shared. Proceeds shall be placed in escrow account until further geological information is obtained to determine proper allocation.

Information Program--Lessees are required to furnish all data from operations and any other specific information requested by Interior. If the interpretation of data is made in good faith, the lessee will not be held responsible for consequences resulting from its use. Interior shall summarize all information relating to reserve estimates, size and timing of development, siting of pipelines and onshore facilities; and make the summary available to affected States to assist them in planning. The agency shall establish confidentiality regulations, and must not transmit any information to a State or regional board without the lessee's approval. A State may designate an official to inspect confidential information concerning activity adjacent to the State, but only after the lease sale. The release of confidential data shall be subject to Interior's requirements, and information may be withheld from a State with a history of noncompliance.

Baseline and Monitoring Studies--NOAA, in cooperation with Interior and affected States, must conduct baseline studies of any lease area to determine human, coastal, and marine impacts. Studies on existing leases shall begin within 6 months, and on proposed leases, not later than 6 months prior to sale. Interior may hold final approval on a leasing plan until NOAA submits its study, but an incomplete study cannot be the only basis for disapproving a plan. NOAA shall monitor tracts and examine time-series and data trend information for area changes.

Exploration

Federal agencies and authorized persons may conduct geological and geophysical explorations, subject to Interior permit or regulation, which do not interfere with leasing operations and are not unduly harmful to the environment. Effective 90 days after enactment, all exploration by lease holders, however, must be conducted under an approved plan. Plans may cover more than 1 lease held by the lessee or group of lessees in the same region. Exploration plans shall include: a schedule of activities, description of equipment, well locations, and other information specified by Interior. A statement of development and production intentions, for planning purposes only, and drilling permits may also be required. Interior may approve a plan within 30 days which substantially complies with these provisions or modify it to assure compliance. At least once in every frontier area, the agency must seek qualified applicants to conduct stratigraphic drilling.

Production

Each lessee is required to submit a development and production plan to Interior for approval before commencing operations. The plan may apply to more than 1 lease and shall describe: onshore impacts, specific operations, proposed environmental and safety safeguards, schedules and work requirements, and other information specified by Interior. Interior must then submit the plan (deleting any confidential information) to the affected State and regional board within 10 days, and make it accessible to the public. After review of the plan, Interior shall determine whether the particular development is a "major Federal action".

Interior must do an environmental impact (NEPA) study at least once in every major lease area and submit the study to States, regional boards, and the general public. For a plan of development not considered a major Federal action, the States or regional bodies have 90 days to submit comments. Interior then has 60 days after completing the NEPA study, or 120 days after receiving State or Board comments, to approve, modify, or disapprove a plan. Modifications may be made only to assure safe operation and should be consistent with State management plans.

Plans may be disapproved if they are not in compliance with Federal regulations and State management plans, or safe operation cannot be assured on the tract due to exceptional geological conditions. If the plan is disapproved in the latter case, the lessee will be fully reimbursed for all lease expenses. Interior must periodically review plans and may approve revision if justified. Leases will be cancelled if the lessee fails to submit or comply with an approved plan after reasonable notice and hearing, and no compensation will be paid. Offshore oil and gas must be produced at the rates established by Presidential Order or regulation. If there is no established rate, Interior may determine a rate to assure maximum, efficient, and safe production, and may also grant variances.

Shut-in or Flaring Wells--Interior shall list all shut-in or flaring wells on the OCS within 6 months and annually thereafter, indicating why these conditions exist and whether Interior intends to require production. GAO shall review the agency's methodology in allowing the wells to shut-in or to flare natural gas.

Sales and Distribution

Interior may receive OCS royalties and net profit shares paid in oil or gas; and may purchase oil and gas production from leases at the regulated price, or fair market value (where no regulated price exists) if royalties or net profit shares are below 16 2/3%. The title of any royalty, share, or purchase may also be transferred to GSA, DOD, or FEA.

Mandatory price and allocation regulations shall apply to all Interior sales. If no regulations are in effect, the agency must sell at the fair market price through competitive bidding. After consulting with FEA, the agency may, however, use a lottery system to give small refiners access or to insure more equitable allocation. Participation in the lottery may be limited to assure fair access, and the agency, in consultation with FEA and FPC, may limit natural gas sales to regions where an emergency shortage exists. The lessee is required to pay for any oil or gas for which no acceptable bids are received.

Natural Gas Distribution-- The Federal Power Commission (FPC) shall permit any natural gas distributing company involved in OCS development and production to transport OCS natural gas to its service area.

Export Controls--OCS oil and natural gas may not be exported (except under an exchange agreement or for reasons of national interest) unless it is determined that such exports do not increase US energy dependency. The President must submit such a finding to Congress which may disapprove the export.

Reports

Within 90 days of enactment and annually thereafter, Interior must report all delinquent royalty payments and describe what procedures are being taken to insure accurate and timely payment. Within 6 months after the end of each fiscal year, the agency also shall report to Congress on: 1) its leasing and production program; 2) activities and expenditures; and 3) summary of management, supervision, and enforcement activities (with recommendations for improvement and for resolving jurisdictional disputes). The agency, after consulting with the Attorney General, shall also report on competition in OCS leasing and evaluate: 1) alternative bidding systems, including those not already authorized; 2) the effectiveness of restrictions on joint bidding; and 3) measures to encourage new competition, and to increase supply.

Suits,Remedies, and Penalties

Any adversely affected person may bring suit in district courts against government agencies or other persons for violations of the Act, its regulations, or lease terms. Sixty-day notice is required, and the head of any agency or the Attorney General may intervene if not a party. Citizen suits shall have precedence,and litigation costs, including attorneys fees, may be awarded or an injunction obtained.

Judicial Review--Any person who has participated in prior administrative proceedings and is aggrieved by the action, may petition for judicial review within 60 days in the US District Court of Appeals in his district. Interior's lease approval actions may be reviewed in the DC Appeals Court only.

Remedies--The enforcing agencies may institute civil actions in district courts to enjoin violations. Violators are liable for civil penalties of $10,000 for each day of violation, and for willful violations, false information, tampering with equipment, or revealing confidential data, penalties of $100,000 and/or 10 years in jail. Agents or officers of corporations who willfully authorize illegal activities may also be subject to the same fine and penalty.

* * *

Offshore Oil Pollution Fund

Oil Spills--"Harmful" oil discharge, as defined by the Federal Water Pollution Control Act(FWPCA), from vessels or offshore facilities is prohibited. The person in charge of the facility or vessel must immediately notify the Coast Guard of any potentially harmful discharge, and failure to do so may result in a $10,000 fine and/or 1 year in jail.

The President must arrange for the removal of the oil spill, according to the National Contingency Plan under FWPCA, and may use monies from the revolving fund established for this purpose.

Compensation Fund--An Offshore Oil Pollution Compensation Fund is established in DOT and a revolving account in the Treasury. The Fund shall be used for: 1) administrative expenses; 2) public costs in cleaning up oil spills; 3) private clean-up costs incurred under one of 3 liability exemptions; and 4) any remaining damages not covered. The Fund may borrow up to $500 million from the Treasury at any one time, by issuing notes and obligations. The Fund will be financed by an initial appropriation and a 3¢ per bbl. fee until the Fund totals between $100 to $200 million, according to the Coast Guard's discretion.

DOT Administration--DOT will administer and maintain the Fund, establish regulations, and provide for fair, expeditious settlement of claims. The agency may employ Federal, State, or local services, conduct investigations and meetings, and contract for clean-up. DOT shall prescribe regulations for claims and must require owners or operators to show evidence of financial responsibility.

Claims--Damages may be recovered for real or personal property damaged or destroyed; loss of income, provided the claimant derives at least 1/4 of his earnings from the damaged property (limited to losses over 1 year only); any government royalty tax, or net profit share losses due to such damage (1 year). DOT will act as trustee on behalf of the public to recover damages. The owner or operator is strictly liable for all damages with the exception of damages resulting from acts of war, negligent or intentional third party actions, or exceptional natural phenomena. The operator or owner is liable for: up to $35 million for damages resulting from offshore facility spills (the rest to be paid from the Fund), up to $150 per gross registered ton for damages from vessel spills, and for all clean-up costs. Liability extends to total damages when such damages occur as a result of gross negligence or willful misconduct or regulation violation. Third party liability will be based on the extent to which the party caused the spill. Operators have 5 days after notice to deny liability, and if the claim is not denied, they must advertise claim procedures for 30 days and at least once every quarter for 5 years thereafter. Claims should be presented within 1 year of discovery and no claim may be presented after 5 years.

States are not pre-empted from imposing additional liability or requirements on oil spills affecting State waters, but no claimant can recover twice for the same damages or costs.

Fund Claims--DOT shall adjudicate and pay any claims out of the Fund where the owner has not accepted liability or that are not settled within 60 days. The agency may contract with private insurance organizations to handle such matters. Class actions are allowed and the Attorney General may represent citizen suits. Affected parties may seek judicial review in circuit courts. DOT shall report to Congress annually on Fund management.

* * *

Coastal Zone Management Act Amendments

The 1976 Coastal Zone Management Act Amendments (H.R. 3981) as passed by the House on March 11 (see Digest Vol. V, #8) are incorporated as Title IV of this Act. Specifically, Title IV provides for coastal energy grants, including OCS payments and energy impact grants, and for bond guarantees.

The House struck a provision requiring that Federal leases be considered actions which must be certified by the State for compliance with its coastal zone management program. The House also added a provision that hearings arising out of Federal-State disagreements must be held in the State or local area.

COSTS

OCS LANDS ACT AMENDMENTS AUTHORIZATIONS

(in millions)

	FY 77	78	79	80	81
OCS Program Costs	$100	$59	$59	$21	$21
Interior	14	13	13	13	13
NOAA	50	40	40	2	2
Coast Guard	35	5	5	5	5
Justice & DOL	1	1	1	1	1
Oil Spill Fund	10	5	5	--	--
CZM Program	63	176	201	226	251
OCS Payments	50	50	75	100	125
Energy Impact Grants	12	125	125	125	125
Administration	1	1	1	1	1
Total OCSLA	$173	$240	$265	$247	$272

The committee estimates a total cost of $1.2 billion for 5 fiscal years as outlined in the above table. They also report that there may be a loss in revenues in the early years of the Act which will be made up in later years. Bidding procedures where payment is made to Interior after production begins--in lieu of the front-end cash bonus bid--will defer revenues until later years.

CBO reports that the extent of contingent liability is undeterminable for lease denials under the OCS program, but would be a maximum of the Fund total plus $500 million for oil pollution clean-up costs and $200 million at any one time for CZM bond guarantees.

COMMITTEE ACTION

The committee favorably reported the legislation on April 13.

Additional Views

Noting that not all of his committee amendments were adopted, Mr. Breaux says he supports H.R. 6218, but is concerned with several areas:

- while the bill's stated purpose is to make oil and natural gas resources available as rapidly as possible, the new OCS regulations would cause significant delays;

- the requirement that industry provide interpretive data to State and Federal officials was not requested by State and local governments and will make preservation of confidentiality impossible;

- limiting lease agreements to 5 years will deter exploration in high-risk areas or where lengthy development is probable;

- making the bill's provisions retroactive for existing OCS leases would cause a breach of contract and an undue burden for the lessee, as he acquired the lease under a different set of guidelines; and

- the provision requiring alternative lease systems in 10% of annual lease sales could cause use of untried bidding schemes which might not result in a fair value for the resources or the maximum yield from reserves.

Mr. Breaux feels Congress should recognize the priorities of each issue, and should not let short-term political opinions dictate a long-term energy posture.

Messrs. Dodd, Studds, Miller (Calif.), Eilberg, Udall, Hughes, and Mrs. Mink urge the House to add provisions which would insure competition in the development of Federal energy resources by involving the Attorney General in the leasing process. They state that:

- testimony supports the contention that responsible and efficient offshore energy development can best be guaranteed by industry competition;

- a 1975 FTC report stated that market competition is central to achieving efficient resource development;

- Congress has the responsibility to insure that the disposal of Federal property does not violate Federal antitrust laws;

- while the bill establishes a 30-day period for FTC and Justice Department review of lease sales and extensions, no additional procedures are provided by which they may take prompt action necessary to prevent violations; and

- Congress has twice supported provisions involving the Attorney General in the leasing process--the Elk Hills bill (H.R. 49) and the Coal Leasing Amendments (H.R. 6721).

The Members consider it essential that Justice and FTC be allowed to prevent anticompetitive leasing situations from occurring, stating that such provisions would not slow OCS development.

Supplemental Views

Messrs. Studds, Miller (Calif.), Udall, Eilberg, Dodd, AuCoin, Hughes, and Mrs. Mink believe that the requirement that leasing systems other than the cash bonus system be used in 10% of all lease sales for each of the next 5 years is inadequate. The Members point out that:

- the large initial payment required by the bonus bid system prevents smaller companies from obtaining OCS leases;

- increased use of alternative systems would generate greater Federal revenues;

- the commitment of large amounts of capital, as required by the front-end system, ties up money that is needed for quick exploration of the lease;

- alternative leasing methods are "experimental" only because Interior has chosen not to use them; and

- various States and foreign countries have used the proposed alternative leasing methods for years with enormous success--their rates of return have been much greater than that of the US (California has received 48% of gross revenues and Indonesia up to 95%, while the US has received only 16 2/3%).

The Members feel these reasons, combined with continuing reluctance of Interior to use alternative methods at its own discretion, are ample for requiring the use of alternative methods in more than 10% of the lease offerings.

Additional Views

Mr. Russo urges Congress to retain in the bill the following provisions, which insure that OCS development will benefit the entire nation equitably:

- "affected States" is defined to include any State able to demonstrate impact due to OCS exploration and development, and not merely States contiguous to the OCS--all such States will be able to participate in decisions concerning the OCS;

- "coastal State" is defined to include States lying off the Great Lakes, such as Illinois, enabling such States to receive impact funds; and

- funds are made available not only for OCS-related impacts, but also for impact from the siting of any energy facility in a coastal zone, such as the Chicago metropolitan area.

Minority Views

Messrs. Fish, Forsythe, du Pont, Young (Alaska), Bauman, and Wiggins contend that the bill would create a bureaucratic nightmare and frustrate its intended purposes. While strongly supporting the bill's goals, the Members propose to amend it on the floor to turn it into a "rational vehicle" for the efficient and safe management of OCS resources.

The Members point out that the Minority worked hard to develop a 121-page substitute which though not totally adopted, did influence the committee bill. They note several important amendments, that were accepted and argue that they should be sustained, including:

- the deletion of a multi-billion dollar subsidy program requiring the overburdened taxpayer to finance the risky business of oil and gas exploration;

- the deletion of imposing a single definition of the contents of an OCS environmental impact statement which would hamper NEPA's effectiveness by restricting flexibility; and

- the addition of the OCS Information Program which will allow the States to receive the information they need to carry out their enforcement responsibilities.

The Members plan to offer a substitute for Title II to meet their major objections:

- The bill is a bureaucratic nightmare, rife with ambiguities, self-contradictions and overlapping jurisdictions. Authority for safety regulations rests in several agencies. Exploration is contingent upon approval of a development and production plan, but the plan is not filed until after the oil or gas has been found. Interior is required to seek qualified applicants for stratigraphic drilling, but is not permitted to offer the applicant any resource rights.

- The bill also imposes numerous bureaucratic delays. OCS leasing is cut off after June 30, 1977 unless an approved 5-year leasing program is in effect. Interior is required to consider all economic, social, and environmental values in program management, which can only generate more litigation. Interior may delay approval up to 120 days after receiving State comments on plans already deemed to have no significant environmental impact. Interior is required to institute NEPA procedures at least once in every lease area which will retard development and indirectly amend NEPA. Joint Federal-State leasing requirements for "mutually-acceptable" terms and for fund apportionment could also delay production.

- The bill confuses Federal-State relationships. Affected States and regional boards are given absolute veto power over OCS sales, development, and production plans (barring a demonstrated overriding national interest). Requirements that State laws, goals, and policies be considered in the 5-year program and that

plans be cancelled for inconsistencies with any valid State exercise of authority are ambiguous. Joint Federal-State leasing requirements could delay OCS leasing in buffer zones and infringe on Federal sovereignty over the OCS. State input should be provided in the initial drafting stages of the 5-year program.

- Several provisions of the bill work against the environment instead of protecting it. By defining marine, coastal, and human environment, the bill excludes consideration of atmospheric and biological factors in non-coastal areas. Also, the committee rejected a Minority proposal for a 10-year lease term which would have provided for orderly development without imposing pressures for an early deadline and would have allowed for improvements in technology.

- Two provisions discourage entry of small competitors. The elimination of the 3-square-mile restriction works to small companies' disadvantage since they are more able to compete successfully for smaller tracts. Prohibiting joint bids on Phillips Plan leases will also hurt the companies not able to make a large capital investment.

- There should be more congressional control over the program. The bill allows Interior to approve its own program and does not provide for congressional review, which would also give the States another public forum.

- It is unwise to impose an absolute 10% requirement for alternative leasing. This can only be reduced through affirmative action by both Houses within 30 days--a logical and practical impossibility.

- The transfer of baseline and monitoring study authority from Interior to NOAA handicaps the program, since NOAA already does 1/2 of the studies under Interior's direction and the studies are intended to serve Interior's specific needs. Also, impact prediction is more appropriately an EIS responsibility.

While noting that many significant improvements were made to Title III in committee, the Members would also:

- limit liability and the claims settlement procedure to the Federal government rather than allowing the States to set differing limits for damages;

- revise the definition of "off-shore facility" to exclude those solely in State waters to avoid infringement of Public Works Committee authority;

- apply unlimited liability only for negligent or willful misconduct by an operator or owner and not for actions of employees;

- change the legal procedures in Title III, which: allow the Attorney General to represent a class at the taxpayer's expense and leave it up to him to determine what constitutes a class for this purpose; allow DOT to appoint attorneys to represent

the Fund even after the AG declines, and mandate instead of permit attorneys fees and court costs;

- allow excess funding (over the $200 million) to be reserved for times when the revolving account falls below the minimum level;

- compute recovery for lost royalties and net profit shares of the Federal government on the amount of oil actually spilled, and not on a 1-year production level basis; and

- delete subrogation (already covered by3rd party liability) and "unseaworthiness" references in the bill.

The Members also hope to offer several joint amendments to Title III with other committee members on the floor. (These amendments, they say, would clarify the bill's language and assure committee intentions.)

Portions of the Section-by-Section analysis in the committee report are criticized by the Members. They contend that this section all too often appears to represent what its authors wish the committee had done, rather than what they actually did. They conclude, however, that the committee has come a long way in developing expertise and sustaining interest in this area. They are concerned that coordinated, congressional oversight be continued after passage of this legislation, and recommend: 1) constituting a permanent joint subcommittee composed of the 3 "parent" committees; 2) redrawing existing committee jurisdictions to clarify OCS responsibility; or 3) establishing a permanent select committee. They particularly support the first alternative, but will cooperate with whatever measure is eventually adopted.

Additional Minority Views

Mr. Young (Alaska) contends that, as OCS is a Federal project and OCS revenues will go the Federal government, the Coastal Zone Impact Fund should be increased in order that the Federal government may meet its responsibility of bearing the costs of consequent expansion of public services in the impacted areas. He reports that even if Alaska receives 1/2 of the entire authorized national fund, the amount will not cover even 1/2 the cost of the impact (overcrowded schools, insufficient sewer systems, poor roads, etc.). Moreover, Mr. Young maintains that while a Federal loan would be temporarily helpful, it would only postpone placing the burden on the local and State governments.

Messrs. du Pont and Bauman fully concur with the Minority Views in all but 3 areas:

- they believe strongly in a full Environmental Impact Statement for each drilling area(but do agree with the Minority Views that it is best not to supersede the existing NEPA legal structure and regulations);

- they do not believe that the power given to State Governors and Regional Advisory Boards, in influencing Interior lease and production decisions, is too strong; and

- they do not agree that it is "highly unwise" to mandate new bidding systems for at least 10% of leasing areas; although they did not support committee amendments raising the percentage, they believe it important to press Interior to use the new systems in order to insure the ability to determine whether taxpayers could receive a better break.

VIEWS

The administration strongly opposes passage of this bill in its present form. It specifically objects to:

- the provisions for cancellation of leases for environmental or safety reasons and for compensation following disapproval of a development plan;

- the requirement that at least 10% of leasing be by methods other than bonus bidding;

- several of the provisions providing the States with proprietary information;

- the arrangements for joint leasing on escrow of receipts from lands within three miles of State waters;

- the provisions requiring the Secretary to follow the recommendations of State Governors on Regional Advisory Boards;

- transfer of the OCS baseline and monitoring studies from Interior to Commerce;

- requiring regulations to "assure consistency" of the leasing program with Coastal Zone Management programs;

- the provision prohibiting changes in regulations which reduce the degree of safety provided by previous regulations;

- the requirement that the Coast Guard mark every OCS structure; and

- the language requiring the Secretary to mandate use of "best available technology economically feasible".

The Environmental Policy Center (EPC) supports the Miller (Calif.) amendment requiring Interior to lease 1/3 of its leases annually for the next 5 years under an alternative bidding system. EPC supports the amendment, because:

- Interior will not use an alternative system without congressional mandate;

- alternative systems have been used successfully by numerous foreign countries and coastal States;

- the companies have shown no disinclination toward bidding under other terms;

- the rate of return on alternative methods may be even higher; and

- the present front-end bonus system is anti-competitive.

The National Council of State Legislatures supports this bill and opposes any amendments to pre-empt State oil spill liability fees or funds

AMENDMENTS

Minority Substitute--"Improved Management of OCS Energy Resources"
To Be Offered by Mr. Fish

The Minority states that they are offering a substitute to Title II rather than a series of amendments, to produce a "coherent, integrated piece of legislation". Although sections of Title II, as reported in the committee bill, remain unchanged, other sections are rewritten to address the issues raised in the Minority View. Major differences are highlighted below.

OCS Program

The substitute provides for a leasing program of 5 years or longer but requires congressional review. Interior is directed to submit the program to both Houses to allow either to adopt a resolution of disapproval within 60 days. State input at the planning stages is also required, and Interior shall include any State recommendations with its submission to Congress.

Suspensionsor Cancellations--Interior would be allowed to suspend a lease after determining that the activity poses a serious threat of harm to life, property, mineral deposits, or the environment. Emergency suspensions are also allowed for immediate threats. The substitute, however, requires that royalty payments be suspended during this time, and that lease terms be extended for an equivalent period of time. If Interior determines that the threat cannot be reduced and environmental risks inherent in terminating operations are outweighed, the lease may be cancelled. Reimbursement is provided unless the suspension or cancellation was wholly or partially due to the lessee's negligence.

Interior Program Administration--The substitute authorizes Interior at any time to prescribe and amend appropriate regulations, and authorizes it to cooperate with State environmental agencies in this endeavor.

Safety Regulations--Interior and the Coast Guard shall complete a review of all environmental and safety regulations within 1 year, and revise any regulations in light of findings.

Enforcement--The substitute authorizes Interior or the Coast Guard, separately or jointly, to inspect facilities annually and to make periodic on-site surprise inspections.

Bidding

The substitute provides the same bidding options but allows Interior to use any one of the authorized systems, provided it: 1) assures a fair return, competition and safe operation; 2) avoids undue speculation, unnecessary delay, and administrative burden; and 3) allows for discovery, development, and recovery of oil and gas.

Selection of System--The substitute imposes no 10% requirement. The provision for submission of bids under more than 1 system, however, is retained.

Joint Bids--This provision is deleted.

Federal Leases

Terms--The substitute retains the existing 3-sq.-mile limit, but allows Interior to lease a larger area if necessary to comprise a reasonable economic production unit. Lease terms may be set initially for 5 or 10 years (the latter to encourage exploration and development in unusually deep waters or under adverse weather conditions), and shall remain in force for as long as economic production continues or where approved drilling or well-working operations are in effect.

Joint Federal/State leases--The substitute requires Interior, whenever production also involves State waters, to offer to establish an agreement for unitary exploration, development, and production. If the State is unwilling to lease their portion of the area, Interior may lease the Federal portion, and the lessee must agree to become a party to any suit for equitable division of proceeds among the lessee, State, and Federal government. Interior must initiate a suit if any oil is drained from State lands.

Baseline and Monitoring Studies--Interior, in consultation with NOAA and in coordination with coastal States, must conduct baseline studies and monitor operations. Interior may also use information from other Federal agencies monitoring the area.

Exploration

The substitute incorporates the provisions of the committee bill with the exception of the stratigraphic drilling requirement, which is deleted.

Production

The substitute adds a new provision requiring a discovery report which sets forth the location and size of a discovery when oil and gas are found in commercial quantities. A development and production plan is also required, but it shall specify: schedule of activities, equipment, OCS sitings, and any exceptional conditions which might require special environmental protections and safety precautions. The substitute requires a separate list of non-OCS facilities, copies of which shall be given Interior to distribute to affected

States and agencies. All plans must be published in the Federal Register.

The substitute requires Interior to act on a plan within 30 days, and to approve it if there are adequate environmental and safety protections. In making its decision, Interior also must determine whether a NEPA statement is needed; if so, the agency shall judge the plan in light of NEPA findings. Interior must give 30 days notice of any plans to allow comment by interested parties, and must review the plan in light of any such comments. Interior's final decision shall be published in the Federal Reigster; and after plan approval, the lessee may proceed with production.

Federal Royalty Oil and Gas

The substitute authorizes Interior to accept royalties in the form of oil or gas, and allows transfer of title only to GSA or DOD. Lotteries may be conducted for the sale of such royalties to small refiners who do not have access to adequate supplies; and emergency natural gas allocations may be made to regions for sale at the fair market value. The substitute's repurchase requirements are similar to the committee bill, and export controls are identical.

Reports

The substitute provides that the annual report shall include a detailing of all activities and expenditures with recommendations for administrative improvement and for the resolution of ambiguities or jurisdictional conflicts.

Suits, Remedies, and Penalties

The substitute maintains the same civil and criminal penalties as the committee bill. It eliminates special provisions for suits by interested parties, but provides for judicial review for those persons who are adversely affected or aggrieved and who participated in the process leading to Interior's action or determination. It also requires Interior to be represented by the Attorney General.

RULE

H.R. 6218 will be considered subject to a rule being granted.

Administration Objections to H.R. 6218 --
Amendments to OCS Lands Act

1. Delays development of OCS oil and gas supplies by

   -- threatening cancellation of leases under vague, one-sided criteria, reducing incentive to invest for development purposes. Sec. 5(a)(2), and Sec. 25(g)(1)(C).

   -- forcing use of new, untested bidding systems on large acreages. Sec. 8(a)(6)(C).

   -- requiring revelation of companies' proprietary information to States, where confidentiality cannot be assured. Sec. 205(f)(1)(B), Sec. 26(d)(1)(B), Sec. 26(d)(2)

   -- giving Governors a veto over leasing wherever national defense or overriding national interest is not involved. Sec. 19(d)

   -- confusing the assignment of regulatory authority by giving the same duties to as many as three agencies at the same time. Secs. 21 and 22

   -- introducing time-consuming red-tape by requiring review of each lease by both the Attorney General and FTC. Sec. 205(c)

   -- broadening possibilities for nuisance litigation by loose citizen suit provisions. Sec. 23(a)(1)

2. Gives rights to States over heretofore Federal lands, by granting the State "joint lessor" status in the first 3 miles of Federal waters. Sec. 205(f)

3. Deprives Interior of its major OCS environmental studies program, and thereby reduces Interior's capacity to make environmentally sound leasing decisions. Sec. 20(a through d)

4. Threatens to increase unnecessarily the costs of operation on OCS leases by imposing rigid, one-sided rules about equipment. Sec. 21 (a) and (c)

5. Contains an expensive program of grants to coastal States ($250 million per year by 1981) distributed without regard to need. Title IV

6. Forbids extension of jointly-owned leases if one owner has failed to be diligent on another lease. This is unfair, would seriously reduce the chance for smaller companies to own leases jointly, and (since it applies to existing leases as well as future ones) is presumably a violation of prior contracts, and a "taking" of property. Sec. 205(d)

7. Opens the door to Federal take-over of exploration for OCS oil and gas by requiring pre-lease drilling in all frontier areas. Sec. 11(g)

FILE

H.R. 6218

Rationale in Support of a Motion to Recommit

1. In lieu of the comprehensive national energy policy which our country desperately needs, H.R. 6218 is another example of "nickel and dime" piecemeal legislation which states laudable goals but does nothing whatever to increase domestic production or reduce our growing dependence on foreign oil imports.

2. The bill reflects no real consensus. Virtually every major provision was written into the bill by highly partisan 10-9 vote splits.

3. Since its referral to the Ad Hoc Select Committee, H.R. 6218 has grown from a relatively simple measure of 38 pages to an omnibus bill of more than 170 pages and five separate titles, only two of which apply directly to the Outer Continental Shelf Lands Act (OCSLA), the Act which the Ad Hoc Committee was charged with amending.

4. Its multitudinous provisions cut across many Federal laws and give the coastal states an excessive measure of control over a vital national resource.

5. Two of the bill's more important provisions--oil spill liability and revenue sharing for coastal states--are being dealt with in separate legislation. The Ad Hoc Committee was not established to legislate in these areas and has not, in fact, given proper consideration to these two titles. Such legislation should be the product of the House's standing committees, where the expertise for these areas lies.

6. Whereas one executive agency--the Department of the Interior--presently has the central responsibility for managing the resources of the Outer Continental Shelf, the bill would turn the OCS decision making process over to a committee consisting of several agencies and bureaus, the Congress, Regional OCS Advisory Boards and coastal state officials.

7. The present regime for the management of OCS resources has served the nation well. There has been no finding that the nation would be equally well served if this regime is restructured as H.R. 6218 proposes. There is a strong possibility its enactment would be counter-productive.

(a) Operations under the present OCSLA have generated more than $20 billion in Federal Revenues, as well as more than six billion barrels of oil and more than 25 billion cubic feet of natural gas.

(b) It is estimated that about one-third of our remaining recoverable oil reserves and about 22 percent of our remaining recoverable natural gas reserves are beneath the submerged lands of the OCS.

(c) The nation's steadily increasing reliance on foreign sources of oil must not be increased by experimenting with a new system for the management of these OCS resources when the present system has proven its effectiveness.

8. Enactment of H.R. 6218 will retard OCS leasing, exploration and development at a time when the emphasis should be placed on increasing these activities. Despite major efforts to accelerate OCS lease sales in recent years, only four sales were held in 1975 and a like number are scheduled for this year. The average number of sales since 1954 (the year after the OCSLA was enacted) has been 3.33 per year.

9. H.R. 6218 contains several controversial provisions which were not in the original bill and which were not discussed in testimony before the committee. The most conspicuous example is the provision permitting cancellation of leases for environmental and other reasons. Such important provisions deserve a more careful examination, under the normal legislative process, than they have received.

10. The bill and the Report on it are in conflict as to the intent of subsection 11 (g). The Report says this provision is intended to require that the Secretary find qualified applicants to do on-structure drilling and to make "all reasonable efforts" to insure that such drilling takes place. The bill itself, however, says only that the Secretary shall "seek" such applicants.

(a) The Administration and others have warned that on-structure tests, which until now have not been permitted, could lead to follow-up pre-leasing exploration conducted for or by the Federal government and the establishment of a Federal Oil and Gas Corporation.

(b) Given the fact that the comparable Senate bill (S. 521) mandates a $500 million program of Federal exploration, there is good reason to believe the final version of the bill would include a similar requirement.

11. In view of the limited time remaining in this session, the controversial nature of the bill, the lack of a clear consensus on it and the certainty of a veto the most sensible course of action is to return the bill to the Select Committee for further study.

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11. In view of the limited time remaining in this session, the controversial nature of the bill, the lack of a clear consensus on it and the certainty of a veto the most sensible course of action is to return the bill to the Select Committee for further study.

THE WHITE HOUSE

WASHINGTON

January 20, 1975

MEMORANDUM FOR: MAX FRIEDERSDORF

FROM: BOB WOLTHUIS

SUBJECT: Probable Committee and Subcommittee Jurisdictions Over Energy Initiatives in President's Program

PROBABLE COMMITTEE AND SUBCOMMITTEE
JURISDICTIONS OVER ENERGY INITIATIVES
IN PRESIDENT'S PROGRAM

SENATE COMMITTEES

INTERIOR & INSULAR AFFAIRS	FULL OR SUBCOMMITTEE JURISDICTION
1. Decontrol of Petroleum prices 2. Price Control Authority 3. Facility Siting 4. Strip Mining 5. Standby Energy Authority 6. Emergency Storage	Subcommittee on Minerals, Materials & Fuels* Lee Metcalf, Chairman Henry Jackson — James Buckley Bennett Johnston — Clifford Hansen Gaylord Nelson — Dewey Bartlett *In the past the full Interior Committee has usually handled most energy legislation. The above subcommittee would handle all six items if the full committee does not.
ARMED SERVICES	
1. NPR-1 2. NPR-4	Subcommittee on National Stockpile and Naval Petroleum Reserve Howard Cannon, Chairman Stuart Symington — William Scott Sam Nunn — Barry Goldwater
BANKING, HOUSING & URBAN AFFAIRS	
1. Thermal Standards	Subcommittee on Housing and Urban Affairs John Sparkman, Chairman William Proxmire — John Tower Harrison Williams — Edward Brooke Alan Cranston — Bob Packwood Adlai Stevenson

1. Auto Emission Standards
2. Nuclear Power Plants
3. Clean Air Act Amendments and Coal Conversion

Subcommittee on Agriculture, Environmental & Consumer Protection

Gale W. McGee, Chairman

John Stennis	Hiram Fong
William Proxmire	Roman Hruska
Robert Byrd	Milton Young
Daniel Inouye	Mark Hatfield
Birch Bayh	Henry Bellmon
Ernest Hollings	
Thomas Eagleton	

NPR-1
NPR-4

Subcommittee on Defense

John McClellan, Chairman

John Stennis	Milton Young
John Pastore	Roman Hruska
Warren Magnuson	Clifford Case
Mike Mansfield	Hiram Fong
Alan Bible	Edward Brooke
Gale McGee	_____

Thermal Standards

Subcommittee on Housing and Urban Development, Space, Science and Veterans

William Proxmire, Chairman

John Pastore	Charles McC.Mathi
John Stennis	Clifford Case
Mike Mansfield	Hiram Fong
Daniel Inouye	Edward Brooke
Birch Bayh	Ted Stevens
Lawton Chiles	

Auto Emission Standards

Subcommittee on Transportation

Robert Byrd, Chairman

John Stennis	Clifford Case
Warren Magnuson	Ted Stevens
John Pastore	Charles McC.Mathi
Alan Bible	Richard Schweiker
Mike Mansfield	_____

Facility Siting
Emergency Storage
Nuclear Power

Subcommittee on Public Works, AEC

John Stennis, Chairman

John McClellan	Mark Hatfield
Warren Magnuson	Milton Young
Alan Bible	Roman Hruska
Robert Byrd	Clifford Case
John Pastore	Ted Stevens
Gale McGee	Richard Schweiker
Joseph Montoya	Henry Bellmon

PUBLIC WORKS

Clean air act amendments including coal conversion

Subcommittee on Environmental Pollution

Edmund S. Muskie, Chairman

Jennings Randolph	James Buckley
Joseph Montoya	Howard Baker
Lloyd Bentsen	Robert Stafford
Dick Clark	James McClure
Joseph Biden	Pete Domenici

FINANCE

1. Electric Utilities, the 10% tax credit and the preferred stock dividend
2. Thermal incentives
3. Windfall profits
4. Oil depletion
5. Three dollar tariff on foreign oil

Full Committee*

Russell B. Long, Chairman

Herman Talmadge	Carl Curtis
Vance Hartke	Paul Fannin
Abraham Ribicoff	Clifford Hansen
Harry Byrd	Bob Dole
Gaylord Nelson	Bob Packwood
Walter Mondale	William Roth
Mike Gravel	
Lloyd Bentsen	

*The subcommittees of Finance are oversight subcommittees and not legislative. Therefore the full committee will probably handle the entire energy package. However, the tariff on foreign oil may also be considered by one or both of the following subcommittees;

Subcommittee on International Trade

Abraham Ribicoff, Chairman

Herman Talmadge	Paul Fannin
Gaylord Nelson	Carl Curtis
Walter Mondale	Clifford Hansen
Lloyd Bentsen	Bob Packwood

Subcommittee on Energy

Mike Gravel, Chairman

Walter Mondale	Bob Dole
Lloyd Bentsen	Clifford Hansen

COMMERCE

1. Natural Gas deregulation
2. Electric utility limited price override
3. Appliance labeling
4. Insulation standards

Committee on Commerce

Warren Magnuson, Chairman

John Pastore	James Pearson
Vance Hartke	Robert Griffin
Philip Hart	Howard Baker
Howard Cannon	Ted Stevens
Russell Long	J. Glenn Beall
Frank Moss	_____
Ernest Hollings	_____
Daniel Inouye	
John Tunney	
Adlai Stevenson	

THE WHITE HOUSE

WASHINGTON

August 19, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CONNOR

THROUGH: MAX FRIEDERSDORF

FROM: VERN LOEN VL

SUBJECT: Rep. John M. Murphy (D.-N.Y.)

Jack Marsh directed me to follow up on the memorandum of August 14 (attached). I spoke with Dr. Sam Tuthill, who is Secretary Morton's chief energy adviser.

Dr. Tuthill says Secretary Morton agrees with the President that to delay 90 days would be unwise and recommends Interior proceed as scheduled with its October and December lease sales for the Outer Continental Shelf in California and Alaska.

Attachment

cc: Don Rumsfeld

AUG 15 1975

THE WHITE HOUSE

WASHINGTON

August 14, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JACK MARSH
CHARLES LEPPERT, JR.

FROM: JIM CONNOR

SUBJECT: Rep. John M. Murphy (D-N.Y.)

The President has reviewed your memorandum of August 8th regarding Rep. John Murphy's concern about the Department of Interior's proposed lease sales for the Outer Continental Shelf in California and Alaska. The following notation was made:

"Should proceed -- Morton's reaction?"

Please follow-up with appropriate action.

cc: Don Rumsfeld

RED TAG

THE WHITE HOUSE

WASHINGTON

August 8, 1975

MEMORANDUM FOR: JACK MARSH

FROM: CHARLES LEPPERT, JR. CLJ.

SUBJECT: Rep. John M. Murphy (D-NY)

On Thursday, April 7, 1975, I accepted a telephone call from Rep. John Murphy to the President or you, in Nell Yates' office. The purpose of Rep. Murphy's telephone call was to request the President to suspend or delay for a period of ninety days, the Department of Interior's proposed lease sales for the Outer Continental Shelf in California and Alaska, now scheduled for October and December, respectively.

Rep. Murphy, Chairman of the House Ad Hoc Committee on the Outer Continental Shelf, is conducting a series of hearings throughout the nation on the Outer Continental Shelf and was calling from Alaska where he was conducting hearings.

Murphy states that in both California and Alaska, the Governors plus other state and local officials have sought a ninety (90) day delay in the proposed lease sales for October and December because the states and localities have not had sufficient time and cannot plan for the impact on local communities of the exploration and drilling activities. Murphy further stated that any federal assistance also comes too late to be of benefit to the localities.

Murphy feels the request for a 90 day delay in the proposed lease sales for California and Alaska is reasonable and he supports the delay.

Murphy went on to state that his Committee is going to continue with its hearings on all coasts despite the fact that S. 521, to provide orderly exploration of the energy resources of the Outer Continental Shelf, has been reported in the Senate. Murphy contends that his Committee will report out his bill H.R. 6218, to establish a policy for the management of oil and natural gas on the Outer Continental Shelf, to protect the marine and coastal environment and to amend the outer continental shelf lands act, go to conference with the Senate and send a bill to the President probably before the October lease sale is completed.

Murphy says the hearings before his Committee crystalize the fact that no one opposes offshore drilling per se and the people feel that the environment can be improved rather than impacted by offshore drilling.

Murphy urges the President to delay the proposed lease sales for 90 days respectively and indicated that Rep. Hamilton Fish and other Minority Members on the trip concurred in a 90 day delay. Murphy concluded by stating that he sent a telegram to the President requesting a 90 day delay in the lease sales.

Talked to Assistant Secretary Roy Hughes at the Department of the Interior on the Murphy request for a 90 day delay. Hughes asked Murphy what he could get in return for a 90 day delay and Murphy only promises his bill H.R. 6218. Hughes says waiting on the Murphy bill will result in a one to two year delay in the whole program.

Turned down

Fish notified 10/6/75

Murphy " 10/7/75

THE WHITE HOUSE
WASHINGTON

SCHEDULE PROPOSAL
DATE: September 22, 1975
FROM: Charles Leppert, Jr. CJ.
THRU: Max L. Friedersdorf
Vern Loen VL
VIA: Warren Rustand

MEETING: Reps. John Murphy (D-NY)
Hamilton Fish (R-NY)

DATE: Open

PURPOSE: To discuss delay of the Interior Department's proposed Outer Continental Shelf lease sales for Alaska and California

FORMAT: Cabinet Room (20 minutes)

PARTICIPANTS: List of Participants attached at Tab A

CABINET PARTICIPATION: See Tab A

SPEECH MATERIAL: Talking points to be provided by OMB and Energy Resources Council

PRESS COVERAGE: White House photographers only

STAFF: Charles Leppert, Jr.

RECOMMENDED: Max L. Friedersdorf

OPPOSED: None

PREVIOUS PARTICIPATION: None

BACKGROUND:

1. Rep. Murphy chairs the House Ad Hoc Select Committee on Outer Continental Shelf. Rep. Fish is the ranking Minority Member of the Select Committee.

2. The Ad Hoc Select Committee was organized in the 94th Congress and members appointed in April 1975. Rep. Murphy introduced H. R. 6218, the "Outer Continental Shelf Lands Act Amendments of 1975" on April 22nd. The purpose of the bill is to establish a policy for the management of oil and natural gas on the Outer Continental Shelf, to

protect the marine and coastal environment and to amend the outer continental shelf lands act.

3. The Ad Hoc Select Committee has conducted field hearings throughout the Nation in New Orleans, La.; New York, New York; Ocean City, New Jersey; Philadelphia, Pa.; Los Angeles and San Francisco, Calif.; Anchorage, Alaska; Boston, Mass.; New London, Conn.; and Ocean City, Maryland.

4. On April 7, 1975, Rep. Murphy called from the Alaska field trip requesting the President to suspend or delay for 90 days the Interior Department's proposed Outer Continental Shelf lease sales in California and Alaska which are scheduled for October and December 1975, respectively.

5. It is reported that all the members of the Ad Hoc Select Committee favor a 90 day delay of the proposed lease sales with the exception of Rep. Charles Wiggins (R-Calif.)

6. Speaker Carl Albert has called at the request of Rep. Murphy to request that the President meet with Rep. Murphy and Rep. Fish on this subject.

7. Rep. Murphy will request the President to delay the proposed lease sales on the basis that the States and localities have not had sufficient time and cannot plan for local impact caused by exploration and drilling activities; they have requested the delay; and federal assistance will come too late to benefit the local communities; hearings before his Committee "crystalize the fact that offshore drilling is not opposed per se and that the environment can be improved rather than impacted by offshore drilling with proper planning."

8. Rep. Murphy expects that his bill H.R. 6218, will proceed to passage in the House, to conference and be sent to the President by late October 1975.

Participants for meeting with the President on Interior Department's Proposed Outer Continental Shelf Lease Sales for Alaska and California

The President

Rep. John Murphy
Rep. Hamilton Fish

Secretary of Commerce Rogers C. B. Morton
Director of OMB James Lynn
Secretary of the Interior Designate Thomas Kleppe
Administrator of FEA Frank Zarb
Assistant Secretary of Interior Roy Hughes

Charles Leppert, Jr. (staff)
Mike Duval (Domestic Council staff)

File

OFFICE OF MANAGEMENT AND BUDGET

ROUTE SLIP

TO: Mr. Mitchell

Mr. Hagerty

Take necessary action	☐
Approval or signature	☐
Comment	☐
Prepare reply	☐
Discuss with me	☐
For your information	☐
See remarks below	☐

FROM: Norman Hartness DATE: 9/22/75

REMARKS

Attached are draft talking points per your telephone request of Friday afternoon. The Energy Resources Council is preparing for the President an options paper on S. 521 and S. 586. We hope that the meeting with Congressmen Hamilton Fish and John Murphy can be delayed until the President has that paper.

OMB FORM 4
REV AUG 70

I. PURPOSE

To discuss Outer Continental Shelf impact assistance and pending legislation.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background. Two Senate-passed bills are now pending in the House which relate to this subject. S. 586 (Hollings), which is before Merchant Marine and Fisheries, would amend the coastal zone program and set up an OCS impact assistance program. S. 521 (Jackson) would set up the same impact aid program and make major changes likely to delay the OCS program. Initial markup of S. 586 is scheduled for September 29. S. 521 is not referred yet because of jurisdiction conflicts but the House Select Committee on OCS (Chairman John Murphy) will likely take up either S. 521 or a similar bill H.R. 6218 in late October. Congressman Murphy has requested Interior to delay the California OCS sale now scheduled for mid-November for 90 days to allow time to pass legislation. Interior has refused because such a delay would also delay the Gulf of Alaska and Atlantic sales.

B. Participants: Congressmen Hamilton Fish and John Murphy.

C. Press Plan:

III. TALKING POINTS

A. Impact Assistance

1. The Energy Resource Council is now completing an analysis of S. 521 and S. 586 and will be making recommendations to me on these bills including the impact aid issue in a few days.
2. Our estimates are that OCS development may give rise to $200-600 in increased public facility construction nationwide over the next 12 years.
3. We believe that over the long run State and local tax bases will rise more than enough to finance these needs. However, in some localities a short-term fiscal problem may occur.
4. Our study of the impact aid question over the last several months shows that it is difficult to design a program to help those in need without paying large amounts that are unneeded.
5. For example, determining in advance whether impacts over time are net adverse impacts is very difficult, yet it's not desirable to give grants for impacts which turn out to be only temporary.
6. We believe that the Federal role if any in this area should be a residual role after reasonable oil company and State provision of assistance to local governments, and a reasonable tax effort and borrowing effort by the impacted communities.

7. Existing Federal programs of assistance already account for about 20% of State and local expenditures and should be used to obtain needed aid to the maximum extent possible.

B. Leasing Delay

1. We don't believe that there is any reason for delaying OCS lease sales to await legislation.

2. The existing OCS law allows substantial flexibility in the leasing program. Interior has made over the past year substantive changes designed to increase State participation in the program:

   ° Regulations have been proposed to give the States time to review and comment on OCS development plans.

   ° A new OCS Advisory Board with State and other public participation is being created.

3. Development from the new frontier area sales won't begin for several years; therefore, there is enough time for States to complete coastal zone management plans.

4. The Administration's oil-spill liability legislation should be effective well before there is any risk of spills or other damages from new frontier area development.

5. Should the legislation become law subsequent to the lease sales California and Alaska would not be adversely affected in any way because the sales were held under current law rather than the proposed legislation.

FILE

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RED TAG

March 8, 1976

MEMORANDUM FOR: JIM MITCHELL

THRU: MAX L. FRIEDERSDORF
VERN LOEN

FROM: CHARLES LEPPERT, JR.

SUBJECT: HR 3981, Coastal Zone Management Act Amendments
HR 6218, Outer Continental Shelf Lands Act Amendments
HR 49 , Naval Petroleum Reserves Production Act

Attached per your request are copies of the above mentioned legislation.

HR 3981, the Coastal Zone Management Act Amendments of 1975, as reported by the House Merchant Marine and Fisheries Committee is scheduled for consideration by the House of Representatives on Wednesday, March 10, 1976. As you are aware the impact aid provisions of this bill are important.

HR 6218, (Committee Print No. 2) the Outer Continental Shelf Lands Act Amendments of 1976, is before the Ad Hoc Select Committee on Outer Continental Shelf for mark-up. The mark-up has begun and they have completed marking-up the first fifteen pages of HR 6218, Committee Print No. 2 as the original text.

Rep. Fish (R-NY) has introduced a substitute to HR 6218. This substitute is also attached along with section by section analyses of both bills and comparisons of both bills.

If possible, maybe Secretary Richardson can meet with Rep. Fish and get him to withdraw his present substitute and introduce another substitute containing the Administration impact aid provisions. It's worth a try and then try to get a conference on this bill if it has the Administration impact aid provisions and the Coastal Zone Management bills from the House and Senate. If Secretary Richardson does meet with Rep. Fish then Rep. Forsythe (NJ) should also be invited to that meeting.

Also attached is the unofficial print of the Naval Petroleum Reserves bill as reported by the Conference Committee on Thursday, March 4. It is anticipated that this conference report will come before the House of Representatives late the week of March 8 or the following week.

EDWIN B. FORSYTHE
331 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
202-225-4765

MEMBER:
COMMITTEE ON GOVERNMENT OPERATIONS
COMMITTEE ON
MERCHANT MARINE AND FISHERIES

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 26, 1976

Honorable Ray J. Madden
Chairman, Rules Committee
H-313 Capitol
Washington, D. C.

Dear Mr. Chairman:

We wish to indicate our strong support for the granting of a rule for floor consideration of H.R. 6218, the Outer Continental Shelf Lands Act Amendment of 1976.

Since this is an extremely complex piece of legislation, we greatly appreciate the delay allowed by the Rules Committee to enable Members of the House to thoroughly acquaint themselves with its provisions. Now, however, we feel that the best interests of the country would be served by bringing the measure to the floor for consideration as soon as possible after the Memorial Day Recess. The Ad Hoc Select Committee has invested an enormous amount of time and effort in drafting this bill, and, while we do have strong reservations about some of its present provisions, we are hopeful that the House will be able to produce a workable piece of legislation through floor action.

Accordingly, therefore, we would like to urge the members of the Rules Committee to grant a rule allowing the bill to come before the full membership of the House of Representatives for debate and vote.

Sincerely,

Hamilton Fish, Jr., MC

Edwin B. Forsythe, MC

Pierre S. du Pont, MC

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 26 1976

Dear Senator Jackson:

The Congress is now considering final action on S. 521, amendments to the Outer Continental Shelf Lands Act, which was passed by the Senate and amended by the House of Representatives. I wish again to emphasize the Administration's strong opposition to provisions of these bills. We have objected consistently to these provisions in our formal reports and testimony, in repeated letters, and in many staff conversations. In addition, we have supplied detailed amendments with an indication of which ones we considered to be essential. Unfortunately, most essential amendments have not been adopted, and as a result I must again register the Administration's strong opposition to passage of the bills as now written.

The Senate version is objectionable to the Administration in almost every section. Its deficiencies are so many and so serious that only complete revision would make it acceptable. The House amendment, while omitting certain provisions of the Senate version, contains a number of provisions which would be wasteful, unwise and disruptive of orderly and balanced development of the nation's offshore oil and gas resources. These provisions would extend the period of time from initial leasing until production thereby delaying the availability of oil and natural gas as well as significantly reducing the value of revenues to the Federal government.

These House provisions include the following:

1. Development plan disapproval and lease cancellation provisions which rule out any consideration of the advantages of continued operation.

2. Bidding system experimentation requirements rigidly set at excessive and costly levels and including a one-house approval procedure which would infringe on the Constitutional responsibilities of the Executive Branch.

3. State information requirements which ignore considerations of availability, relevance, and damage to competitive position.

4. Joint leasing with States of Federal lands, thereby overturning the basic jurisdictional tenets of the OCS Lands Act.

5. Alterations in health and safety regulation which fragment responsibility and require uneconomical over-regulation of industry.

6. Recommendations of Governors and Regional Advisory Boards are required to be accepted except when in conflict with national security or over-riding national interest.

7. Baseline and monitoring studies are shifted from Interior, where they are now managed to serve the priorities of the OCS leasing program, to the Department of Commerce.

8. Coast Guard marking of obstructions is made mandatory rather than discretionary as it is under present law.

9. Due diligence is required on all leases held by an applicant for award or extension of any single lease.

10. Citizen's suit provisions could offer opportunities for nuisance suits not possible under similar provisions in other Acts.

11. Mandatory on-structure stratigraphic testing before leasing in each frontier area.

12. Congressional review of rules and regulations which would permit a veto by either House--an unconstitutional infringement.

I will elaborate briefly on each of these provisions whose change is essential to achieving an acceptable bill.

1. The provisions for disapproval of development or cancellation of a lease permit consideration only of the advantages of such action, not of the disadvantages. This failure to permit the balancing of the gains and losses from cancellation or disapproval may force cancellation of leases even though countervailing advantages of continued operation make it clearly in the public interest not to do so. Furthermore, the provisions do not require that the hazards which justify disapproval of development or lease cancellation must have been unanticipated by the Secretary at the time the lease was issued.

2. The bill requires that one-third of all frontier acreage be devoted to new untested bidding systems unless one House of Congress approves a waiver. The Department of Justice has consistently found that such a procedure is an unconstitutional infringement of the responsibilities of the Executive Branch. Our analysis indicates that experimentation with new bidding systems can be extremely costly both to the government and to the energy-consuming public. We have no objections to being directed to conduct experiments as we have done in the past, but it would be irresponsible to devote more acreage to them than necessary to test the effectiveness of new systems. The requirement now in the bill goes far beyond what is

necessary and makes approval of a waiver by Congressional action very unlikely. The result could well be the needless loss of a substantial amount of public revenue and a substantial volume of oil and gas, and waste in the form of delays, inefficient exploration and development methods, and added administrative expense.

3. The bill sets up an impractical and unlimited requirement for provision to States of information which may be proprietary, regardless of consequences to companies which may be injured thereby. The Secretary must provide a State with "all information" concerning lands within three miles of the State, regardless of whether the information is relevant, whether the Secretary possesses it, or whether its provisions would be barred under confidentiality rules elsewhere in the bill. Furthermore, a State must be given access to privileged information gathered by companies regardless of the effect which the access would have on the competitive positions of these companies. Maintenance of proper incentives to explore adequately the OCS is totally dependent on proper protection of the legitimate proprietary interest of the companies doing and paying for the exploration. These provisions would seriously undermine those incentives, reduce competition, and hamper our learning about the presence and value of significant OCS oil and gas resources.

4. The bill permits States to become "joint lessor" with the Federal Government of the first three miles of Federal waters. The joint lease concept results in the States acquiring control over the leasing of those lands when it becomes joint lessor of them. This raises major problems in that it potentially upsets the basic division of Federal-State jurisdiction which was enacted in the original passage of the OCS Lands Act. The Administration has offered fully adequate substitute language which protects States from loss of revenue due to drainage of their lands by developments on adjacent Federal lands, but does not involve the troublesome concept of joint leasing.

5. The bill totally confuses the assignment of responsibility for regulation of safety and health by giving the same duties to two and sometimes three separate agencies. Further, it includes restrictive, unnecessary and unwise requirements on the degree of safety that must be included in new regulations and on use of the best available and safest technology.

6. The bill requires that recommendations made by Governors and Advisory Boards be accepted except when in conflict with national security or overriding national interest. This would place a burden upon the administration of the OCS leasing program which is inconsistent with the balanced objectives of the Act and could seriously hamper the achievement of the national benefits of developing this federally owned resource by making its management subservient to regional and local interests.

7. The transfer of responsibility for baseline and monitoring studies from Interior to Commerce (NOAA) would not significantly improve the scientific validity of these studies because NOAA currently provides advice concerning their design and helps in their conduct. It would, however, isolate control of the studies from decisions that must be made during the course of leasing and development.

8. Requiring marking of all obstructions to navigation on the OCS would result in an excessive deployment of navigational aids and marks which is costly and confusing to the navigator. The requirement would also expose the government to damage claims whereas the discretionary authority under present law does not.

9. The bill would condition the issuance or extension of a lease upon the applicant's due diligence on other leases. This provision will not add substantially to the requirements for due diligence on individual leases though it may create legal problems regarding the status of joint leases.

10. The citizen suits provisions, unlike those included in other Acts, grant standing to persons whose interests "can be" affected by administration of a government program. This could increase the number of nuisance suits which would unproductively burden both the courts and the Department.

11. By requiring that permits for on-structure stratigraphic drilling be offered before sale of leases, the bill would increase pressures for government exploration to be conducted before the sale in those cases in which oil was found. Such a program would be unnecessarily costly and disruptive and would unnecessarily inject the federal government into a basic industrial role.

12. The congressional review of rules and regulations would effectively permit either House of Congress to veto regulations issued under the Act. This is similar to provisions in other legislation which the executive branch has opposed because the Department of Justice has consistently found that they infringe on the Constitutional responsibilities of the executive branch. Such provisions are contrary to the concept of separation of powers embodied in Article I, section 7 of the Constitution.

The specific elements of our objections to the bills are well known to the Congress, and have been provided in detail in writing. In particular the Administration's position on H.R. 6218 as reported by the Ad Hoc Committee on the Outer Continental Shelf was indicated on May 11, 1976, in a package of 39 suggested amendments, 19 of which were listed as critical. The objections raised above cover individually or in groups those 14 of the 19 critical amendments which were not adopted by the House, plus our concern with the added provisions for Congressional review of regulations. I am enclosing an update of our May 11th package of proposed

amendments which further details our concerns with and recommended improvements to S. 521 as passed by the House and also includes 8 of the 20 non-critical amendments that have not been accepted. Our position has been and remains that the bills are unacceptable without substantial change along the lines we have urged.

In addition to the OCS Lands Act amendments discussed above, the Administration is still concerned about the oil spill liability provisions of Title III and has expressed its views both in connection with this OCS legislation and separate liability measures, including H.R. 9294 and S. 2162, the Administration proposals. As passed by the House, S. 521 requires unlimited liability for the clean-up costs incurred when oil is spilled from an off-shore facility or vessel. This places an undue burden and an uninsurable risk on the facility or vessel owner. This burden is especially heavy on smaller companies and is therefore anti-competitive. As an alternative, the Administration would support a limitation on liability for clean-up costs and damages similar to that provided by H.R. 14862, the "Comprehensive Oil Pollution Liability and Compensation Act of 1976," which has been reported by the House Merchant Marine and Fisheries Committee.

I would like to emphasize, as I have done repeatedly on earlier occasions, that the law under which OCS leasing now takes place is a fundamentally sound one and the program is operating effectively, efficiently and in the public interest. Some changes were made prior to current Congressional consideration and in addition some suggestions which have been made during the Congressional consideration of this subject have also been adopted by the Department and the Administration. We are willing to support acceptable legislation on these. The Administration remains open to suggestion for improvement but we cannot responsibly accept the serious disruptions to the leasing program which would further defer domestic energy sufficiency and which would occur if these bills as now written become law.

The Office of Management and Budget has advised that there is no objection to the submission of this report and that enactment of either bill in its present form would not be in accord with the program of the President.

Sincerely,

/s/ Thomas S. Kleppe
Secretary of the Interior

The Honorable Henry M. Jackson
Chairman, Senate Committee on
Interior & Insular Affairs
Washington, D.C. 20510

PPA:HRoss:da 8/25/76 bcc: Secy. A/S--EM A/S--LMR A/S--CL Sol
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