

**The original documents are located in Box 16, folder “Energy - Oil Depletion Allowance”
of the John Marsh Files at the Gerald R. Ford Presidential Library.**

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3/17

THE WHITE HOUSE
WASHINGTON



Mr. Marsh --

Re: the attached, a meeting has been set up for Wednesday, March 19 at 1:00 in the Roosevelt Room, are there any other people you feel should be invited.

subject

him

(Note: Max has not gotten back with those from his office who will attend.)

Add.

- 1. Tax person*
- FEA person*

- 2. Son ^{old} Craven FEA*
- John Hill - OMB*

To Russ

Date 3/17 Time 11:18

WHILE YOU WERE OUT

M Peter Mark

of Frank Skard

Phone 833-5587

Area Code Number Extension

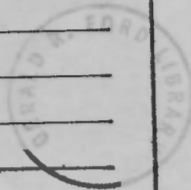
TELEPHONED	<input type="checkbox"/>	PLEASE CALL	<input checked="" type="checkbox"/>
CALLED TO SEE YOU	<input type="checkbox"/>	WILL CALL AGAIN	<input type="checkbox"/>
WANTS TO SEE YOU	<input type="checkbox"/>	URGENT	<input type="checkbox"/>

RETURNED YOUR CALL

Message _____

~~Pre~~ mtg

_____ OG



mat 9 y 0

Seidman(?)

THE WHITE HOUSE
WASHINGTON

March 12, 1975

~~Q~~
WED.
1: P.M.

Per Peter Mark's Office
- Tuesday, 3/18 or Wednesday,
3/19 are preferable days for
the meeting (Tuesday is a
very bad day for him).

connie

Barbara Lewis - 833-5587

THE WHITE HOUSE

WASHINGTON

March 11, 1975

MEMORANDUM TO: JACK MARSH

FROM: RUSS ROURKE *R*

SUBJECT: REQUEST FOR MEETING FROM PETER MARK, COUNSEL TO FRANK IKARD (AMERICAN PETROLEUM INSTITUTE PRESIDENT)

Ikard et al., met with the President last Thursday, Peter Mark states that the President wanted Ikard to stay in touch with you concerning Congressional activity on the oil depletion allowance. As a follow up to his discussion with the President, Ikard would like to set up a "strategy and alternative solutions" meeting with you at your earliest convenience. API will, of course, gear up in support of any mutually agreeable effort on this subject.

Participants from their side in the proposed meeting would be:

- 1) Frank Ikard
- 2) Peter Mark (Counsel)
- 3) Chuck Sandler (Federal Relations Division, API)
- 4) ~~Wayne Gibbons~~ (Oil and Gas Association Representative)
Steve Potter

Participants on your side are, of course, up to you.

Please advise whether you desire such a meeting, and, if so, when.

cc: MFriedersdorf

*WEDNESDAY, MARCH 19
1 P.M.
Roosevelt Room*

THE WHITE HOUSE
WASHINGTON

Date: _____

TO:

Jack

FROM: Max L. Friedersdorf

For Your Information

Please Handle _____

Please See Me _____

Comments, Please _____



*Doug Bennett
will attend*

THE WHITE HOUSE
WASHINGTON

Please advise names
of attendees from
Cong. liaison office.



THE WHITE HOUSE

WASHINGTON

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Meeting
Wednesday: March 19
1 P.M.

Roosevelt Room

EXECUTIVE PROTECTIVE SERVICE

To: Officer-in-charge
Appointments Center
Room 060, OEOB

Please admit the following appointments on Wednesday, March 19 19 75

for John O. Marsh, Jr. of White House
(Name of person to be visited) (Agency)

Meeting is at 1:00 p.m. in Roosevelt Room

Frank Ikard

Peter Mark

Chuck Sandler

Wayne Gibbons

Donald Craven

John Hill

VP Public Affairs
Steve Potter



MEETING LOCATION

Requested by Donna Larsen

Building Roosevelt Rm, W.H.

Room No. WW Telephone 6585

Room No. _____

Date of request March 19, 1975

Additions and/or changes made by telephone should be limited to three (3) names or less.

DO NOT DUPLICATE THIS FORM.

THE WHITE HOUSE
WASHINGTON

Participants:

American Petroleum Institute

1. Frank Ikard - President
2. Peter Mark - Counsel
3. Chuck Sandler - Federal Relations Division
4. ~~Wayne Gibbons~~ - Oil & Gas Assoc. Rep.

Steve Porter

VP - public affairs

OMB

John Hill

Congressional Relations

Doug Bennett

FEA

Don Craven

Domestic Council

Mike Duval (possibly)

Court Affirms Federal Rights to Continental Shelf

Unpersuaded by state claims founded on their original royal charters, the Supreme Court March 17 unanimously reaffirmed federal ownership of the oil and gas resources of the Outer Continental Shelf.

The ruling, placing control over exploration and development of those resources clearly in federal hands, removed one obstacle from the path to production of oil and gas from the offshore fields.

In 1947 the court had ruled in the case of *U.S. v. California*, rejecting that state's claim to ownership of the Pacific seabed. Protection and control of this marginal sea area, held the court, was "a function of national external sovereignty.... In our constitutional system, paramount rights over the ocean waters and their seabed were vested in the federal government."

Three years later, the court rejected Louisiana's claim of sovereignty over 27 miles of seabed and a companion claim from Texas. In both cases, the court cited its finding in the *California* case, that national sovereignty clearly extended over these areas.

Despite these earlier denials of similar state claims, the state of Maine moved in 1969 to lease lands off its shore on the Outer Continental Shelf for private development. In response, the United States brought a complaint in the Supreme Court against the thirteen states with Atlantic coastlines—Maine, New Hampshire, Massachusetts, Rhode Island, New York, New Jersey, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia and Florida. The United States asked for a declaration of its ownership of the seabed and subsoil under the Atlantic from a point beyond the statutory three-mile limit—to which state ownership extended—to the outer edge of the continental shelf. (*U.S. v. Maine*)

Twelve of the 13 states—Florida excepted—responded with a claim to that same area as successor to the colonies established by grants from the kings of England and Holland. Florida filed a separate claim based on an 1868 federal law approving the boundary of the state.

As is the practice with many cases involving competing state and federal boundary claims, the court referred the matter to a retired federal judge, a special master. The special master upheld the federal claim to this territory. The states took exception to the report, and arguments were held Feb. 24-25 before the justices on the cases. Justice William O. Douglas did not take part in the decision.

without such incentives the states would continue to resist the push for accelerated development of offshore resources "with all the legal and political tools at their disposal." "If we are quickly to tap the Outer Continental Shelf for its resources, Gravel told the two committees, "then we will have to provide the states with better incentives...[to persuade them] that they will be able to deal adequately with the environmental, social and economic impacts which are an inevitable part of major OCS exploration."

Interior Secretary Rogers C. B. Morton, a Maryland resident, had indicated personal endorsement of a revenue sharing proposal. He told the Senate committees March 14

Detailing the history of earlier disputes, Justice Byron R. White wrote for the unanimous court: "These cases, unless they are to be overruled, completely dispose of the states' claims of ownership here.... Under our constitutional arrangement paramount rights to the lands underlying the marginal sea are an incident to national sovereignty and...their control and disposition in the first instance are the business of the federal government." Any prior ownership of such areas during the colonial period "did not survive becoming a member of the Union," he added.

The assumption of federal ownership of this contested area was "embraced rather than repudiated by Congress in the Submerged Lands Act of 1953," which granted the states rights to the offshore seabed within three miles from shore (or three leagues in the case of Texas and Florida).

In that law, Congress stated that the United States retained the rights to the resources in the seaward section of the continental shelf, said White, adding that a few months after passage of the submerged lands act, "Congress emphatically implemented its view that the U.S. has paramount rights to the seabed beyond the three-mile limit" by enacting the Outer Continental Shelf Lands Act. (*Congress and the Nation Vol. I, p. 1036*)

"We are convinced," continued White, that the position announced in the *California* ruling "has peculiar force and relevance in the present context. It is apparent that in the almost 30 years since *California*, a great deal of public and private business has been transacted in accordance with those decisions.... Both the Submerged Lands Act and the Outer Continental Shelf Lands Act which soon followed proceeded from the premises established by the prior court decisions and provided for the orderly development of offshore resources.

"Since 1953...33 lease sales have been held in which 1,940 leases, embracing over eight million acres, have been issued. The Outer Continental Shelf, since 1953, has yielded over three billion barrels of oil, 19 trillion mcf of natural gas, 13 million long tons of sulfur and over four million long tons of salt. In 1973 alone, 1,081,000 barrels of oil and 8.9-billion cubic feet of natural gas were extracted daily from the Outer Continental Shelf.... We are quite sure that it would be inappropriate to disturb our prior cases, major legislation, and many years of commercial activity, by calling into question, at this date, the constitutional premise of prior decisions."

that the administration was developing "a number of revenue-sharing options—ranging from impact aid to formula grant revenue sharing—to assess...potential state and local needs and the costs of...responding to those needs."

But Morton, who later moved to the post of secretary of commerce, stopped short of asking Congress to approve such a revenue-sharing plan. His expected replacement at the Interior Department, former governor Stanley Hathaway of Wyoming, was likely to be less sympathetic to such a plan and more receptive to the argument that all citizens and taxpayers would benefit if these revenues went directly into the treasury, rather than to certain states. ■

CAUCUS VOTES: FRESHMEN UNITED, SOUTH SPLIT

Two recent votes in the now-powerful House Democratic Caucus point toward liberal leanings among new southern members and striking unanimity within the freshman class as a whole.

Under existing rules, the caucus sessions are closed to the press and public, and vote tallies are distributed only to members. The following data obtained by Congressional Quarterly was not provided by the caucus. (*Vote chart, p. 694*)

Indochina Aid

On March 12, when the caucus voted overwhelmingly against sending new military aid to Cambodia or South Vietnam, the southern freshmen lined up with their party's dovish majority—and against most of the veteran southern Democrats. (*Weekly Report p. 552*)

Caucus roll calls obtained by Congressional Quarterly show that 13 of 15 first-term southern Democrats supported the resolution offered by Bob Carr (Mich.) to block the military aid. The only ones who opposed it were Larry P. McDonald (Ga.) and Glenn English (Okla.).

This was in direct contrast to the rest of the southern Democrats. Some 32 of the 54 southern Democrats who had served a term or more voted in favor of the aid, which the Ford administration had recommended.

The southern freshmen rivaled first-termers from other regions in their near-unanimity on the Indochina issue. In all, 68 of 71 first-term Democrats voted against additional aid, as compared to 121 of 167 non-freshmen. The only first-term member from a northern state to oppose the Carr amendment was Robert Duncan of Oregon, a two-term House member in the 1960s and hawkish Senate candidate in 1966.

The votes of the southern freshmen were not crucial to passage of the Carr resolution; it would have carried easily without their help. But the vote ran counter to the tradition of North-South splits that has prevailed among House Democrats on the war issue. As recently as 1974, 36 of 60 southern Democrats supported a House amendment adding \$300-million in U.S. aid to South Vietnam. (*1974 vote, 1975 Weekly Report p. 76; North-South Split data, p. 195*)

Oil Depletion

Similar changes appeared to be at work Feb. 25, when the caucus voted 152-99 in favor of a resolution by William J. Green (Pa.) and Charles Wilson (Texas) to permit amendments dealing with the oil depletion allowance to a tax cut bill on the House floor.

Those who supported the resolution were paving the way for two different amendments—Green's plan to end the allowance entirely and Wilson's plan to retain it for small producers only. A vote for the Wilson-Green resolution in the caucus could be interpreted as an expression of support for either approach. A vote against the resolution was a vote against using the tax bill as a vehicle for changing the depletion allowance at all. The full House eventually

New DSG Chairman

Rep. Bob Eckhardt (D Texas), a scholarly 61-year-old Texas liberal, is the new chairman of the Democratic Study Group (DSG), succeeding Rep. Thomas S. Foley (D Wash.), the new chairman of the House Agriculture Committee.

Eckhardt March 25 was elected head of the organization of moderate and liberal House Democrats at a time when many members find that much of the organization's traditional function as the source of liberal leadership has been assumed by the revived House Democratic caucus chaired by former DSG chairman Phillip Burton (D Calif.).

Elected to his fifth term in 1974, Eckhardt defeated William D. Ford (D Mich.) on a 109 to 94 vote, for the DSG leadership post.

Other top DSG officers elected include: Bob Bergland (D Minn.), Patsy T. Mink (D Hawaii), David R. Obey (D Wis.) and Frank E. Evans (D Colo.) as general vice chairmen and Dante B. Fascell (D Fla.) as secretary.

Founded in 1959 to push for liberal legislation and House reform, the DSG has 218 members—three-fourths of the House Democrats—in the 94th Congress. (*Democratic Study Group, 1973 Weekly Report p. 1366*)

Eckhardt, a liberal leader in the Texas House of Representatives from 1958 to 1966, represents



Rep. Bob Eckhardt

Houston's 8th congressional district that is evenly divided between the city and suburbia and that is largely white working class although some 22 per cent of its residents are black.

He is a member of the Interstate and Foreign Commerce and Interior and Insular Affairs Committees and is one of the strongest backers of pro-consumer legislation in the House.

Eckhardt is known in the House for his bow ties and brightly colored shirts and the cartoons he usually doodles while sitting in committee sessions.

A low-keyed member who is not part of the House Democratic leadership, he has a staunch liberal voting record. For example, during the first session of the 93rd Congress, he received a 92 rating from the liberal Americans for Democratic Action, a 100 rating from the AFL-CIO's Committee on Political Education and an 8 rating from the conservative Americans for Constitutional Action. (*Ratings, 1974 Weekly Report p.813*)

accepted Green's amendment and rejected Wilson's, but a version of Wilson's plan was added in conference. (Weekly Report p. 631)

As expected, southerners provided the strongest opposition to the Wilson-Green resolution: 63 of 80 southern Democrats voted against it. But even among southerners, the degree of opposition depended on seniority. Among those who had served two terms or more, the vote against Wilson-Green was 6-47. Among second-termers, it was 5-7. Among first-termers, it was 6-9.

Northern Democrats provided a solid core of support for Wilson-Green, but here too, seniority was a factor. First-term northern Democrats voted 52-5 in its favor. Northern Democrats who had served a term or more were for it by a less overwhelming 83-29. The latter total included several liberals who favored repeal of the allowance but considered it bad strategy to link the issue to the tax cut bill. (Floor action, Weekly Report p. 419)

As on the Indochina resolution, the freshmen as a group were far more united on the depletion vote than more senior Democrats. Taking North and South together, the non-freshmen split 94-85 in favor of Wilson-Green; the freshmen of both regions were 58-14 in favor.

Individual Voting

As members have cautioned before, the unusual cohesiveness of the Democratic freshmen does not necessarily imply that they are voting deliberately as a bloc. The group no longer meets frequently to reach consensus, as it did during the pre-session caucuses, and although close personal associations remain, individuals are voting on their own.

The Carr and Green-Wilson votes do, however, reflect the campaigns that most of the freshmen Democrats waged in 1974. Many of them campaigned against tax loopholes, high oil prices, and the dominance of a few large firms over the energy field.

In voting to allow the Green and Wilson amendments, most simply could say they were fulfilling a campaign promise. In voting against further aid to South Vietnam or Cambodia, most could truthfully say they were registering the war-weariness that left the entire Indochina issue off the list of debate topics nearly everywhere in the nation.

The return of economic issues to political prominence, combined with the decline of Indochina and domestic social questions, has led to considerable speculation that the Democratic Party in Congress is on the verge of a unity it has not seen since the early New Deal years.

When the House passed an emergency farm bill March 20, it was on the strength of overwhelming support from both northern and southern Democrats, and against the overwhelming opposition of Republicans. (Weekly Report, p. 624)

After the bill was passed, Rep. David R. Bowen, a second-term Democrat from Mississippi, cited it to the Washington Post as "solid evidence the old coalition of northern and southern Democrats has been effectively restored to help solve our nation's economic problems."

Other members, however, were not so sure the unity will hold up amid the complexities of energy legislation and other bills the House will have to deal with in the coming months. Northern-southern unity on some economic issues could be difficult to maintain if the caucus decides to make all its sessions public, as a coalition of liberal and conservative members will urge at an April 15 meeting.

HOUSE DEMOCRATIC CAUCUS VOTES

1. Green (Pa.) and Wilson (Texas) resolution directing Democratic members of the Rules Committee to vote for a rule allowing two amendments dealing with the oil depletion allowance to be offered to HR 2166, the Tax Reform Act of 1975, when HR 2166 reached the House floor. Adopted 152-99 (ND 135-36; SD 17-63), February 25, 1975. (Weekly Report p. 422)

2. Carr (Mich.) resolution expressing the opposition of the caucus to any further military assistance to South Vietnam or Cambodia in fiscal year 1975. Adopted 189-49 (ND 154-15; SD 35-34), March 12, 1975. (Weekly Report p. 552)

*For purposes of this chart, delegates from Guam, Puerto Rico, the Virgin Islands and the District of Columbia are considered as northern Democrats.

[4/5/75]

Table with 4 columns showing caucus votes for various states including Alabama, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Guam, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virgin Islands, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.