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THE WHITE HOUSE

WASHINGTON

June 17, 1975

MEETING WITH GOVERNOR JAMES RHODES

Wednesday, June 18, 1975  
The Oval Office (5 minutes)  
5:30 p.m.

From: Jim Cannon 

I. PURPOSE

The purpose is to follow-up on your telephone conversation with the Governor of last week while he was attending the National Governors' Conference in New Orleans.

II. BACKGROUND PARTICIPANTS AND PRESS PLAN

A. Background

Governor Rhodes (R), Ohio has become an outspoken advocate for a program of research and development to stimulate the production of natural gas from tight shale formations which exist in great quantities throughout the Appalachian States. Experts have long estimated the existence of trillions of cubic feet of natural gas, however, there is no existing economically feasible technology for the extraction of the gas.

Governor Rhodes will be meeting with the Appalachian Regional Commission earlier in the day and urging their support for his proposal to you which will be that ERDA allocate \$100 million of its R & D budget for gas-shale research and development. He has also stated his views on this to the Vice President.

ERDA will be submitting to you for submission to the Congress on or before, June 30, their planned research and development budget which will also include funding for demonstration projects. ERDA has recently entered into a \$4 million cost-shared gas-shale research project with Columbia Gas and will continue to recommend increased funding for this technology as technical developments merit. ERDA presently feels that expenditures on the order of \$100 million will not hasten the development of the technology because of the sequential nature of the research. Evaluation of previous tests is required before additional tests can effectively be undertaken.

B. Participants

Governor James Rhodes (R), Ohio, Jim Cannon and Jim Falk.

C. Press Plan

To be announced.

III. TALKING POINTS

1. It was good to talk to you last week while you were at the National Governors' Conference in New Orleans.
2. I have been briefed on your concern about the natural gas curtailments and gas-shale research and development efforts of ERDA. I am sure you understand that I have a whole series of decisions to make in the very near future about how ERDA allocates its R & D appropriations and they must report to Congress on their priorities.
3. I know you are a strong advocate for \$100 million for the gas-shale R & D effort but as you know, it must compete with nuclear, solar, geothermal, coal and other research projects as well.
4. We will submit to the Congress by June 30, ERDA's R & D plans and priorities and before making any commitments, I know you will understand my awaiting their recommendations because of the competition of interests.
5. You can be assured that we are concerned about natural gas shortages and we will do everything we can to assist both in the development of this technology and deregulation of natural gas as well to provide all the gas we need.