Pres. chron

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

August 2, 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR DICK CHENEY

FROM: FRANK G. ZARB

The attached is intended simply to give the President a general briefing on energy events of recent days and alert him to the kinds of decisions we will be asking for upon his return.

We have tentative time on his schedule for Thursday, August 7 and Saturday, August 9. This memorandum does not request any decisions.

Don't forget to bring me back a good bottle of Romanian wine.

Your friend,

Fred

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

August 2, 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB

THROUGH: ROGERS C.B. MORTON

SUBJECT: STRATEGY ON DECONTROL

BACKGROUND

Last week the House rejected both the Krueger and Eckhardt pricing provisions and left H.R. 7014 without any decontrol program. This week, the House passed the Staggers amendment. This provision rolls back the price of new and released oil to $7.50 per barrel, but provides that "high cost" oil can sell for as much as $10.00 per barrel. Old oil prices will remain at $5.25 per barrel. The amount of old oil under controls would only decline as old oil reservoirs are depleted, which could take ten years or more.

The House then defeated your 39-month decontrol compromise program by a vote of 228 to 189. Then the House passed S. 1849, a simple 6-month extension, by a vote of 303 to 117. The House recessed when they were about to reconsider the Staggers amendment and before any final vote on H.R. 7014, leaving the issues unresolved.

While it is possible that the 6-month extension will be on your desk shortly, Senator Mansfield has indicated that it will not be delivered until the end of August so Congress can act quickly on the veto override. If you choose not to sign the extension, the EPAA will expire on Sunday, August 31, 1975. Congress will not be able to act on the veto until it returns at noon, Wednesday, September 3.

In addition to these events, the OPEC meeting on pricing policies is scheduled for September 4, and in all likelihood will result in a price increase of $1.00 to $2.00 per barrel.

This memorandum does not request any decisions at this time but puts forward the considerations for your next actions on energy during the month of August and early September.

STRATEGY ON DECONTROL VETO

There are several key decisions which will be required on your action on the simple 6-month extension of the EPAA. The most obvious issue is the basic question of vetoing the extension. Clearly the Congress has demonstrated an inability to come to grips with this issue. Our latest compromise met all of their substantive objections. Their disapproval was strictly on political grounds. They recognize it, the press recognizes it and so does the public. To accept the 6-month extension is to give up your leadership role in energy and also forego any real ability to use the price mechanism for conservation.

In view of your veto, there are several actions which must be taken in any event. These include:

- Removal of the $2.00 and $.60 per barrel import fees on crude and products respectively. This will alleviate any economic impact of sudden decontrol. Tab A contains Alan Greenspan's analysis of this issue.

- Aggressive support for rapid enactment of a windfall profits tax and consumer rebates.

- Voluntary jawboning of industry to assure that the transition is as smooth as possible.

In addition to these actions, there are several reasons to consider further attempts at legislative compromise with the Congress. These include:

- The political value of having the ball back in the Congress' court after complete decontrol.

- Unavoidable petroleum problems in the absence of controls, such as with propane.

- Asking for some authorities may help sustain the veto override.

There are several alternative authorities which we are evaluating for possible legislative submission in early September. They include combinations of the following elements:

- Legislation which would merely convert EPAA from mandatory to standby basis.

- Limited new authorities to deal only with identified problems such as propane or independent marketers.

- Integrating selected petroleum authorities with standby emergency authorities needed to deal with the natural gas shortage.

- Legislation to implement the 39-month decontrol plan.

Timing of the announcement of any of these authorities is critical vis-a-vis the vote to override the veto in early September. There are two points of view on this issue. First, proposing new legislation before the vote could weaken our chances, if the problems are highlighted or overplayed, or if what we request is very close to a simple extension. It will also be more difficult for the public to understand what we really want. On the other hand, asking for new authorities may help the veto vote by allaying the fears of special interest groups such as farmers, propane users, or independent marketers.

In the event the veto is overridden, there are several administrative options which are now being developed to move towards decontrol without submitting another plan to Congress. Included in our evaluations are:

- Implementing a cap.

- Issuing regulations to take account of declining production in old fields.

- Raising the price of old oil.

- Exempting secondary and/or tertiary recovery from price controls.

TIMING OF KEY EVENTS IN AUGUST

A veto message probably will be required in late August or early September on S. 1849 in view of Mike Mansfield's comments.

There is the possibility of an earlier Presidential address to gain grass roots support while the Congress is home, but it may lose its impact by the end of August. However, an early address would allow Administration spokesmen to use the time during August to present your case to the Country.

Finally, a Presidential T.V. address could be considered in late August or early September. If done before Congress returns, it could not second guess the veto outcome but would be helpful in sustaining the veto. If done after the vote, it could come forward with next steps based on the veto outcome and the result of the next OPEC price meeting.

FOCUS OF PRESIDENTIAL ADDRESS

There are two alternatives for the focus of a Presidential T.V. address:

- Just on the issue of Congressional inaction and decontrol.
- A much broader energy policy speech which would include decontrol, but also the following major policy issues now under review.
  - the decision on the Energy Resources Finance Corporation (ERFCO)
  - implementation of the synthetic fuels goal
  - a much expanded voluntary energy conservation effort
  - a comprehensive plan for dealing with the winter natural gas shortage
  - next steps on petroleum allocation and pricing.

The more narrow address could be given before the veto vote and the broader statement made in response to the vote and the OPEC price increase.

NEXT STEPS

When you return, your advisors have scheduled two meetings, next Thursday and Saturday and options papers are now being prepared for you in the following areas:

- Veto of EPAA.
  - timing for reaffirmation of veto action
  - removal of import fees
  - timing of T.V. address
  - submittal of modified legislation
- Natural Gas Contingency Plan.
- ERFCO alternatives.
- Expanded voluntary energy conservation initiatives.

TAB A

DRAFT

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 1, 1975

MEMORANDUM FOR THE PRESIDENT

Subject: The Economic Effects of Immediate Decontrol

Summary

The termination of the Emergency Petroleum Allocation Act on August 31 will immediately free the oil industry from price and a number of other controls. The price rise for gasoline and other petroleum products would have a significant one-shot inflationary impact on the economy and, if not countered, a dampening effect on recovery. However, the effects on the economy as a whole can be contained to very modest proportions if the President chooses to drop the $2 import fee on crude oil and the 60 cent import fee on petroleum products.

Immediate decontrol with the offset of the removal of the tariffs would cause gasoline prices to rise by about 5 cents a gallon and, very probably, less. As a result of the very rapid rise in gasoline prices during the past 4 months (up 7 cents a gallon), market forces are likely to hold any further rise resulting from decontrol to moderate dimensions. Since depressed European refineries can deliver gasoline in the U.S. about 6 cents above current levels, any sharp rise in gasoline prices would be aborted by shipments from abroad. (As European refinery operations recover to higher levels of capacity such product imports into the United States would, of course, fall.) Since most residual fuel oil is imported, prices are already at world market levels and so might even decline with the removal of the tariff. Hence fuel costs for utilities and a major portion of industry would change little as a result of decontrol.

It is clear that the major problems stemming from the ending of the EPAA will be political as distinct from economic. One of the major advantages of the elimination of the two-tier crude oil price system, the allocation program and the other regulatory paraphernalia would be the restoration of a far more efficient oil production and marketing vehicle to assist the consumer. However, the very process of unwinding the

controls will remove the protection currently enjoyed by various inefficient refiners and distributors and the subsidies granted to certain consuming groups such as small users of propane. A series of temporary legislative initiatives to assist in the transition to free markets may have to be proposed to soften the impact on some small, but politically vocal, sectors of industry.

While there is no way to guarantee a smooth, disruption free transition to free markets, the major problem areas are a very small part of the total picture and these can be handled with either specific legislation or other techniques.

Efforts to mitigate the impact of immediate decontrol could be complicated by another OPEC price increase, especially if it exceeded $1.50 a barrel. This problem would, of course have emerged whether or not we moved to immediate decontrol. Although immediate decontrol and a dropping of the tariff would have only a relatively small effect upon our economy, the combination of decontrol and an OPEC price increase could have substantial effects and will require a fiscal program of recycling revenues to consumers. (Although it would not be needed on economic grounds, a recycling of windfall profits taxes to consumers would probably be politically desirable even without an OPEC price increase.)

A summary of our analysis of the macroeconomic impact of decontrol and an OPEC price increase are shown in Tab A. Tab B examines the major individual structural problems which must be addressed as a consequence of an immediate ending of the entitlement, allocation and other control apparatus which will expire with the termination of the EPPA.

Alan Greenspan

MACROECONOMIC EFFECTS OF OIL DECONTROL AND OPEC PRICE INCREASES

Increases in oil prices can lead to a contraction of economic activity. Consumers will tend to use an increased share of their purchasing power to purchase oil and hence have to reduce their purchases of other goods. This effect is, of course, to some extent offset by the increased spending of those receiving larger incomes -- oil producers and OPEC nations. But the latter positive spending effects tend to be much smaller than the contractionary effects resulting from lower consumer incomes. For example, the OPEC countries have tended to boost their imports from us by much less than their higher oil receipts.

In addition to contractionary income effects, higher price levels directly reduce the real value of the money supply. This tends to raise interest rates and reduce spending on interest sensitive components of GNP such as housing and business fixed investment.

The table below estimates the effects of immediate oil decontrol (with tariff removed) and a $2.00 per barrel OPEC price increase (effective October 1, 1975) on inflation and on the level of economic activity. No windfall profits tax or consumer rebates are assumed.

Effects of Energy Alternatives After Four Quarters
(i.e. through 3Q,1976)

	Decontrol and Removal of Tariff (Range)	Decontrol, Removal of Tariff, and $2.00 OPEC Price Increase (Range)
Real GNP (%)	-0.4 to -0.6	-1.1 to -1.5
Unemployment rate	0.1 to 0.2	0.3 to 0.5
GNP Deflator (%)	0.5 to 0.6	1.4 to 1.6
CPI (%)	0.3 to 0.4	1.1 to 1.2

GASOLINE RETAILERS

--There can be tremendous competitive pressures in the gasoline retailing sector, between company owned stations, nonbranded independents and branded independents. These pressures have generally been stabilized by the existing allocation system.

--Independent gasoline retailers branded or nonbranded will be eliminated from the market. While their numbers may be small in the aggregate, the pleas of these small businessmen will be very vocal.

--While shortages or significant loss of competition will not result, there will be major political backlash as the "majors" increase their share of the market. Further, it was the independent sector which was largely responsible for enactment of allocation authorities prior to the Arab embargo.

INEFFICIENT REFINERS

--Many small, very inefficient refiners have survived solely owing to the FEA allocation and entitlements programs.

--Their disappearance will not measurably impact our domestic refinery capacity, but they may have obvious local effects and can generate significant political support for their survival.

AIRLINES

--At least two airlines may fail financially during the next year (Pan Am and TWA). Although decontrol will raise prices and somewhat worsen the situation, it will likely be blamed for the total situation.

MISCELLANEOUS

--In addition to the above situation, the rapid price increases are likely to put some pressure on a number of individual companies such as asphalt paving contractors on fixed price contracts.

TAB B

MICRO IMPACTS OF IMMEDIATE DECONTROL

In addition to the macroeconomic impacts of petroleum price rises, there are a number of other micro effects which are likely to result.

In general, the petroleum industry, like most others, is a dynamic one with many entrees and failures at any time. However, the maintenance of price and allocation controls for several years has generally frozen distribution patterns, protected certain fuels from otherwise existent pressures and maintained marginal operations. While it may be true that many of the changes which occur with the expiration of the Act would have occurred anyway, the adjustments in the short term will be concentrated and will seem disruptive. These effects are summarized below:

PROPANE

--Propane is a ready substitute for natural gas. In the years since the start of the allocation program the traditional propane users -- home heating and agriculture -- have been protected from the potential demands of the growing number of industrial users experiencing natural gas curtailments.

--Big industrial users of propane or gas that are facing gas curtailments could use all available propane supplies. These users, which include electric and gas utilities, major auto manufacturers, SNG plants, and large industrial boilers can greatly influence the economics and availability of propane.

--Without the allocation program, these users will begin to enter the market in large numbers and put pressure on existing users.

--The impact will first show up as significant price increases. The loss might ultimately show up in the sheer unavailability of propane to historical customers.

--These historical users (rural residences and farmers) are some of the more politically sensitive energy users.

The table indicates that energy developments are likely to increase the price level and have a contractionary effect on economic activity. It is important to note, however, that the effects of decontrol by itself (coupled with the removal of the tariff) are much smaller than the effects in combination with a $2.00 OPEC price increase. Decontrol, by itself, can be expected to reduce real GNP by only about one-half of one percent after one year, while the addition of an OPEC price increase may reduce GNP by 1.1 to 1.5 percent.

However, policies can be constructed to restore consumer purchasing power and fully offset the contractionary effects of oil price increases. These would involve rebates to consumers of receipts from a windfall profits tax, a possible further tax cut in the event of an OPEC price increase, and some monetary policy accommodation.

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

August 2, 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR DICK CHENEY

FROM: FRANK G. ZARB

The attached is intended simply to give the President a general briefing on energy events of recent days and alert him to the kinds of decisions we will be asking for upon his return.

We have tentative time on his schedule for Thursday, August 7 and Saturday, August 9. This memorandum does not request any decisions.

Don't forget to bring me back a good bottle of Romanian wine.

Your friend,

Fred

- Integrating selected petroleum authorities with standby emergency authorities needed to deal with the natural gas shortage.

- Legislation to implement the 39-month decontrol plan.

Timing of the announcement of any of these authorities is critical vis-a-vis the vote to override the veto in early September. There are two points of view on this issue. First, proposing new legislation before the vote could weaken our chances, if the problems are highlighted or overplayed, or if what we request is very close to a simple extension. It will also be more difficult for the public to understand what we really want. On the other hand, asking for new authorities may help the veto vote by allaying the fears of special interest groups such as farmers, propane users, or independent marketers.

In the event the veto is overridden, there are several administrative options which are now being developed to move towards decontrol without submitting another plan to Congress. Included in our evaluations are:

- Implementing a cap.

- Issuing regulations to take account of declining production in old fields.

- Raising the price of old oil.

- Exempting secondary and/or tertiary recovery from price controls.

TIMING OF KEY EVENTS IN AUGUST

A veto message probably will be required in late August or early September on S. 1849 in view of Mike Mansfield's comments.

There is the possibility of an earlier Presidential address to gain grass roots support while the Congress is home, but it may lose its impact by the end of August. However, an early address would allow Administration spokesmen to use the time during August to present your case to the Country.

Finally, a Presidential T.V. address could be considered in late August or early September. If done before Congress returns, it could not second guess the veto outcome but would be helpful in sustaining the veto. If done after the vote, it could come forward with next steps based on the veto outcome and the result of the next OPEC price meeting.

FOCUS OF PRESIDENTIAL ADDRESS

There are two alternatives for the focus of a Presidential T.V. address:

- Just on the issue of Congressional inaction and decontrol.

- A much broader energy policy speech which would include decontrol, but also the following major policy issues now under review.

  - the decision on the Energy Resources Finance Corporation (ERFCO)

  - implementation of the synthetic fuels goal

  - a much expanded voluntary energy conservation effort

  - a comprehensive plan for dealing with the winter natural gas shortage

  - next steps on petroleum allocation and pricing.

The more narrow address could be given before the veto vote and the broader statement made in response to the vote and the OPEC price increase.

NEXT STEPS

When you return, your advisors have scheduled two meetings, next Thursday and Saturday and options papers are now being prepared for you in the following areas:

- Veto of EPAA.

  - timing for reaffirmation of veto action

  - removal of import fees

  - timing of T.V. address

  - submittal of modified legislation

- Natural Gas Contingency Plan.

- ERFCO alternatives.

- Expanded voluntary energy conservation initiatives.

8/6 - given to Staff Sec. to return to policy

Revised:SMinihan:ec:x8241:rm 3309
Retyped:AE:8/6/75:x8241:rm 3309

AUG 4 1975

MEMORANDUM FOR THE PRESIDENT

FROM: Frank G. Zarb /s/

THROUGH: Rogers C.B. Morton

SUBJECT: Biweekly Status Report

Legislative Status

On July 30, the House agreed to H. Res. 641, the bill disapproving the President's 39 month decontrol plan by a margin of 228-189. This action blocks the implementation of the proposal.

Also on July 30, the House adopted the Staggers/Eckardt amendment on crude oil pricing during consideration of Title III of HR. 7014, the omnibus energy plan submitted by the House Interstate and Foreign Commerce Committee. This proposal sets three ceiling prices for domestic crude production. Old oil is held at $5.25. New oil is fixed at $7.50 and "high cost" oil is priced at $10.

During the Senate Finance Committee's consideration of HR. 6860, the Ways and Means energy tax bill, the Committee reported a windfall tax/plowback measure coupled with a consumer rebate system in anticipation of the expiration of price controls.

On July 29, the Senate passed S. 2173, Naval Petroleum Reserves legislation, by a margin of 93-2.

On July 30, the Senate passed S. 521, legislation to provide for the management of the Outer Continental Shelf, by a margin of 67 to 19. A floor amendment was adopted which authorizes the Secretary of Interior to conduct exploratory drilling for national security or environmental reasons or in order to speed development of the OCS.

Rathbun (2)
Dwyer

Chron
Zarb sign.

On July 31, the House passed the bill, S. 1849, extending the Emergency Petroleum Allocation Act and ESECA authorities by a margin of 303-117.

On July 31, the Senate passed S. 391, Federal Coal Leasing Act Amendments by a margin of 84 to 12. Title II of this bill includes various provisions of the vetoed surface mining bill, HR. 25.

Status of Million Barrel Savings Program

Details on imports, apparent demand, prices and crude oil production are presented in Tab C. The following points are significant:

- FEA's figure for June imports of crude oil and petroleum products of 5.57 million barrels per day is considerably higher than the Census figure of 3.94 million. Census oil import figures, based on Customs documents, have been quite volatile since January as the announcements of the imposition of import fees on crude oil and petroleum products alternately speeded up and slowed down the filing of import declarations. According to FEA data, Bureau of Mines data and API data, however, actual deliveries of oil have not varied significantly from month to month.

- If FEA's oil import data had been used, the record-breaking balance of trade surplus of $1.7 billion in June would have been reduced to $1.2 billion while the much lower surplus in April of $0.6 billion would have been raised to $1.1 billion.

- Gasoline demand for the 4 weeks ending July 18, including the Independence Day weekend, averaged 7.12 million barrels per day, only 1.1 percent higher than the same period in 1973. Gasoline inventories rose 3 million barrels to 199.6 million barrels.

- Domestic crude oil production for the 4-week period averaged 8.38 million barrels per day, 5.9 percent below the same period last year.

TAB A

Action on Energy Legislation

Action on Energy Legislation

Congressional Action

- The Staggers/Eckhardt amendment to Title III of HR. 7014 on crude oil pricing holds old oil (with no decline rate included) at $4.25. The President can raise that $5.25 price, if he produces a series of findings to the Congress for its approval under Section 751 of HR 7014. New oil is fixed at $7.50. "High cost" oil is priced at $10. After 45 months, the $7.50 price is increased by an inflation factor of 0.67 percent per month compounded. The $10 price is similarly increased by the same percentage after the eighty-eighth month. No windfall tax provision is included.

- The Senate Finance Committee's windfall tax/plowback amendment to HR 6860, the Ways and Means energy tax bill, would tax 90 percent of any price increase above $5.25 but permit a 25 percent plowback to the producer if the firm reinvested 40 percent of the $5.25 base price. The producer would be taxed 90 percent of any price above $11.50 a barrel for new oil, but could avoid 25 percent of that tax by reinvestment. These taxes would expire after 67 months, and both the $5.25 and $11.50 base prices would be increased by about 5 cents a month to account for inflation.

- On July 31, the House passed the bill, S. 1849, extending the Emergency Petroleum Allocation Act and ESECA authorities by a margin of 303-117.

- On July 30, the Senate passed S. 521, legislation to provide for the management of the Outer Continental Shelf, by a margin of 67 to 19. A floor amendment was adopted which authorizes the Secretary of Interior to conduct exploratory drilling for national security or environmental reasons or in order to speed development of the resource.

- On July 31, the Senate passed S. 391, Federal Coal Leasing Act Amendments by a margin of 84 to 12. Title II of this bill includes various provisions of the vetoed surface mining bill, HR. 25.

- On July 21, the President vetoed the Petroleum Products Conference Report, HR. 4035/S. 621. The Conference Report was recommitted to the House Interstate and Foreign Commerce Committee, apparently due to the leadership's lack of votes to override the veto.

- On July 29, the Senate passed S. 2173, Naval Petroleum Reserves legislation, by a margin of 93-2.

- On July 22, the House agreed to H. Res. 605, disapproving of the President's initial decontrol plan by a vote of 262-167. The President's compromise decontrol plan was submitted to Congress on July 25 and subsequently rejected by a House vote on the disapproval resoultion, H. Res. 641, on July 30 by a margin of 228-189.

- During the weeks of July 21 and 28, the Senate Banking, Housing and Urban Affairs Committee held markup sessions on legislation providing for energy conservation standards in the building industry, S. 2063 and Title III of S. 1483. On July 22, the House Banking, Currency and Housing Committee reported the bill, HR 8650, legislation to assist low income persons in insulating homes, to facilitate state and local adoption of energy conservation standards and to authorize research by HUD to develop energy conservation standards. The legislation is pending on the Union Calendar.

- The Senate Government Operations Committee issued a report entitled "Federal Preparedness to Deal with the Natural Gas Shortages This Coming Winter."

- The Senate Budget Committee resumed hearings on the economic impact of recent developments in the energy field during the weeks of July 21 and 28.

- The Senate Interior and Insular Affairs Committee resumed hearings on S. 740, a bill to establish a National Energy Production Board on July 21. Since the beginning of the Committee's hearings on S. 740, all of the witnesses, both Administration and those representing private interests, have generally opposed this legislation.

- The Subcommittee on Energy and the Environment of the House Interior and Insular Affairs Committee held a series of hearings during the week of July 21 on the international proliferation of nuclear technology.

- The House Interior and Insular Affairs Committee continued its hearings on coal slurry pipeline legislation, HR. 1863, on July 25. The Committee also began markup of HR. 6721, Federal Coal Leasing Act Amendments on July 30.

- The Subcommittee on Oversight and Investigations of the House Interstate and Foreign Commerce Committee continued hearings on natural gas supplies during the week of July 21. On July 28, the Subcommittee on Energy and Power of that Committee held a hearing on the President's second decontrol plan.

- The Subcommittee on Monopolies and Commercial Law of the House Judiciary Committee held a hearing on July 24 regarding July 1975 gasoline price increases and a hearing on July 30 on the investigation of the energy industry by the Department of Justice and the Federal Trade Commission.

- During the week of July 28, the House Science and Technology Committee held a hearing to consider HR. 8800, Electric Vehicle Research, Development and Demonstration Act of 1975. The Subcommittee on Energy Research, Development and Demonstration (fossil fuels) of that Committee held a series of hearings on coal combustion research, development and demonstration for utility powerplants and industrial uses.

- Subcommittee on SBA and SBIC Legislation of the House Small Business Committee held a series of hearings on HR. 8117, Small Business Petroleum and Petrochemical Marketers Protection Act of 1975 during the week of July 21.

PROGRESS OF ENERGY LEGISLATION: July 21 - August 1

ADMINISTRATION BILL OR COMPONENT	ADMINISTRATION ACTION	CONGRESSIONAL ACTION — HOUSE	CONGRESSIONAL ACTION — SENATE	SIGNIFICANT CONGRESSIONAL ACTION
A. OMNIBUS ENERGY BILL (HR 2633, HR 2650, S 594) Title I - Naval Petroleum Reserve Development/Military Strategic Reserve Title II - National Strategic Petroleum Reserve		On July 9, the House passed HR 49, a bill to transfer the management of the Naval Petroleum Reserves to the Department of Interior, by a margin of 391-20. Passage of the legislation came after the House defeated the Armed Services Committee effort to retain military control over these reserves by a 102-305 vote.	On July 24, the Armed Services Committee ordered reported S 2173. On July 8, the Senate approved S 677, "Strategic Energy Reserves Act of 1975" unanimously. The bill has been jointly referred to the House Armed Services and House Interstate and Foreign Commerce Committees. Also see passage of S 2173.	On July 29, the Senate passed S 2173, Naval Petroleum Reserves legislation, by a margin of 93-2. Senator Jackson's amendment consisting of the text of S 677 was agreed to. A Conference Committee is expected to settle the differences between the House passed measure, HR 49 and S 2173. During this reporting period, the House continued debate on HR 7014, the omnibus energy plan submitted by the House Interstate and Foreign Commerce Committee. Title II, Part B, provides for a national civilian strategic petroleum reserve.
Title III - Natural Gas Amendment		Energy and Power Subcommittee of the Interstate and Foreign Commerce Committee has not scheduled hearings on natural gas legislation as of this date. During the week of July 21, the Subcommittee on Oversight and Investigations of the Interstate and Foreign Commerce Committee continued hearings on natural gas supplies.	On July 12, Commerce Committee reported the bill S 692.	Senate Floor consideration of S 692 is expected after the August Recess.

PROGRESS OF ENERGY LEGISLATION: July 21 - August 1

ADMINISTRATION BILL OR COMPONENT	ADMINISTRATION ACTION	CONGRESSIONAL ACTION: HOUSE	CONGRESSIONAL ACTION: SENATE	SIGNIFICANT CONGRESSIONAL ACTION
Title IV - Energy Supply and Environmental Coordination Act of 1974 Extension.	On July 21, the President vetoed the Conference Report on HR 4035/S 621. The report provided for an extension of ESECA authorities to December 31, 1975. This legislation however, contained many provisions objectionable to the Administration, including restrictions on the President's authority to decontrol old oil. The House recommitted the bill to the Interstate and Foreign Commerce Committee, as it was doubtful that the leadership had the votes to override the veto.	During the week of July 21, the Health and Environment Subcommittee of Interstate and Foreign Commerce Committee continued markup sessions on Clean Air Act Amendments. The Subcommittee completed markup of the civil penalties and modified emission fees provisions neared completion on coal conversion section.	During the week of July 21, the Subcommittee on Environmental Pollution of the Public Works Committee continued markup sessions on Clean Air Act Amendments. The Public Works Committee may hold markup sessions on S 1777, the National Petroleum and Natural Gas Conservation and Coal Substitution Act after the August Recess.	On July 15, the Senate passed S 1849 amended to extend ESECA authority (which lapsed June 30) to December 31, 1975. The House passed S. 1849 by a margin of 303 to 117. The bill has been sent to the White House for consideration. During this reporting period, the House continued debate on HR 7014, the omnibus energy plan submitted by the House Interstate and Foreign Commerce Committee. Title VI of HR 7014 includes coal conversion authority and extension.
Title V - Clean Air Amendments Title VI - Significant Deterioration	The Administration's proposed auto emissions standards legislation was introduced by Senators Baker and Randolph on July 29. The bill number is S. 2214.	During the week of July 21, the Health and Environment Subcommittee of Interstate and Foreign Commerce Committee continued markup sessions on Clean Air Act Amendments. The Subcommittee completed markup of the civil penalties and modified emission fees provisions neared completion on coal conversion section.	The Subcommittee on Environmental Pollution of the Public Works Committee continued markup sessions on Clean Air Act Amendments during the week of July 21. The Subcommittee has agreed to auto emission standards and adopted a significant deterioration proposal which eliminates Class III regions. The Public Works Committee may hold markup sessions on S 1777, the National Petroleum and Natural Gas Conservation and Coal Substitution Act after the August Recess.	During this reporting period, the House continued debate on HR 7014, the omnibus energy plan submitted by the House Interstate and Foreign Commerce Committee. Title V, Part V of the bill provides for automobile fuel economy and efficiency standards and Title VI includes coal conversion.

PROGRESS OF ENERGY LEGISLATION: July 21 - August 1

ADMINISTRATION BILL OR COMPONENT	ADMINISTRATION ACTION	CONGRESSIONAL ACTION: HOUSE	CONGRESSIONAL ACTION: SENATE	SIGNIFICANT CONGRESSIONAL ACTION
Title VII - Utilities Act of 1975	Administration witnesses are expected to appear before the Energy and Power Subcommittee of the House Interstate and Foreign Commerce Committee at a future date not yet scheduled by the Subcommittee. Administration witnesses testified before the Subcommittee on Reports, Accounting and Management of the Senate Government Operations Committee regardding the President's utilities' tax relief measure.	Energy and Power Subcommittee of Interstate and Foreign Commerce Committee is expected to hold hearings on utility legislation after the August Recess. The Subcommittee may combine Title VII and Title VIII in an omnibus utility bill. Administration witnesses are expected to testify in the future hearings.	The Government Operations Committee and the Commerce Committee are drafting legislation. Markup of such legislation is not expected until the Fall. In related action, on August 1, the Subcommittee on Reports, Accounting and Management of the Government Operations Committee held a hearing on the President's Labor-Management Committee recommendations regarding electric utilities. Administration witnesses testified.	
Title VIII - Energy Facilities Planning and Development (S 619)	Administration witnesses are expected to appear before the Energy and Power Subcommittee of House Interstate and Foreign Commerce Committee at a future date not yet scheduled by the Subcommittee. Administration witnesses testified before the Subcommittee on Reports, Accounting and Management of the Senate Government Operations Committee regarding the President's utilities' tax relief measure.	Energy and Power Subcommittee of Interstate and Foreign Commerce Committee is expected to hold hearings on this issue after the August Recess. The Subcommittee may combine Title VII and Title VIII in an omnibus utility bill. Administration witnesses are expected to testify in the future hearing. On July 15, the Interior and Insular Affairs Committee defeated the motion to report HR 3510, Land Use Legislation, by a vote of 23 to 19, 1 present.	Environment and Land Resources Subcommittee of the Interior and Insular Affairs Committee completed hearings on Title VIII and S 984, "Land Resources Planning Assistance Act," on May 2. The Committee plans to begin markup of S 984 in either September or October. In related action, on August 1, the Subcommittee on Reports, Accounting and Management of the Government Operations Committee held a hearing on the President's Labor-Management Committee recommendations regarding electric utilities. Administration witnesses testified.	

PROGRESS OF ENERGY LEGISLATION: July 21 - August 21

ADMINISTRATION BILL OR COMPONENT	ADMINISTRATION ACTION	CONGRESSIONAL ACTION		SIGNIFICANT CONGRESSIONAL ACTION
		HOUSE	SENATE	
Title IX - Energy Development Security			On April 10, the Senate passed S 622 which includes a provision prohibiting the use of certain authorities by the President for the purpose of establishing a floor price for imported petroleum.	During this reporting period, the House continued debate on HR 7014, the omnibus energy plan submitted by the House Interstate and Foreign Commerce Committee. Title II, Part A of HR 7014, precludes setting a price floor with any of allocation or pricing authorities in EPAA.
Title X - Building Energy Conservation Standards Title XI - Winterization Assistance (S 617)		On July 15, the Banking, Currency and Housing Committee reported out HR 8650, Energy Conservation Standards Act of 1975. The bill is pending Rules Committee action.	The Science and Technology Subcommittee of the Commerce Committee has concluded hearings on S 1392, "Energy Conservation and Buildings Demonstration Act of 1975," and S 1908, "Industrial Energy Conservation Act."	
Title XII - National Appliance and Motor Vehicle Energy Labeling		On July 14, the Interstate and Foreign Commerce Committee received the Senate passed bill, S 349, for consideration. The Committee has not scheduled any hearing on this measure as of yet.	On June 16, the Commerce Committee ordered reported the bill, S 349, "Truth in Energy Act of 1975."	During this reporting period, the House continued debate on HR 7014, the omnibus energy plan submitted by the House Interstate and Foreign Commerce Committee. Title V, Part A provides for Energy Efficiency standards for automobiles and Title V, Part B for other consumer products. In related action, the Senate, on July 15, passed the bill, S 1883, directing the Secretary of Transportation to establish and enforce mandatory fuel economy standards for new automobiles and light-duty trucks and to establish a research and development program leading to advanced automobile prototypes. On July 11, the Senate passed the bill, S 349. On July 14, the bill was referred to the House Interstate and Foreign Commerce Committee.

PROGRESS OF ENERGY LEGISLATION: July 21 - August 21

ADMINISTRATION BILL OR COMPONENT	ADMINISTRATION ACTION	CONGRESSIONAL ACTION		SIGNIFICANT CONGRESSIONAL ACTION
		HOUSE	SENATE	
Title XIII - Standby Authorities Act (S 620)			Interior and Insular Affairs reported S 622, Standby Authorities Legislation, on March 5. The report number is 94-26. On April 10, the Senate passed S 622 by a margin of 60-25.	During this reporting period, the House continued debate on HR 7014, the omnibus energy plan submitted by the House Interstate and Foreign Commerce Committee. Title II of HR 7014 includes Standby Authorities.
B. <u>OTHER BILLS - SUPPLY</u> Surface Mining Legislation (HR 3110, S 652)		On July 30, the Interior and Insular Affairs Committee began markup sessions on HR 6721, Federal Coal Leasing Act Amendments. An amendment to this bill incorporating various provisions of the vetoed bill, HR 25, is expected to be offered after the August Recess.	On July 17, the Interior and Insular Affairs Committee reported S 391, Federal Coal Leasing Act Amendments. This legislation includes various provisions of the vetoed bill, HR 25.	On July 31, the Senate passed S. 391 by a margin of 84 to 12.
Nuclear Licensing and Siting Bill (HR 7002, S 1717)		The <u>Joint Committee</u> on Atomic Energy is planning to continue its hearings on the Administrations's bill after the August Recess.		
Nuclear Insurance Bill	The Administration has submitted draft legislation to the Joint Committee on Atomic Energy. The draft bill extends the Price-Anderson Act to August 1, 1987, provides for a contingency fee method of phasing out Government indemnity and provides for a floating limit on liability above a floor value.	The <u>Joint Committee</u> on Atomic Energy is planning to hold hearings on the Administration's bill after the August Recess		

PROGRESS OF ENERGY LEGISLATION: July 21 - August 1

ADMINISTRATION BILL OR COMPONENT	ADMINISTRATION ACTION	CONGRESSIONAL ACTION		SIGNIFICANT CONGRESSIONAL ACTION
		HOUSE	SENATE	
C. <u>TAX PROPOSALS</u> Windfall Profits Tax Petroleum Excise Tax and Import Fee Natural Gas Excise Tax Uniform Investment Tax Credit Higher Investment Tax Credit Preferred Stock, Dividend Deductions Residential Conservation Tax Credit		The following are the components of the Ways and Means Committee energy plan, HR 6860: Title I: Import Treatment of Oil Title II: Other Energy Conservation Programs Title III: Energy Conservation and Conversion Trust Fund Title IV: Encouraging Business Conversion for Greater Energy Saving The Committee completed work on this bill on May 12.	During the weeks of July 21 and 28, the Senate Finance Committee held markup sessions on HR 6860. On July 30, the Finance Committee reported a windfall profits tax/plowback measure with a system of consumer rebates. An attempt to bring this measure up in the Senate was blocked just before the recess.	On June 19, the House passed HR 6860 by a margin of 291-130.

TAB B

<u>Progress Report on Administrative Actions Within the President's Energy Program</u>

Progress Report on Administrative Actions
Within the President's Energy Program
(Mid Term Programs)

Administrative Activity	Lead Agency	Status	Next Steps
1. OCS Leasing	DOI	Sale of second half of Central Gulf tract held July 29. S.586 Coastal Zone Management passed by Senate July 23, 1975. S.521 reported out of Senate Interior and Insular Affairs Committee.	Final rulemaking on ban on joint bidding by major oil companies to be issued in August. Call for nominations of the Cook Inlet sale to be published in Federal Register in August 1975.
2. Auto Emission Standards	EPA	Senate Public Works Subcommittee on Environmental Pollution voted on new auto emission standards on July 18 in connection with the mark up sessions on the Clean Air Act. The House Subcommittee on Public Health and Environment is continuing its mark up sessions.	Transmit legislation to Congress embodying President's position.
3. Auto Efficiency Agreements	DOT	House and Senate Commerce Committees have reported out legislation setting mandatory auto-emission standards. HR 6860, passed June 19, includes mandatory standards.	Voluntary agreements with major manufacturers to be negotiated once new emission standards are set.

Progress Report on Administrative Actions
Within the President's Energy Program
(Mid Term Programs)

Administrative Activity	Lead Agency	Status	Next Steps
4. Appliance Labeling/ Goals	Commerce/FEA	S.349 passed by Senate July 11, 1975. Action on Title V, Appliance and Auto Labeling and Standards expected after August recess.	Await Congressional action.
5. Emergency Storage	FEA	Technical, analytical and monitoring, and control proposals have been received and evaluated. Five contracts were awarded June 30.	First phase analysis to be completed by mid-October.

Progress Report on Administrative Actions Within the President's Energy Program (Near Term Program)

Administrative Activity	Lead Agency	Status	Next Steps
1. Crude Oil Decontrol	FEA	HR 4035 vetoed by the President. No action has been taken on veto override. President submitted compromise 39-month decontrol plan to Congress July 25, 1975.	
2. Home Winterization Assistance for Low Income People	FEA	HR 8650 will be voted on after the August recess. Senate version does not include weatherization provision. May be added when bill goes to conference.	Work is proceeding on providing technical assistance to the states.
3. Coal Conversion	FEA	Second-round survey of utilities being conducted in anticipation of new legislation granting authority to issue further prohibition orders.	Await Congressional action.
4. Import Fee Implementation	FEA	Additional $1 per barrel import fee became effective June 1.	Further action will depend on evolving a compromise on the overall energy program.

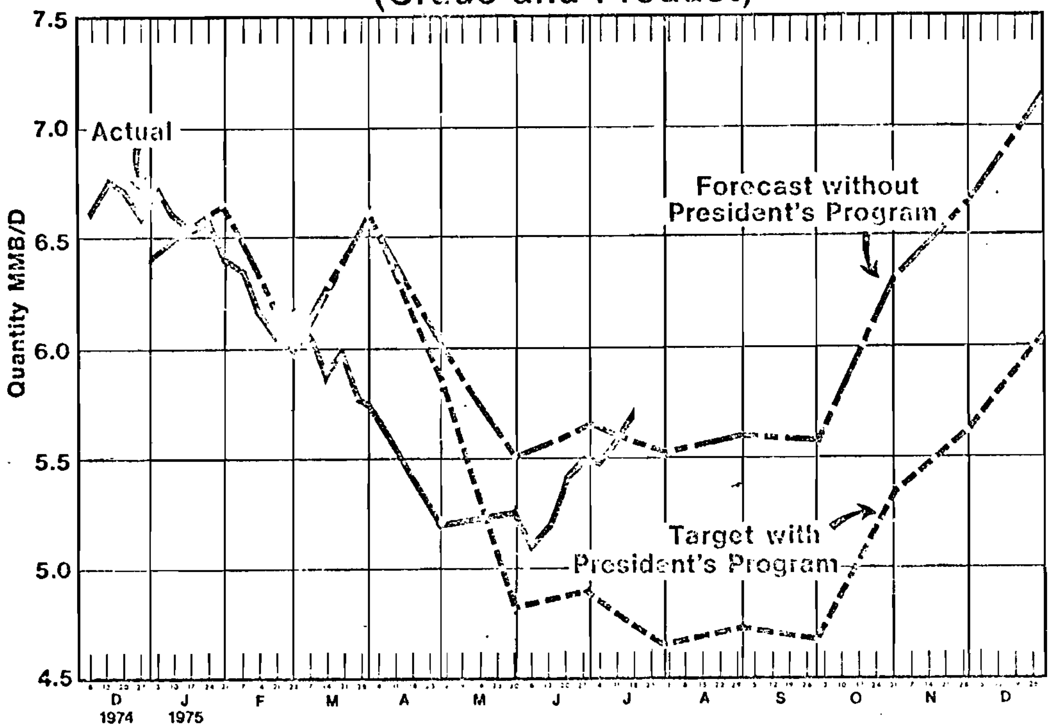
TAB C

<u>Progress in Meeting Goal of One Million Barrels</u>

<u>Savings in 1975</u>

Figure 1

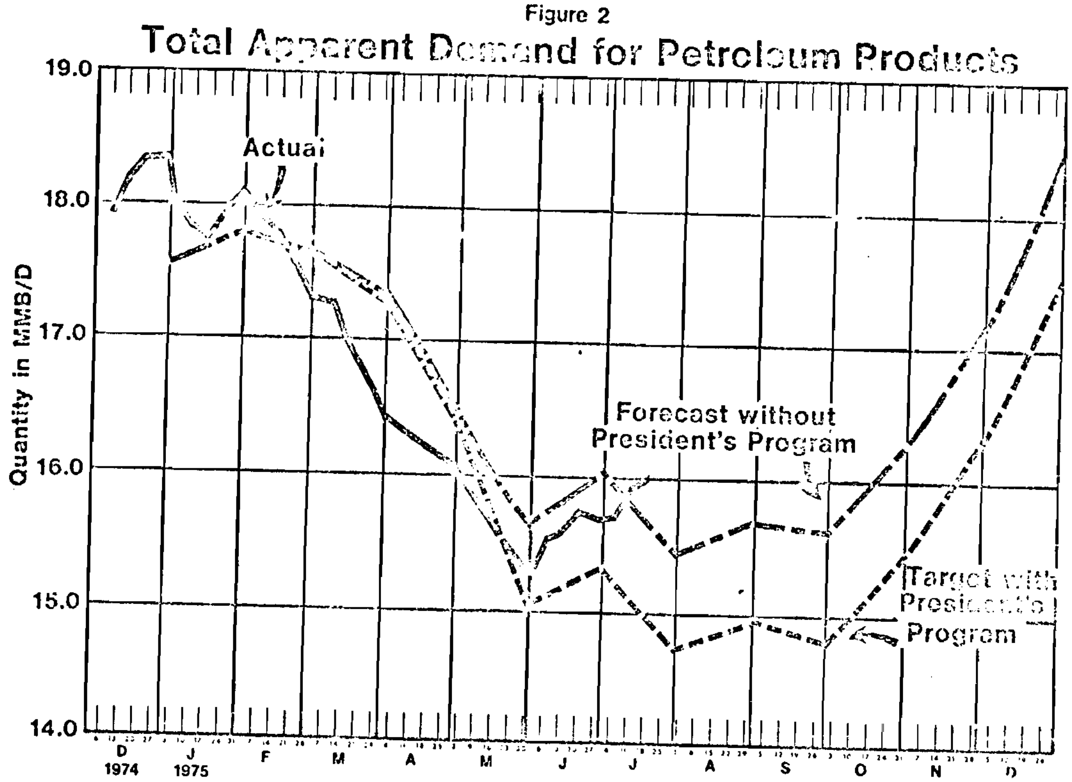
Total U.S. Petroleum Imports (Crude and Product)



o During the 4-week period ending on July 18, total imports increased 140,000 barrels per day to 5.73 million barrels per day. This was 150,000 barrels per day above the forecast but 530,000 below the same period last year.

o The estimate of $1.7 billion for the June balance of trade surplus, a record-breaker, is based in large part upon a sharp drop in oil imports as reported by Census on the basis of Customs documents. The Census average was 3.9 million barrels per day compared with FEA's figure of 5.6 million barrels per day. Census oil import figures have been quite volatile since January as the announcements of new $1 per barrel import fees alternately speeded up and slowed down the filing of import declarations, although, according to FEA data, Bureau of Mines data, and industry data, actual deliveries of oil have not varied very much from month to month. If FEA's import data had been used, the balance of trade surplus in April would have risen half a billion dollars from $0.6 billion to $1.1 billion, May would have been unchanged at $1.0 billion, and June would have decreased half a billion to $1.2 billion.

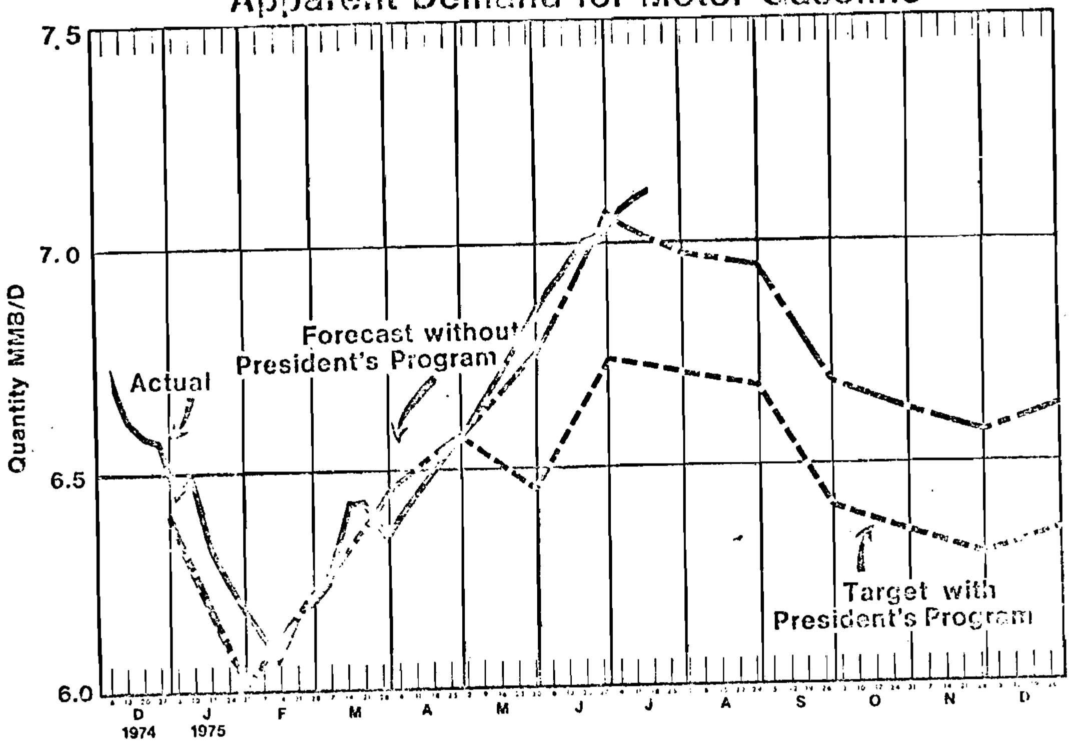
Figure 2



o Total apparent demand during the 4 weeks ending July 18 was 16.02 million barrels per day, 410,000 barrels per day above the forecast but 230,000 barrels per day below last year.

Figure 3

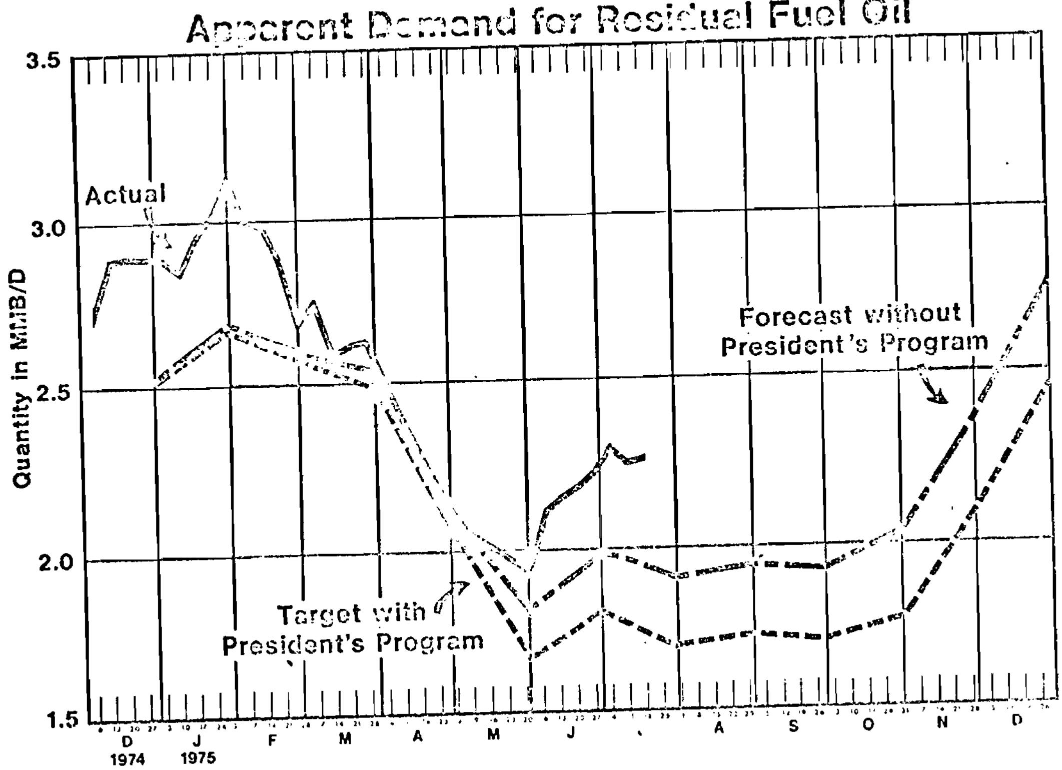
Apparent Demand for Motor Gasoline



- Apparent demand for motor gasoline in the 4 weeks ending July 18 (including the Independence Day weekend) averaged 7.12 million barrels per day, 140,000 above the forecast. Gasoline inventories increased by 3 million barrels to 199.6 million.

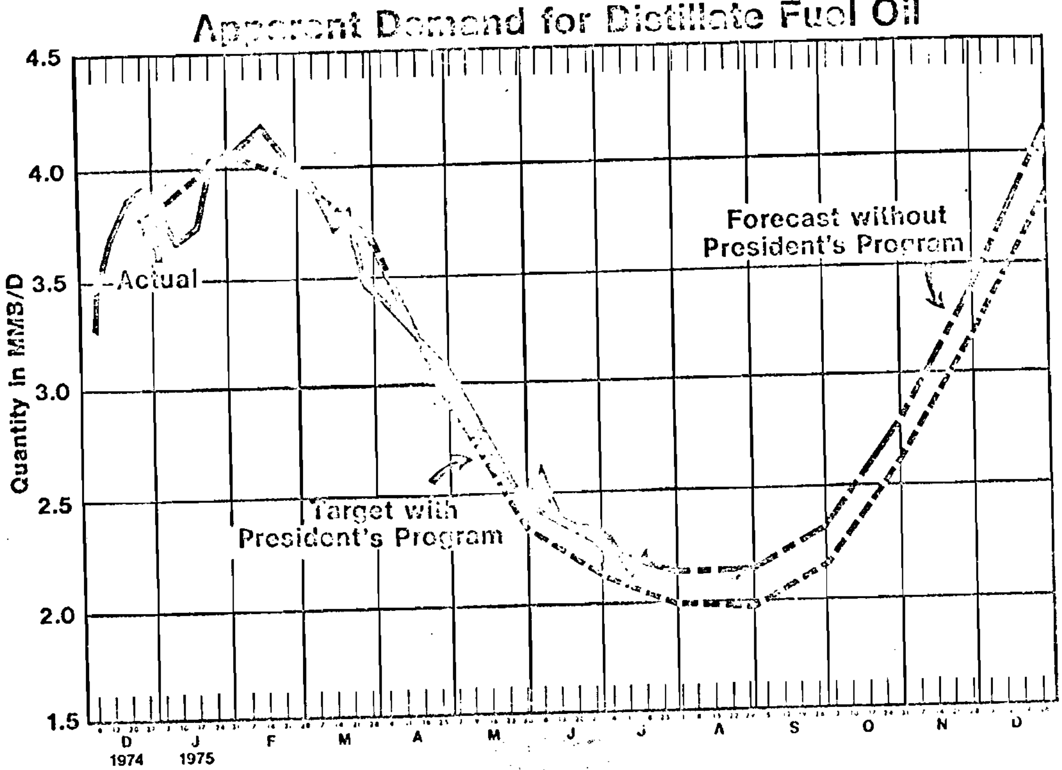
- It should be noted that demand for this period, which had been increasing 4.6 percent per year from 1968 to 1973, has remained about constant since 1973, when the 4-week average was 7.04 million barrels per day, 1.1 percent lower than now.

Figure 4



o For the 4 weeks ending July 18, apparent demand for residual fuel oil was 2.26 million barrels per day, 360,000 above the forecast, but 560,000 barrels per day below the same period last year.

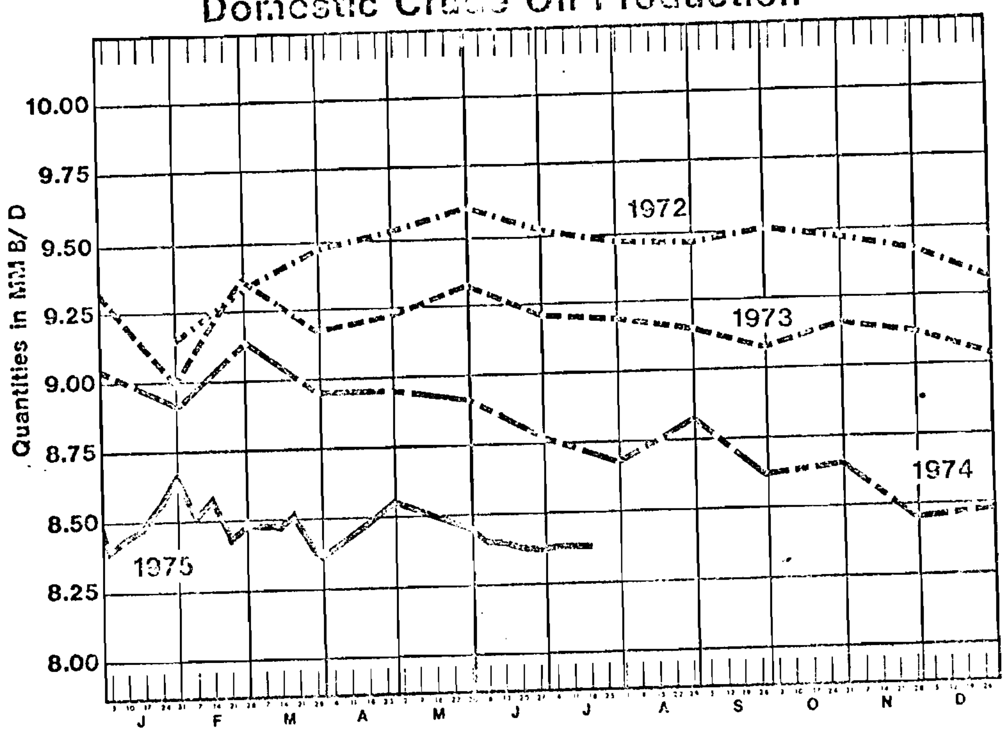
Figure 5



o Apparent demand for distillate fuel oil for the 4-week period ending July 18 was within the normal seasonal range at 2.24 million barrels per day. This was 90,000 barrels per day above the forecast, but 140,000 barrels per day below last year.

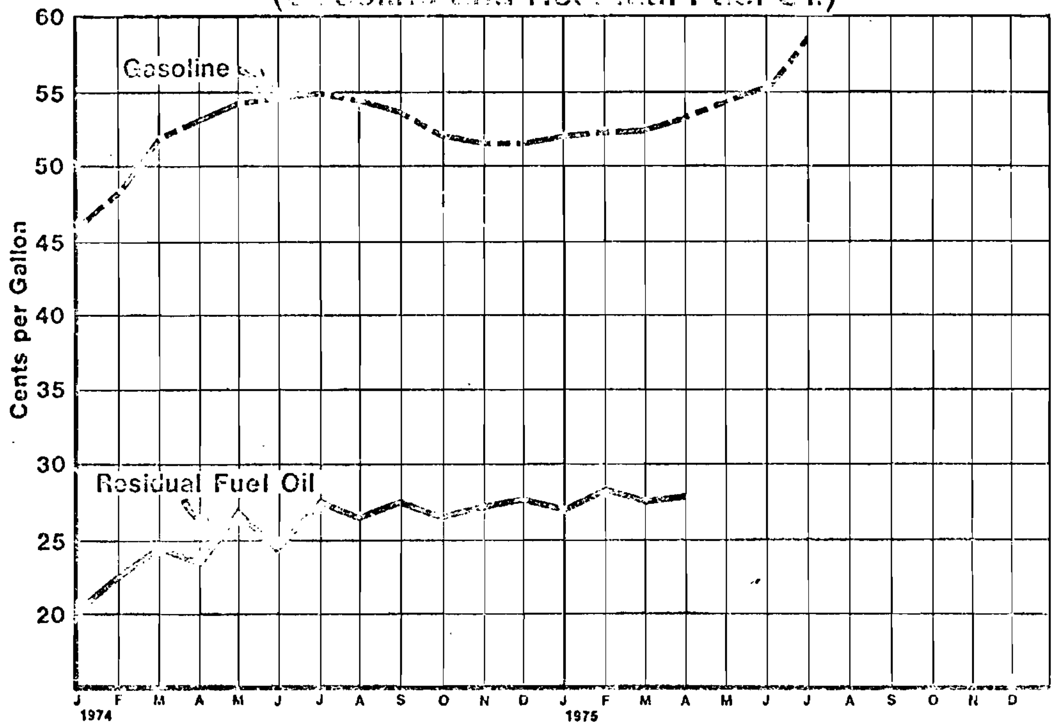
Figure 6

Domestic Crude Oil Production



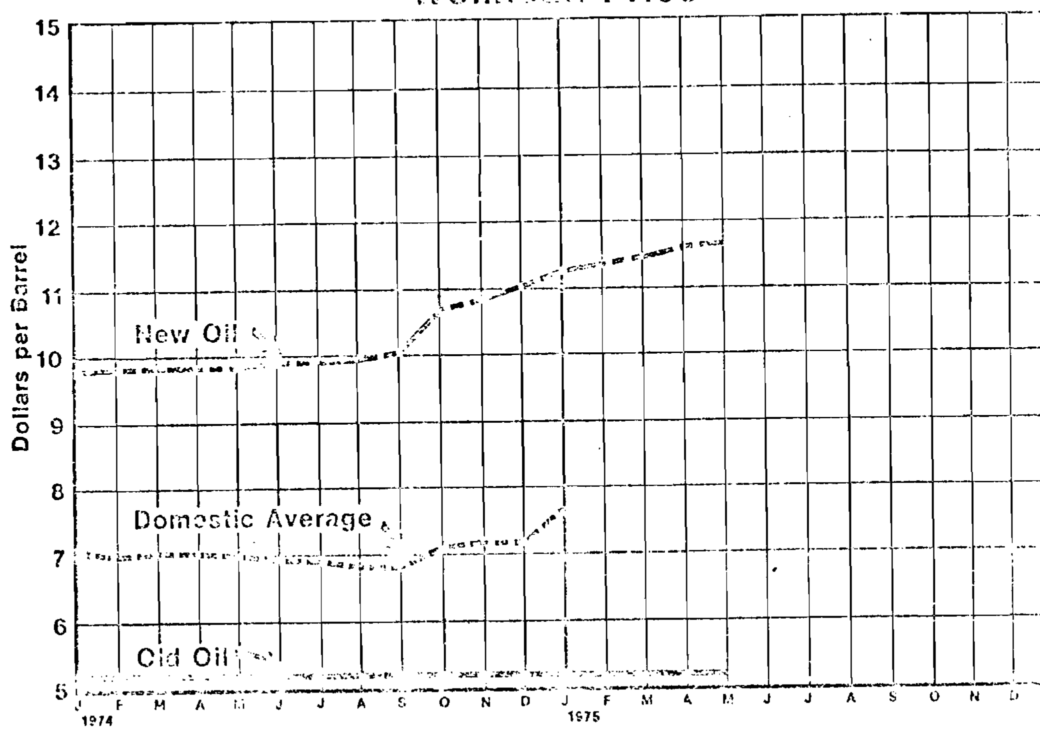
- Production of crude oil for the 4 weeks ending July 18, at 8.38 million barrels per day, was 5.9 percent below the same period of 1974 and 10.2 percent below the same period in 1973.

Figure 7
Retail Prices
(Gasoline and Residual Fuel Oil)



(No new data since last report)

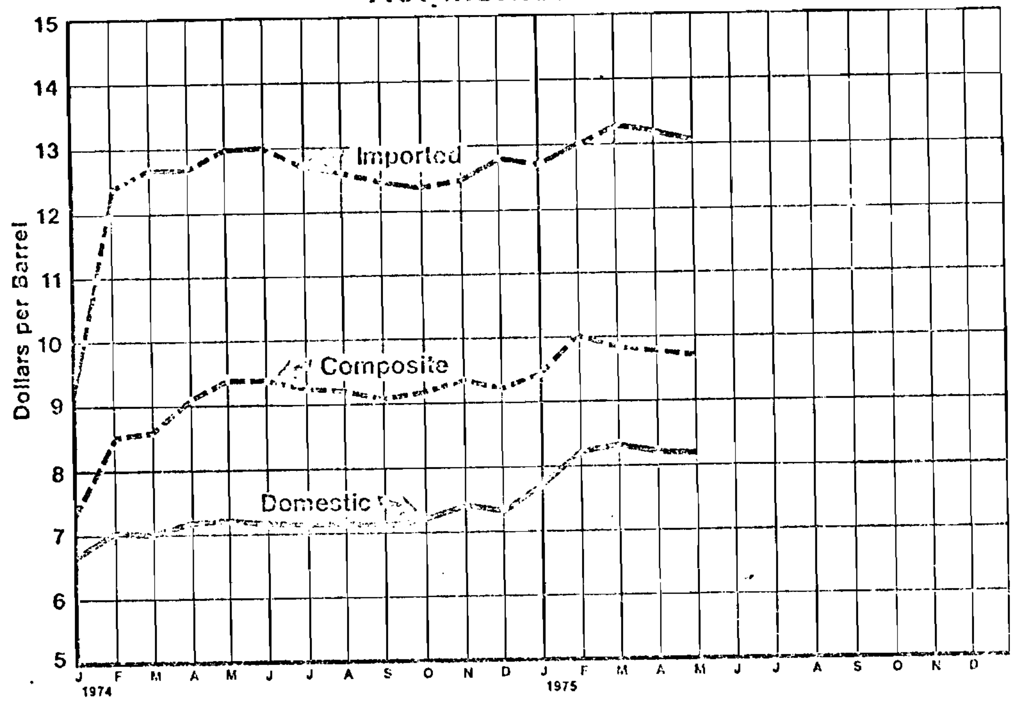
Figure 8
Crude Oil
Wellhead Price



(No new data since last report)

Figure 9

Crude Oil Refiner Acquisition Cost



(No new data since last report)

DEFINITIONS

Apparent Demand -- Domestic demand for products, in terms of real consumption, is not available; inputs to refineries, plus estimated refinery gains, plus net imports of products plus or minus net changes in primary stocks of products is used as a proxy for domestic demand. Secondary stocks, not measured by FEA, are substantial for some products.

Actuals -- Four week moving average computed from the Weekly Petroleum Reporting System through April 1, monthly figures for April and May from the Monthly Petroleum Reporting System, and four-week moving averages from the API Weekly Statistical Bulletin after May 31.

Forecast -- A petroleum product demand forecast is made, based on a projection of the economy, which would occur without the President's program, and on a projection of normal weather. The forecast is periodically revised to take account of actual weather and revised macroeconomic forecasts.

Target -- The Target incorporates reductions in consumption implicit in the President's energy policy, as given in the State of the Union Message. In addition it is assumed that:

- domestic production increases by 160 MB/D by the end of 1975 due to the development of Elk Hills.
- petroleum demand is reduced by 98 MB/D by the end of 1975 due to switching from oil to coal.
- petroleum demand due to natural gas curtailments ceased after May 1, 1975, due to the deregulation of new natural gas at the wellhead.
- price changes due to the President's policies are held constant in real terms at their May 1975 levels.

TAB D

Major International Events

Major International Events

- Commerce data on the balance of payments for the first quarter of 1975 show a substantial increase in U.S. commercial exports to OPEC countries. The figure of \$2.2 billion, which excludes military exports totalling half a billion dollars, is double the amount for the same quarter of 1974, when the yearly total was \$6.2 billion. Also excluded are military exports to non-OPEC nations in the Middle East which may have been financed by OPEC funds.

- World crude oil production after falling for about six months, rose substantially in June. Output increased in June by about 1.0 million barrels per day to 52.2 million barrels per day. Essentially all of the increase was in non-communist production. Following its June 1 price cut, Libya's fourth this year, production climbed to 1.5 million b/d in June--the highest level in twelve months.

- French President d'Estaing has announced plans for a September preparatory meeting in Paris for a renewed producer-consumer conference. November 27 is the probable date for the full scale conference.

- The EEC Commission will shortly open proceedings against six of its nine member nations for failure to institute legislation requiring maintenance of stocks of crude and selected products at a 90-days-supply level, as called for in a 1972 agreement.

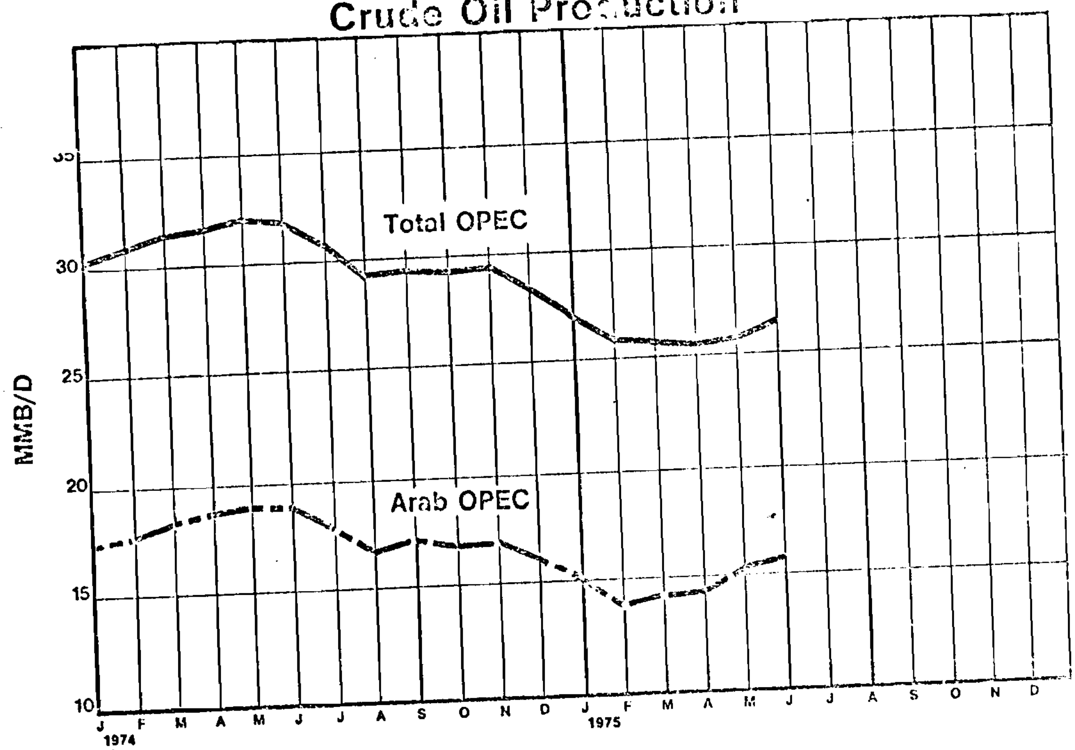
- Although Canada has announced plans ultimately to cut back natural gas exports to the United States, Energy Minister MacDonald has promised Mr. Zarb that there will be no curtailments this winter. Details of any reductions in such exports, which account for 40 percent of Canada's total gas output, will be worked out in consultation with the U.S. Government.

- Japan and the Soviet Union have renewed a protocol for a \$100 million Japanese Export-Import Bank loan for the Yakutsk gas project. Final execution of the agreement is conditional on a loan for the same amount arranged between the USSR and U.S. commercial banks. The project envisions liquefied gas exports to the U.S. West Coast and Japan.

- Japan has assured Indonesia of its continued interest in building a major crude transshipment facility in Indonesia for Middle East crude. Japan is reportedly attempting to engage Saudi Arabian interests and Indonesia's Pertamina in a three-way consortium to finance, own and construct the project on a 50% Japanese, 30% Saudi and 20% Pertamina basis. An alternative proposal is to build such a facility on the U.S. administered island of Palau in the Caroline Islands group.

Figure 10

OPEC Countries Crude Oil Production



o Crude oil production in the OPEC countries increased 677,000 barrels per day between May and June, an increase of 2.6 percent. Production in the Arab member countries rose 2.4 percent while non-Arab output grew 2.9 percent.

8/6 - [illegible]

AUG 4 1975

Retyped:AE:8/6/75:x8241:rm 3309

Dwyer

Zarb sign.

MEMORANDUM FOR THE PRESIDENT

FROM: Frank G. Zarb /S/

THROUGH: Rogers C.B. Morton

SUBJECT: Biweekly Status Report

Legislative Status

On July 30, the House agreed to H. Res. 641, the bill disapproving the President's 39 month decontrol plan by a margin of 228-189. This action blocks the implementation of the proposal.

Also on July 30, the House adopted the Staggers/Eckardt amendment on crude oil pricing during consideration of Title III of HR. 7014, the omnibus energy plan submitted by the House Interstate and Foreign Commerce Committee. This proposal sets three ceiling prices for domestic crude production. Old oil is held at $5.25. New oil is fixed at $7.50 and "high cost" oil is priced at $10.

During the Senate Finance Committee's consideration of HR. 6860, the Ways and Means energy tax bill, the Committee reported a windfall tax/plowback measure coupled with a consumer rebate system in anticipation of the expiration of price controls.

On July 29, the Senate passed S. 2173, Naval Petroleum Reserves legislation, by a margin of 93-2.

On July 30, the Senate passed S. 521, legislation to provide for the management of the Outer Continental Shelf, by a margin of 67 to 19. A floor amendment was adopted which authorizes the Secretary of Interior to conduct exploratory drilling for national security or environmental reasons or in order to speed development of the OCS.

- On July 22, the House agreed to H. Res. 605, disapproving of the President's initial decontrol plan by a vote of 262-167. The President's compromise decontrol plan was submitted to Congress on July 25 and subsequently rejected by a House vote on the disapproval resoultion, H. Res. 641, on July 30 by a margin of 228-189.

- During the weeks of July 21 and 28, the Senate Banking, Housing and Urban Affairs Committee held markup sessions on legislation providing for energy conservation standards in the building industry, S. 2063 and Title III of S. 1483. On July 22, the House Banking, Currency and Housing Committee reported the bill, HR 8650, legislation to assist low income persons in insulating homes, to facilitate state and local adoption of energy conservation standards and to authorize research by HUD to develop energy conservation standards. The legislation is pending on the Union Calendar.

- The Senate Government Operations Committee issued a report entitled "Federal Preparedness to Deal with the Natural Gas Shortages This Coming Winter."

- The Senate Budget Committee resumed hearings on the economic impact of recent developments in the energy field during the weeks of July 21 and 28.

- The Senate Interior and Insular Affairs Committee resumed hearings on S. 740, a bill to establish a National Energy Production Board on July 21. Since the beginning of the Committee's hearings on S. 740, all of the witnesses, both Administration and those representing private interests, have generally opposed this legislation.

- The Subcommittee on Energy and the Environment of the House Interior and Insular Affairs Committee held a series of hearings during the week of July 21 on the international proliferation of nuclear technology.

- The House Interior and Insular Affairs Committee continued its hearings on coal slurry pipeline legislation, HR. 1863, on July 25. The Committee also began markup of HR. 6721, Federal Coal Leasing Act Amendments on July 30.

- The Subcommittee on Oversight and Investigations of the House Interstate and Foreign Commerce Committee continued hearings on natural gas supplies during the week of July 21. On July 28, the Subcommittee on Energy and Power of that Committee held a hearing on the President's second decontrol plan.

- The Subcommittee on Monopolies and Commercial Law of the House Judiciary Committee held a hearing on July 24 regarding July 1975 gasoline price increases and a hearing on July 30 on the investigation of the energy industry by the Department of Justice and the Federal Trade Commission.

PROGRESS OF ENERGY LEGISLATION: July 21 - August 1

ADMINISTRATION BILL OR COMPONENT	ADMINISTRATION ACTION	CONGRESSIONAL ACTION — HOUSE	CONGRESSIONAL ACTION — SENATE	SIGNIFICANT CONGRESSIONAL ACTION
A. OMNIBUS ENERGY BILL (HR 2633, HR 2650, S 594) Title I - Naval Petroleum Reserve Development/Military Strategic Reserve Title II - National Strategic Petroleum Reserve		On July 9, the House passed HR 49, a bill to transfer the management of, the Naval Petroleum Reserves to the Department of Interior, by a margin of 391-20. Passage of the legislation came after the House defeated the Armed Services Committee effort to retain military control over these reserves by a 102-305 vote.	On July 24, the Armed Services Committee ordered reported S 2173. On July 8, the Senate approved S 677, "Strategic Energy Reserves Act of 1975" unanimously. The bill has been jointly referred to the House Armed Services and House Interstate and Foreign Commerce Committees. Also see passage of S 2173.	On July 29, the Senate passed S 2173, Naval Petroleum Reserves legislation, by a margin of 93-2. Senator Jackson's amendment consisting of the text of S 677 was agreed to. A Conference Committee is expected to settle the differences between the House passed measure, HR 49 and S 2173. During this reporting period, the House continued debate on HR 7014, the omnibus energy plan submitted by the House Interstate and Foreign Commerce Committee. Title II, Part B, provides for a national civilian strategic petroleum reserve.
Title III - Natural Gas Amendment		Energy and Power Subcommittee of the Interstate and Foreign Commerce Committee has not scheduled hearings on natural gas legislation as of this date. During the week of July 21, the Subcommittee on Oversight and Investigations of the Interstate and Foreign Commerce Committee continued hearings on natural gas supplies.	On July 12, Commerce Committee reported the bill S 692.	Senate Floor consideration of S 692 is expected after the August Recess.