The original documents are located in Box 38, folder "Transition Reports (1977) - Interior Department: Policy and Legislation" of the John Marsh Files at the Gerald R. Ford Presidential Library.

U.S. Department of the Interior

POLICY AND LEGISLATION

DEPARTMENT OF THE INTERIOR

MAJOR POLICY ISSUES

The following papers represent major issues on which the next Administration may either be required to make decisions in the first several months of 1977, or should take action early in the Administration if it desires to successfully effect change.

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DESCRIPTION OF DEPARTMENTAL POLICY AND DECISION MAKING PROCESSES

Decisions on major new policies or controversial natural resource development proposals often involve conflicts which can only be resolved by the Secretary. Resolving these issues is guided by a number of formal procedures to ensure timely, well coordinated decisions. Due process for all points of view within the Department is a key element in the decision making process. Similar procedures are followed for Secretarial decisions on annual Departmental budget and legislative proposals.

Some examples of policy issues requiring a Secretarial decision are the development of national coal policy or accelerated leasing of oil and gas resources on the Outer Continental Shelf. Furthermore, the Secretary is often confronted with major resource proposals by outside groups such as a power plant proposal on the public domain. Because these issues often involve conflicting national goals for energy or resource development and environmental protection they can only be resolved by the Secretary. Although some of these decisions are certainly within the authority of a line Assistant Secretary, a reversal of the decision by the Secretary is always possible if other Departmental views have been ignored.

PROCEDURES FOR RESOLUTION

The procedures for resolving issues depend upon the nature of the decision. A relatively non-controversial decision which does not require substantial analysis only requires a memorandum to the Secretary prepared by the office requesting a decision. It is routed to the Secretary through those offices who should concur. Since Congressional and other Secretarial correspondence often have policy implications this same procedure is followed.

More complicated or controversial issues, often requiring a series of decisions by the Secretary, are developed through Secretarial Issue Documents (SID). The SID focuses on the most important issues and provides sufficient background information and objective analysis to be the primary document for a Secretarial decision meeting. It includes options which represent realistic alternatives for the Secretary. The SID is developed by the office having primary interest in the issue and is circulated to all Assistant Secretaries and concerned bureaus for comment and recommendations before it is sent to the Secretary. The entire process is coordinated by the Executive Secretary.

One remaining procedure is the Program Decision Option Document (PDOD). It is essentially the same as the SID, except that the issues are supported by a completed Environmental Impact Statement. Responsibility for processing PDOD's is assigned to the Assistant Secretary--Program Development and Budget in coordination with the Executive Secretary.

ROLE OF EXECUTIVE SECRETARIAT

The major responsibility of the Executive Secretary is to ensure due process in decision making outside of the budget and legislative processes. The Executive Secretary manages the presentation of issues and recommendations to the Secretary for decision. This is done through a tracking system that

monitors and reports the status and schedule for issues pending Secretarial decision. Follow-up is monitored by desk officers who record the results of Secretarial decision meetings, circulate the decision results for implementation and monitor implementation to verify compliance.

The Executive Secretariat also receives, distributes, and obtains responses to mail addressed to the Secretary or Under Secretary. Briefings for the Secretary or Under Secretary are prepared or arranged by the Executive Secretariat.

ROLE OF ASSISTANT SECRETARY--PROGRAM DEVELOPMENT AND BUDGET (PDB)

The chief responsibilities of this office are to provide objective review and economic analysis of major program and policy issues, initiatives and problems which go to the Secretary for resolution. PDB also raises issues on its own initiative and provides technical assistance to analysis conducted by other bureaus and offices.

Although Program Decision Option Documents, Secretarial Issue Documents and Environmental Impact Statements are usually prepared by concerned bureaus, PDB will often provide independent analysis as a staff responsibility to the Secretary. PDB's primary function is to provide the Secretary with an opportunity to gain an independent perspective on problems, proposals and issues which go to him for resolution. PDB is not tied to any particular program and therefore the nature of the office work is primarily advisory.

Outer Continental Shelf Leasing Systems

(This is a brief summary of an expanded policy planning paper currently being prepared by PDB.)

Issue: Should OCS tracts be leased under largely untried systems for experimental purposes? Which systems are the most desirable leasing arrangements to test?

Background: Usually, leases are sold for a cash bonus bid subject to a royalty fixed at 16 2/3%. Existing law allows for flexibility in these terms, such as a royalty fixed at or above 12 1/2% subject to a cash bonus bid, or a royalty bid equal to or greater than 12 1/2% subject to a fixed cash bonus. However, with few exceptions, the Department has chosen not to test these modifications. Alternative leasing arrangements that involve more extensive changes in the lease terms also have not been tested, partially because they are either not recognized or are difficult to implement under existing statute.

Nature of the Problem: Tract characteristics, expressed in terms of economic and geologic variables, differ substantially among tracts. It is therefore unlikely that a constant royalty rate across all tracts is appropriate for achieving the objectives of the OCS leasing program. Leasing systems having royalty rates fixed at nominal levels tend to limit competition, especially on high-valued tracts, due to the magnitude of the cash bonus bid required to win the tracts and also from the lack of adequate risk sharing between the lessee and the government. At the same time, raising the royalty rate introduces an added incentive for the winning firms to abandon tracts earlier than is socially desirable, in some cases before any development has even begun.

Alternatives: First, continue to conduct future sales using the leasing system currently employed. Second, experiment with new systems clearly allowed in the law, such as variable or sliding-scale royalties, or a royalty and profit-sharing combination with a cash bonus. Third, obtain Congressional approval to experiment with leasing systems that may require changes in the existing law, e.g., fixed profit sharing, profit-share bidding, and deferred bonuses.

Timeframe: In the absence of Departmental action, Congress may revise S.521, which mandates experimental systems and the test size. To ensure that the appropriate systems and test size are specified, it is desirable to have a decision in hand shortly after the inauguration.

Organization of the OCS Program

Issue

Should the Department reorganize its offshore leasing program?

Background

Following the Arab oil embargo, President Nixon announced a goal of leasing 10 million acres offshore in 1975. This goal was later revised to one of holding six sales a year and opening up all frontier areas by 1978. Previous leasing had been limited to the Gulf of Mexico, two sales off California and one unsuccessful sale (no commercial discoveries) off Washington and Oregon. Less than 10 million acres had been leased over a 20-year period. Attention focused on both industry's and the Government's ability to carry out such an ambitious program. Interior's internal management for carrying out its OCS responsibilities has been placed under scrutiny. The Department has been charged with being insensitive to social and environmental concerns and unresponsive to Congressional requests for reform. Whether a different internal organizational setup would improve Interior's ability to manage the OCS program deserves attention.

Nature of Issue

A management study is needed on alternative ways of carrying out Interior's OCS responsibilities, ranging from consolidation of all activities into one office or maintaining the status quo.

Timeframe

The management study which is underway should be available by the time a new Secretary is designated. If the decision is made to reorganize, it would be easier to implement at the beginning of a new Administration.

Background Paper - OCS Leasing Schedule

Following the Arab oil embargo of 1973, President Nixon directed the Secretary of the Interior to increase the acreage leased on the OCS to 10 million acres in 1975, and to determine the amount to be leased in subsequent years on the basis of market needs and industry's record in exploring and developing the leases. In November 1974, the Department modified this goal to one of holding six sales a year and opening up all frontier areas by 1978. On November 14, 1974, a schedule was announced by the Department at a conference with coastal State Governors. This schedule was later revised in June 1975 to reflect slippages in the November schedule.

Over the last eight months an extensive review has been made of the leasing schedule and a new schedule has been developed. This review incorporated the views of members of the OCS Advisory Board, experience gained from leasing in three frontier areas and inhouse resource information. The new schedule no longer proposes opening all frontier areas by the end of 1978, but rather attempts to open up the frontier areas at a pace which provides the proper balance between environmental, hydrocarbon and technological considerations. Adequate time is also provided for the Department to continue its policy of working closely with the affected coastal States throughout the leasing process.

The highlights of the schedule are as follows:

-- It extends into 1980 and provides for consideration of six sales a year.

-- It provides for sales on approximately a yearly basis in the Gulf of Mexico in order to minimize drainage and provide for leasing of deep water acreage and acreage contiguous to new discoveries.

-- It provides for second sales in frontier areas in the event commercial discoveries are made.

-- It defers the decision on whether to consider leasing in the northern California/Washington/Oregon area, until the results of the call for nominations and request for comments are received and analyzed.

-- It defers the decision on when to consider leasing in the Outer Bristol Basin (Alaska) until additional environmental studies are completed.

-- It defers consideration of leasing in Chukchi Sea/Hope Basin (Alaska) until advances in ice system technology take place.

-- It limits the area of consideration for the Beaufort Sea (Alaska) and Bering/Norton (Alaska) to that which is shoreward of the 60 foot isobath or the shear zone (between sea ice and shorefast ice areas).

The revised schedule and supporting background paper were distributed to members of the OCS Advisory Board for final review at a November 8, 1976, meeting. Comments are due in November 22, 1976. Alaska has asked for an extension to the following week.

Planning for expenditures and personnel on the part of the Federal Government, industry and the coastal States, revolves around the schedule. Any significant change in the timing of future actions will impact directly on these three parties. The lead time for planning for a sale is at a minimum 19 months, and this assumes the availability of adequate environmental, socio-economic and geologic data. The budgetary commitments are also significant. In FY 76, the Geological Survey spent approximately $15 million on pre-sale work and the Bureau of Land Management spent approximately $40 million. The allocation of these funds between different sale areas is based on the leasing schedule.

A copy of the revised schedule and background paper are enclosed as Appendix A.

Coal Leasing Policy

(This is a brief summary of an expanded policy planning paper currently being prepared by PDB).

Issues -- When and where should leasing of federal coal take place? How much total coal will be leased? Which tracts are to be selected for leasing? What method of leasing will be used?

Background -- Due to a number of problems with the old coal leasing program, a moratorium was placed on leasing in 1971. After 5 years of planning, in January 1976 the Secretary announced the resumption of coal leasing under a new system, designated EMARS (Energy Minerals Activity Recommendation System). This August the Department received 936 industry nominations for over three million acres containing an estimated 50 billion tons of coal reserves. The principal objectives of the leasing system are to lease that coal for which net economic and environmental benefits are the greatest, to lease no more than the amount of coal needed for development in the near future, and to assure that the government receives fair value for sale of a public resource.

Nature of Problems -- Surface and mineral ownership patterns in the west will significantly inhibit bidding competition. For many federal coal leases, one coal company will already own the surface rights and/or adjoining private coal (which is often required to develop the federal coal). This company's advantageous position is likely to scare off other serious bidders. Without bidding competition, the government is not assured of receiving full value for its coal. The Department can refuse to accept bids below its own fair market value estimates. But there are many possibilities for error in forming these estimates and it may not be wise to assign them so critical a function.

There is no easy way to assure that the correct total amount of coal is leased. There is industry interest in tracts containing much more coal than seems needed in the near future. If the Department were to choose administratively the total amount of coal to lease, it would be nearly impossible to select the correct tracts to lease which, in the aggregate, contained this amount of coal. We do not have the information to know which tracts have the highest economic and environmental benefits. Individual coal companies tend to be mainly interested in particular tracts, and a decision to select one and not another tract to offer for lease has serious potential for discriminatory treatment of companies.

To avoid these problems, instead of attempting administratively to choose the right tracts and total amount of coal to lease, the Department might simply offer most of the tracts for which there is industry interest and lease all which receive bids above the Department's fair market value estimates. The result could be that too much coal would be leased. If that happened,

many leases might later have to be repossessed because they could not be developed within the time allowed by the Department. Bids for tracts might be low because they would be discounted for this risk and we would appear to be giving the coal away. It is also possible that too little coal would be leased, so uncertain is the outcome.

Alternatives -- Three basic leasing strategies are available to deal with these problems. First, the Department might determine total amounts of coal to lease, and then select a specific set of tracts to lease that cumulatively have this amount of coal. Second, the Department might instead offer most of the considerably larger number of tracts in which industry has shown an interest and award leases for all tracts on which the high bidder meets Department fair market value estimates. Third, the Department might, as under the second strategy, offer most tracts in which industry has shown an interest, but then award leases only for a limited number of tracts on which the highest bids among all the tracts offered have been received. Bidding competition in this case would take place among tracts -- so-called intertract competition. The total number of tract bids accepted would be based on estimated needs for coal development in the near future.

Timeframe -- A decision on the basic leasing strategy cannot be long delayed. A regional coal environmental impact statement (EIS) was completed in 1974 on the Eastern Powder River Basin in Wyoming. Another regional EIS is almost completed for Northwest Colorado. The Department is now deciding whether supplements to these regional EIS's will be required before leasing can take place. As soon as EIS requirements are completed, the remaining steps to carry out a lease sale should not take long. The earliest possibility for a sale appears to be late 1977 or early 1978. Seven additional regional coal EIS's are currently planned or underway, the last scheduled to be completed in mid 1978. These EIS's are expected to be followed by lease sales, making a total of nine lease sales possible in the next few years.

MINERAL DEVELOPMENT IMPACT AID

ISSUE

What type of program should be implemented under existing authorities to provide Federal assistance to States and localities affected by Federal mineral development (primarily coal)?

BACKGROUND

Amendments to the Minerals Leasing Act were passed in several bills to provide Federal assistance related to onshore mineral development. The States' share of Federal leasing revenues under this Act was increased from 37-1/2% to 50%. In addition the Secretary of the Interior was authorized in Sec. 317 of P.L. 94-579 to loan a State up to ten years of its projected share of these revenues. Other legislation authorized Federal payments to local jurisdictions in lieu of taxes for Federal lands within their boundaries.

NATURE OF THE ISSUE

The success of the program to increase production of coal from Federal lands will depend partly on fair treatment of local impacts. The authority to loan States their future share of mineral leasing revenues provides an opportunity to meet this need. A number of issues arise in designing a loan program under Sec. 317 of P.L. 94-579 to accomplish this objective because the States with large receipts, primarily from existing oil and gas leases, are not fully identical to the States with impacts from future development that will occur primarily in coal. One important issue is the means of determining the amounts and allocation of loan authority available to the States. A second issue is the criteria and procedures for intrastate allocation of the loan proceeds in a manner that assures that local needs will be met. In addition, the design of such a loan program must address the timing of loans for planning, construction of public facilities and maintenance and provision of services.

ALTERNATIVES

In each of these issues and in the many more detailed issues that also arise, the major alternatives have to do with the extent of Federal administrative control over the allocation and use of the loan proceeds. The program could include a careful and detailed estimate of the need for assistance for public facilities or it could allow the States to determine their own needs. The Federal regulations could specify in detail the procedures and criteria to be used by the States in deciding which localities will receive assistance. Or they could give broad discretion to the States to determine their own criteria, procedures and allocations.

TIMEFRAME

There is no legislated deadline for implementing the authority to loan States monies in advance of their receipt of minerals leasing revenues. Because of the needs expressed by affected States, because of the need to address the impact problem to facilitate increased coal production, and because of the need to seek appropriations to implement the program, key design issues need to be resolved during the next 3 to 6 months.

STATE RECLAMATION REQUIREMENTS

ISSUE

Is there a need to revise the Department's policy regarding the administration and enforcement of state reclamation requirements where Federal coal is mined?

BACKGROUND

An important aspect of managing the Federal coal estate is to recognize State jurisdiction over the reclamation of mined lands while meeting Federal responsibilities to ensure adequate production from, and reclamation of, Federal lands. New regulations governing the mining of Federal coal (30 CFR 211 and 43 CFR 3041), which were promulgated in May 1976, attempted to accommodate these potentially conflicting interests, as follows:

1. While Section 3041.0-1 states that it is Departmental policy that mineral activities on privately owned surface overlying Federal coal "...should be conducted to result in protection of environmental values which is at least as stringent as would apply to Federally owned surface.", Section 211.4(a) contains a general obligation that all mineral activities involving Federal coal shall, among other things,"....conform to the provisions of all other applicable laws and regulations...", including, presumably, applicable State laws and regulations.

2. To avoid instances where a mining operation would have to conform to potentially conflicting Federal and State reclamation requirements, Section 211.75(a) provides a procedure whereby the Secretary may direct that a State's requirements would supplant Federal reclamation standards as conditions for the approval of exploration and mining plans involving Federal coal.

3. To further avoid potential conflicts and duplication of effort, Section 211.75(b) provides a procedure whereby the Department can enter into an agreement with a State regarding the administration and enforcement of reclamation requirements.

Notices of proposed rulemaking pursuant to 211.75(a) which would adopt Wyoming and Montana reclamation requirements were published on August 24 and September 14, 1976, respectively. Subsequently, meetings have been held with the representatives of a number of States regarding the development of agreements pursuant to 211.75(b).

STATUS OF THE ISSUE

The States continue to be unhappy over these provisions, even though the Secretary recently sent a letter to their governors which was intended to clarify the Department's position that generally State reclamation requirements can apply to Federal lands. In a letter dated October 25, 1976, Governor Judge of Montana

stated that the Department's proposed rulemaking would "dismember" the State's strip mine reclamation law as it would apply to Federal coal lands. He went on to state: "....Montana will take every necessary action to insure that [all of] its law...will be administered on state, fee, and federal property. The only real question to be addressed is how that will be accomplished; whether it be by 211 adoption and agreement; a legal clarification as undertaken by Wyoming [in Herschler, et al vs. Kleppe]; or continuation of the present application of state law by state agencies on federal property."

ALTERNATIVES

1. Initiate new negotiations with the States, which would address both the adoption of State standards and the development of working agreements at the same time, possibly avoiding the apparent confusion caused by the existing two-stage process.

2. Await a reply by the States; the Western Governors Regional Energy Policy Office is now examining alternative proposals on behalf of its member states.

TIMEFRAME

1. States may prefer to await developments in the Congress regarding a Federal surface mining bill.

2. As the provisions of the new coal mining regulations continue to be phased in during the next 12 months, opportunities for conflicts between Federal and State standards will multiply.

DILIGENT DEVELOPMENT

ISSUE: What is the appropriate diligent development standard for Federal coal leases?

BACKGROUND: The Minerals Leasing Act mandates that all coal leases require diligent development and continued operation of the mine or mines. In 1976 the Department promulgated its first regulations establishing definite diligent development and continuous operation standards. Diligent development was defined as production of 2 1/2% of the Logical Mining Unit (LMU) reserves within the first 10 years with provisions for extending the production period by up to five years. The Federal Coal Leasing Amendments Act requires that all Federal coal leases issued or renewed under the Act shall be terminated if commercial quantities of coal have not been produced within 10 years. In response to this rigid 10 year diligence period, the Department decided to lower the production requirement. A proposed rule was issued on October 15, 1976 which defined commercial quantities as one percent of the LMU reserves and used this definition as the diligent development production standard.

NATURE OF THE PROBLEM: Advanced technology projects, e.g. coal gasification, can require planning and development periods substantially longer than 10 years. Siting of mine mouth power plants can also require long time periods. These projects require large and secure coal supplies. The requirement that all Federal coal leases must be in production within 10 years may preclude the use of Federal coal by such projects. Without access to Federal coal, these projects may not be able to obtain the secure coal supplies which are vital to their feasibility.

ALTERNATIVES

1. Define commercial quantities as being ready to produce in 10 years to allow delays in the start up of production in certain types of operations. Given the statutory requirement for production in commercial quantities, it may be possible to avoid requiring production in the first 10 years.

2. Propose legislation to amend the Minerals Leasing Act to allow extension of the 10 year period for diligence under certain circumstances.

TIME FRAME

Final rules for diligent development will come up by the end of January. If the legislative alternative is preferred, drafting of the proposed amendment should commence at that time.

PUBLIC BODY LEASING

ISSUE

What procedures should be developed to reserve a reasonable number of coal tracts for public bodies?

BACKGROUND

Section 2 of the Federal Coal Leasing Amendment Act of 1975 directs the Department to grant leases on a preferential basis to consumer owned utilities and other public bodies. The major precedent for disposal of national resources in this manner is in the federal hydroelectric program. State and local governments and non-profit electric cooperatives have the first opportunity to obtain power generated at federal projects. Congress enacted this provision because rural electric cooperatives and municipal utilities had experienced considerable difficulty in obtaining coal supplies in the tight coal market of today and because REA demands assured coal supplies prior to financing a new plant.

NATURE OF THE PROBLEM

The Act requires that all leasing, including public body leasing, be done on a competitive basis. Thus there is an unavoidable conflict between granting consumer-owned utilities a preference and maintaining a competitive leasing system. Preliminary discussions with the rural electric cooperatives reveal that their need for coal will likely exceed 2 billion tons before 1985. When the needs of the municipal utilities and federal agencies are added to the needs of the rural electrics, it becomes apparent that public body preference customers could well be the principal customers for federal coal leases.

ALTERNATIVES

There appear to be three distinct ways of running a preference leasing system for coal:

1. Designate a reasonable number of tracts to be offered only to public bodies.

2. Offer all tracts first to public bodies and then offer to the general public those tracts not leased to public bodies.

3. Hold a two tier sale within an intertract leasing system (see coal leasing issue). Offer to sell a specified number of tracts to any bidder but continue to sell tracts to public bodies until: (1) they all have enough coal and (2) there are no bids from public bodies above the Department estimate of fair market value.

TIMEFRAME

The Department has requested comments from the public bodies on how they think the preferential leasing program should be run. In 3 to 4 months we will have their advice and comments. Action can then be taken and probably will be urged by the public bodies. Action will not be forced until preparation for the first leasing sale is to be completed -- by late 1977.

Federal Coal Exploration Program.

Issue: What is the desired role of a federal coal exploration program within the Department's coal leasing program?

Background

Starting in about FY70 coal exploration became a significant Geological Survey program. Section 7 of the Federal Coal Leasing Amendments Act of 1975 (P. L. 94-377) directed the Secretary to conduct a comprehensive exploration program designed to obtain sufficient data and information to evaluate the extent, location, and potential for developing the known recoverable coal resources. The intent of the Congress was clarified in a letter to the President by Senator Metcalf and Congresswoman Mink which characterized this coal exploration program as codifying and extending existing programs within the Geological Survey. The Department has accepted this Congressional interpretation of Section 7 and has not planned significant increases in the Geological Survey's coal exploration budget of approximately $20 million in FY78.

Nature of the Issue

A federal coal exploration program can be designed to provide data to serve many needs. The private sector will also conduct coal exploration activities under exploration licenses which were authorized in Section 4 of P. L. 94-377. The scale of the federal coal exploration program must be defined relative to the scale of private coal exploration. An ideal federal coal exploration program would fill the crucial gaps in the current state of total knowledge.

Alternatives

A federal coal exploration program might address any of the following data gaps.

1. Information on the extent and quality of coal deposits in areas not presently utilized. (Exploration in the hinterlands)

2. Information on the quantity and quality of underground coal seams deeper than those utilized today.

3. Information on over burden characteristics for use in assessment of environmental impact and rehabilitation potential.

4. Information on coal quality, particularly trace elements, for use in environmental impact assessments.

5. Information on coal seam hydrology for assessment of environmental impacts.

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5. Information on coal seam hydrology for assessment of environmental impacts.

6. Information on the mineability of the multiple coal seams in areas selected for leasing for use in determination of maximum economic recovery which is mandated by PL 94-377.

Timeframe

Subsection 7 (g) of PL 94-377 directs the Secretary to transmit to the Congress an implementation plan for the Federal Coal Exploration Program by February 1977.

OUTDOOR RECREATION POLICY

(This is a summary of a major policy planning paper currently being prepared by the Office of Policy Analysis)

ISSUE: Should the National Park Service and the Fish and Wildlife Service remain primarily preservationist or should they move into providing recreation for local and regional populations? How should the Land and Water Conservation Fund be allocated among the States and what should the money, both State and Federal portions, be used for?

BACKGROUND: The traditional roles of the FWS and NPS have emphasized preservation of fish and wildlife habitat and unique natural or historic areas. Both agencies in recent years have expanded rapidly the provision of recreation opportunities in both urban and rural areas. The LWCF has gone heavily for recreational acreages rather than recreational services and its distribution to the States, on a 50/50 matching basis, has been tilted toward area rather than population. The Fund has been increased twice in its 11 years, the latest increase taking it from $300 million to, by 1980, an annual sum of $900 million, at least 40 percent of which will go for Federal land acquisition projects. By 1980 the State portion of the Fund will have tilted more to population but not markedly so. The Federal portion of the Fund has mostly been spent outside of the metropolitan areas despite the existence of some large Federal urban recreation projects.

NATURE OF ISSUE: The trend into more recreational areas on the part of NPS and FWS has the support of Congress and the tacit blessing of citizen groups, since it is difficult to oppose someone else's recreation project if you want their support for yours. But if FWS and NPS get heavily into providing recreation services, they may not find their budgets expanding at a sufficient pace to be able to meet the demand for these recreation services without starving their traditional preservationist functions. The old line parks and wildlife habitat will experience relative neglect.

Policies for allocation and expenditure of the LWCF reflect related tensions between placing recreation investments in metropolitan areas or in rural areas. The fund has the potential of giving the Federal agencies a free hand in pursuing preservationist goals by providing the State and local governments with massive support for user-oriented recreation areas. The State and local government's distribution of LWCF monies to date indicate that their efforts may be going disproportionately to non-metropolitan areas thus leaving large unfulfilled demands for recreation expenditures in the more densely populated areas. Although obligations of LWCF Funds to local governments are about equal on a per capita basis as between metropolitan and non-metropolitan areas, given the tilt in the State and Federal efforts, the metropolitan governments will have to do better than this to provide parity for their residents. Nationwide planning by the Bureau of Outdoor Recreation has so far not satisfactorily addressed these issues.

ALTERNATIVES:

1. The National Park Service and, to a lesser extent, the Fish and Wildlife Service could become the primary suppliers of outdoor recreation in metropolitan areas. The financial resources of the Federal government and the capabilities

of these agencies make this a feasible goal. The Land and Water Conservation Fund could be allocated as at present under this policy.

2. NPS and FWS can be redirected back to preservationist roles but can increase their technical assistance to State and local governments. The LWCF can be redirected toward the more heavily populated areas, funds made easier to acquire by reducing or dropping both the matching requirement and restrictions on the use of the Fund. The Federal portion of the Fund can be dedicated to the States and all Federal projects financed from general appropriations.

3. Nationwide planning by BOR can be recognized as unattainable and the act (P.L. 88-29) changed, or the BOR planning effort can be radically revamped to attain some semblance of a nationwide outdoor recreation policy.

TIMEFRAME: The Secretary of the Interior is required on September 28, 1977, to submit to Congress a report on the needs, problems and opportunities associated with urban recreation. This will be an opportunity to clarify policies.

The LWCF is escalating from $300 million in FY 1977 to $600, $750, and $900 in successive years and continuing at $900 million through FY 1989. This avalanche of funds demands an examination of present policies, perhaps on a longer timeframe than 12 months.

REVIEW OF IMPLEMENTATION OF ENDANGERED SPECIES ACT

ISSUE: What has been the Department's experience in implementing the Endangered Species Act? Can it be administered in a way which fully accounts for other important statutory responsibilities of the Department?

BACKGROUND: A group of Congressmen wrote the Secretary asking him to ensure that the Endangered Species Act did not compromise the implementation of the Mining and Mineral Policy Act. The Secretary responded by announcing a Departmental review of our implementation of the Endangered Species Act.

NATURE OF ISSUE: There has been no substantive analysis of the Endangered Species Act since its enactment. The principal concern is how Section 7 (which prohibits any Federal action which may modify, jeopardize, or destroy the critical habitat of an endangered species) may limit the Secretary's discretion to manage all his responsibilities. Furthermore, there is the general question of whether the act, itself, is manageable, i.e., can we save every species and is it worth the cost?

ALTERNATIVES: These will be identified better once the Departmental review is completed. The options range from satisfaction with existing implementation procedures to possible amendments to the legislation.

TIMEFRAME: A first draft of the review is scheduled for Departmental review in early December and the final product for the Secretary by January 1977.

FEDERAL FISHERIES POLICY

ISSUE: What should be the Federal government's fisheries policy? To what extent should the Federal government stock fish for local consumption?

BACKGROUND: In 1974, the Fish and Wildlife Service (FWS) re-evaluated their fisheries programs in an effort to determine whether they were serving national or local needs. The results were recommendations to increase FWS efforts on research, cultural methods, disease control, maintaining disease-free broodstocks and providing training in fish culture and fish disease control. FWS also recommended that the States should assume greater responsibility for fish production and stocking of public waters other than coastal anadromous streams, the Great Lakes and for endangered species.

NATURE OF ISSUE: These shifting priorities resulted in the FWS recommending gradual elimination of their farm pond program. In order to do this, the FWS offered to turn over to the States for management those hatcheries which were producing warm water fish. This has been a slow process since some States have been reluctant to accept these responsibilities and the associated costs. FWS had agreed with the House and Senate Appropriation Subcommittees not to effectuate any transfer without the concurrence of both subcommittees and the local Congressional representatives. Recently, this policy has encountered strong opposition in Congress. Without equally strong support from the Secretary, FWS will be unable to finish implementation of the policy.

ALTERNATIVES:

(1) The Federal government would continue to produce fish for the farm pond program. This would require continued annual expenditure of $1-2 million for hatchery operations and tens of millions to rehabilitate those, generally, older hatcheries.

(2) Transfer these hatcheries and responsibilities to the States and use the then available funds to improve the FWS research effort on disease control, cultural methods, and production of anadromous and Great Lakes fish.

TIMEFRAME: Currently there are no specific decision points; however, in September Congressman Leggett announced his intention to hold hearings on fisheries policy early in the 95th Congress. At that time, this Department will need to make a decision on whether to support FWS or change policies.

FEDERAL INDIAN POLICY

(This is a summary of a major policy planning paper currently being prepared by the Office of Policy Analysis)

ISSUE: What should be the content of Federal Indian policy and how should it be carried out?

BACKGROUND: The history of national policy governing Federal-Indian relations has been characterized by the pursuit of objectives which are basically different and often in direct conflict. Until very recently there has been no attempt to develop and carry out policies with the consultation and participation of Indian people. Due to this history of drastic changes in national policy toward Indians and as a result of general poor performance, there is great mistrust of the Federal government's intentions among Indian people. In particular, the fear remains that the most recent previous Federal policy - termination - may still be in effect. This profound suspicion on the part of Indians has led to Federal reluctance to develop any overall strategy or establish any specific goals in the area of Indian affairs. There is fear that any significant Federal action will be misunderstood and therefore resisted.

NATURE OF PROBLEM: Presently, the only general policy in effect is Self-Determination. This policy expresses the principle of tribal choice. It says that tribes ought to influence the use of Federal resources and have the opportunity to operate Federal programs. Interpreted broadly, Self-Determination can mean that no national policies should be pursued, since this would infringe upon tribal prerogatives. If viewed more narrowly as an opportunity for tribal initiative, national strategy is unnecessary, because tribes will determine goals and policy. The problem is that effective tribal choice is impossible without national policy commitments on substantive matters. If the only alternative which can lead to real changes is tribal operation, then there is no "choice".

ALTERNATIVES: Progress in Indian affairs requires tribal decision making and national policy commitments which enable tribal choices to be made. Three things are needed: (1) a set of principles which provide the foundation for policy; (2) substantive goals mutually developed by Tribes and the Federal government; and (3) alternative structural arrangements for Federal-Tribal relations.

DECISION TIMEFRAME: No immediate action is required, but the need for policy is crucial and it should be developed as soon as possible.

INDIAN WATER MARKETING POLICY -- UPPER MISSOURI RIVER BASIN

ISSUE

Development of a policy that addresses the parity of Indian and non-Indian water development in the Upper Missouri Basin.

BACKGROUND

The Secretaries of Army and Interior entered into an agreement (1975) to market excess irrigation water stored in Federal reservoirs in the Basin for industrial and energy-related development. Indian interests took issue with this policy as it did not address Indian claims for irrigation water to which they may be entitled under the Winters Doctrine litigation.

NATURE OF PROBLEM

The problem is centered on the measurement criteria for determining irrigation water required for development of Indian lands. There is a disagreement between the Bureau of Indian Affairs and the Bureau of Reclamation over the definition of the "practicably irrigable" land proviso to measure entitlement contained in the Winters Doctrine. The BIA position is that all Indian land which is arable is irrigable, and that the amount of arable land which it is possible to irrigate from an engineering standpoint should be the basis for determining tribal water entitlement. BuRec defines "practicably irrigable" as only that land which is sufficiently arable to justify the delivery of water consistent with technical and economic feasibility.

ALTERNATIVES

1) Accept BuRec's position on "practicably irrigable" and market water in excess of the amount needed for Indian entitlement for other uses.

2) Accept BIA position on "practicably irrigable" and market water in excess of the amount needed for Indian entitlement (if any) for other uses.

3) Develop a reasonable construction schedule for projects to deliver Indian water and negotiate a water leasing arrangement with the Tribes until water can be delivered to them upon completion of the projects.

DECISION TIMEFRAME

Indians will hold up, through litigation, marketing of industrial and energy development water until their claims are redressed.

NATIONAL WATER RESOURCES POLICY

(This is a summary of a major policy planning paper currently being prepared by the Office of Policy Analysis)

ISSUE: How can the decision making process for water resources allocations (project justification, authorization, and funding procedures) be made more responsive to changing national and regional needs and water use patterns?

BACKGROUND: Many regions of the nation face over-approriated uses of their water resources. A proliferation of water development projects designed to store, deliver, or consume water without regard to changing needs or use patterns contributes to this problem. Current funding for water development and treatment projects under construction approximates $11 billion, with $20 billion needed to complete construction. There is also a construction backlog of authorized but unfunded projects of about $14 billion.

NATURE OF PROBLEM: The present situation exists because:

1) inadequate non-Federal cost-sharing has encouraged the development of inefficient, capital intensive projects; and

2) the justification and subsequent authorization process measures projects in isolation using extrapolation of past trends to demonstrate project need and does not consider long-term or intermittent needs or changing resource use patterns of a region or the nation.

ALTERNATIVES:

1) Cost-sharing reform

2) National water needs identification and prioritization system

3) Block grant system to States for non-national water problems

4) Reorganization and consolidation of water development agencies

5) Combination of above alternatives

DECISION TIMEFRAME: No current action forcing event or deadline but chance of effecting change is probably higher in early days of a new Administration.

Garrison Diversion Project, North Dakota

(example of a controversial Bureau of Reclamation water development project)

Issue

Should construction of the Garrison project be continued, modified, or terminated?

Background

The project is estimated to cost $600,000,000 of which local irrigation beneficiaries will repay less than $20,000,000. It is approximately 20 percent complete. It will provide irrigation water for 250,000 acres of presently dry-farmed land. The project justification rests on the claim of increased productivity of the land after irrigation. Project facilities will, however, displace approximately the same amount of land as will be irrigated.

Nature of Problem

In addition to the marginal economic aspects of the project, two environmental problems surround it. The Canadian Government has made the claim that irrigation return flows into the Souris River will pollute Canadian waters. Wildlife interests also claim that an inordinate amount of wetland habitat will be destroyed by the project without commensurate mitigation.

Alternatives

1) Adopt one of the courses of action of continuance, modification, or termination

2) Address the larger issue of National Water Policy reform which is the subject of the previous issue paper

OCEAN MINING LEGISLATION

ISSUE: What type of ocean mining legislation, if any, is necessary during the period in which a treaty on the law of the sea is being negotiated?

BACKGROUND: U.S. industry is a leader in the development of technology to mine the mineral resources of the deep seabed. These resources, in the form of manganese nodules, have the potential of providing a major new source of supply of several minerals for which the U.S. is now largely dependent on imports. The Administration and this Department have supported the position that the best framework for an ocean mining industry would be widespread international accomodation and agreement. Developments in the on-going third United Nations Conference on the Law of the Sea (UNCLOS), however, leave substantial uncertainities as to how long it will take to negotiate a treaty on the law of the sea which is acceptable to the U.S.

NATURE OF PROBLEM OR ISSUE: Present indications are that several U.S. led ventures will soon be reaching a point in the development of a commercial ocean mining industry where substantial new investments will be required. In the absence of a recognized claim to ocean mineral rights, or other forms of security, these investments are not likely to be made. In addition, if such development were to take place, some form of government supervision would probably be necessary to ensure adequate protection of the ocean environment and the rights of U.S. citizens. However, Administration backing for interim legislation could be detimental to our broader objectives in the on-going UNCLOS.

ALTERNATIVES:

1. Promote legislation providing investment security and government supervision for U.S. ocean mining ventures.

2. Do not promote legislation; await successful completion of a treaty on the law of the sea.

TIMEFRAME

1. The Department may have to comment on legislative options being prepared by the NSC Interagency Task Force on the Law of Sea (which has the lead on this issue) as early as late November 1976.

2. UNCLOS sessions are scheduled to reconvene in May 1977.

3. Present indications are that if uncertainties affecting investment decisions were removed, ocean mining on a commerical scale could commence by the early 1980's.

PUBLIC LAND WITHDRAWALS

(This is a brief summary of the issues relating to public land withdrawal and mineral development)

ISSUE

How can the federal government achieve national environmental and recreation goals without withdrawing large areas of the public domain from mineral exploration?

BACKGROUND

Public lands provide a significant amount of U.S. mineral supplies. Withdrawal of these lands from mineral development for wilderness, national parks, or other uses has become a major issue as mining and other interests cite U.S. dependence on foreign mineral supplies plus shortages and high prices.

Nevertheless, withdrawals often represent the only procedure to protect public lands from significant environmental degradation. Under the Mining Law of 1872 a miner may stake a claim anywhere on public lands open to mining entry. Once the miner files a claim to a mineral deposit covered under the law, the resource belongs to the miner and it may be mined by any means the miner chooses. The federal government has virtually no authority to exercise environmental controls. The federal government has limited authority to exercise environmental controls under the Mineral Leasing Act of 1920, but this includes only non-metallic minerals such as oil and gas or phosphate. Provisions regarding the development of coal on public lands were revised by Congressional legislation passed in 1976. Comprehensive revision of the Mining Law of 1872 has been unsuccessful.

The response has been to withdraw many public lands from mineral entry since no other provision exists for environmental protection. Because of these concerns the Secretary has appointed a task force to review alternatives to the present withdrawal system and other restrictive actions.

NATURE OF THE PROBLEM

Withdrawals by the Congress and the Administration often represent the only procedure to prohibit environmentally unacceptable mining practices on public lands. Pressure to withdraw areas from mineral entry will continue as long as the federal government has only limited authority to implement environmental control.

ALTERNATIVES

1. Propose legislation to revise existing mining laws to provide for environmental controls on mining practices

2. Propose legislation to revise Wilderness Act and other withdrawal laws to provide entry for mineral exploration under environmental safeguards

3. Expand federal mineral surveys to ensure that proposed withdrawals only proceed after careful assessment of mineral potential. Review existing withdrawals and propose legislation to open some areas for exploration where specific minerals in short supply may exist and development can proceed under environmental safeguards.

4. Some combination of the above alternatives.

TIMEFRAME

The Departmental task force on public land withdrawals will make recommendations to the Secretary by the end of 1976. The 95th Congress will probably propose changes to deal with land withdrawals and mineral development on public lands.

ALASKA NATURAL GAS

ISSUE: Which, if any, system for transporting natural gas from the North Slope of Alaska to U.S. markets should the President recommend to Congress? What role should Interior attempt to play in this decision?

BACKGROUND: The Alaska Natural Gas Transportation Act of 1976 provides a process for: 1) making a decision as to the selection of a system to transport Alaskan natural gas to the "lower 48" and 2) if such a system is approved, expediting its construction and initial operation. The Act provides that the President, taking into consideration the recommendation and report required of the FPC and supplementary information received from Federal agencies and other interested parties, may designate a system for subsequent review and possible approval by the Congress. In addition to being able to comment on the FPC's recommendation, Interior's role under the Act may be summarized as follows:

- Providing such assistance as the FPC may request.

- Reporting to the President on: 1) the actions that would be taken by Interior (e.g., grant or issue rights-of-way or permits) with respect to the systems considered by the FPC, 2) recommendations as to substantive and procedural provisions of law that should be waived in the interest of expeditious development of a system, 3) recommendations as to terms and conditions to be included in a required authorization or issuance, and 4) recommendations as to the character of a Federal inspector of construction. (Items 1. and 2. are mandatory; 3. and 4. are optional)

- Providing such additional assistance as the President or the Congress may request during the decision process.

- Issuing required permits and rights-of-way expeditiously once a decision has been made.

- Contributing, as requested, to a report on the steps that would be necessary to ensure the expeditious construction of an oil delivery system which would ensure the equitable allocation of North Slope crude oil to the "Northern Tier States".

ALTERNATIVES:

1. Proceed with preparation for the expeditious completion of reports and actions required of Interior (i.e., a list of actions to be taken, recommendations as to provisions of law to be waived, and issuance of required rights-of-way and permits), responding to the requests and actions of others as they appear.

2. Prepare not only for taking required actions but also for making a recommendation on the selection of a system which weighs all relevant considerations, including those aspects for which Interior has no direct responsibilities.

TIME FRAME (STATUTORY DEADLINES):

FPC recommendation and report	5/1/77
Interior comments and report	7/1/77
Initial decision by the President 1/	9/1/77 to 12/1/77
Congressional action 2/	11/1/77 to 5/1/78

1/ President may delay initial decision for up to 90 days.

2/ Congressional deadline depends upon whether Congress approves the President's initial decision and, if not, whether the President subsequently proposes a new decision.

WEST COAST CRUDE OIL PROBLEM

ISSUE

What is the Federal role in helping to resolve the problem of an over abundance of crude oil on the West Coast?

BACKGROUND

With the completion of the Alaska oil pipeline, the expected flow of oil from the California OCS and the Western Naval Petroleum Reserves, the supply of crude on the West Coast is expected to exceed the demand. In addition, much of the available refining capacity is capable of refining only low sulphur crudes (imported). The new crude supply will be relatively high in sulphur content.

STATUS OF THE ISSUE

The problem will require a mixture of Federal, State, and local and private enterprise actions for resolution.

Currently, one pipeline company, SOHIO, is proposing to convert an East-West gas pipeline to a West-East oil pipeline. Interior is the lead agency in preparing an environmental impact statement. Others involved are the FPC, Coast Guard, Army Corps of Engineers, etc.

This one proposal, if approved, would not solve the problem. Other means would be required to move the excess crude to available refining facilities and to points of consumption. The FEA has completed a study (The Northern Tier Study) of this problem and benefitted from Interior Department participation.

ALTERNATIVES

The only alternatives for the short-run (when the Alaska pipeline is finished) seem to be:

A. Move the excess oil by tanker from West to East.

B. Reduce the flow of oil through the pipeline to an amount that can be refined on the West Coast.

In the longer-run several options are available.

A. Trade oil with the Japanese.

B. Construct additional pipeline routes.

1. From the West Coast of Canada into the United States
2. From the West Coast of the United States

TIMEFRAME

The timeframe is largely dependent upon completion of the Alaska pipeline and the development of the California OCS. However, additional new pipeline routes could probably not be completed before the surplus starts to be a problem.

BACKGROUND PAPER ON TRANS-ALASKA PIPELINE

The trans-Alaska pipeline became a Secretarial responsibility by assumption when the project's sheer size and overlap of agencies led the Secretary to involve himself and the Secretariat directly in a transaction that might otherwise have been left to established Bureau procedures and performance.

The Federal Task Force for Development of Alaska Oil was created by direction of the President in June of 1969.

Preparation of the environmental impact statement was performed at the direction of the Under Secretary. The Under Secretary's Office was the policy decision point on Project Description review, litigation, Congressional appearances, drafting of Right-of-Way Grant and Agreement, and engagement of the third party contractor.

On enactment of the Trans-Alaska Pipeline Authorization Act (Title II, P.L. 93-153) on November 16, 1973, the Congress in effect confirmed Federal leadership over the project in the Secretary of the Interior, subject to existing statutory responsibilities vested in other Federal agencies.

On execution of the Right -of-Way Agreement the Secretary delegated his pipeline responsibilities to the Under Secretary and appointed an Authorized Officer to head Interior's field activities incident to the pipeline. The Authorized Officer reports to the Under Secretary.

As an ongoing Secretarial concern, the project presents several issues in need of address over the next twelve months.

These are:

1. Promulgation of TAPS Liability Fund regulations. (Sec. 204 (c) P.L. 93-153) to be concluded and effective by May 1977. (Secretary).

2. Acknowledgment of Audit Report on Alaska Pipeline Office and finding of sufficiency of its performance by December 31, 1976 (Secretary or Under Secretary).

3. Establishment of policies on issues relating to overlap of TAPS and Alaskan Natural Gas Transportation System actions. (a) Mothballing/ de-mobilizing TAPS camps, (b) Common usage of non-exclusive Right-of-Ways, etc. All Calendar 1977. (Secretary or Under Secretary).

4. Finding of sufficiency of Alyeska's welding and hydrotest records by May 1, 1977. (Under Secretary).

5. Approval of Alyeska's Oil Spill Contingency Plans by May 1, 1977. (Authorized Officer/Under Secretary).

6. Approval of Alyeska's Operating and Maintenance Plans by May 1, 1977. (Authorized Officer/Under Secretary).

7. Valdez Port and Prince William Sound Vessel Traffic Control Plan by May 1, 1977. (Authorized Officer in Cooperation with DOT/Coast Guard).

8. Approval for operation of first oil in pipeline, testing of pipeline with oil, and Commissioning by June 15, 1977 to September 15, 1977. Attainment of design thru-put by January 1, 1978. (Authorized Officer/Under Secretary).

Future Secretarial concerns relating to the Trans-Alaska Pipeline

1. Operations and Maintenance

The operating life of the trans-Alaska Pipeline System, based on proven reserves, is estimated to be 30 years. The Right-of-Way Grant is for that term of years.

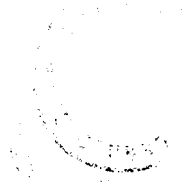
Interior, as principal landlord and as right-of-way grantor must, in the discharge of its environmental responsibilities over the land and its resources monitor pipeline operation (at levels and by means to be established). Interior's monitoring plan should be ready to go into effect at start-up in mid 1977.

2. Welding

The welding issue is highly complex but is virtually resolved. The ultimate test of the line's structural integrity is hydrostatic testing. That process (water under pressure for sustained periods) is progressing satisfactorily with reassuring results. Construction is on schedule.

3. Project Review

An essential concluding action already initiated by the Under Secretary is that of involving all concerned disciplines in an exhaustive review of what the project has contributed not only to the state of the art but to our knowledge of man in the arctic and the compatibility of that relationship. Properly conceived and executed this would be a constructive means of pinpointing both successes and failures and, more importantly, recording for future use what we have learned in the trans-Alaska pipeline experience.



DEPARTMENT OF THE INTERIOR

LEGISLATIVE PROCEDURES

In order to coordinate legislative matters, the Department of the Interior has an Office of Legislation within the Office of the Assistant Secretary for Congressional and Legislative Affairs. This Office has a staff of eight attorneys under the direction of the Legislative Counsel, and has been assigned by Part 461 of the Departmental Manual, the overall responsibility for coordination and transmittal of official views of the Department to the Congress on legislative matters. This responsibility includes coordination with the Office of Management and Budget, pursuant to OMB Circular A-19, as well as with the appropriate bureaus and offices in the Department on proposed, pending and enrolled legislation.

This book contains (1) an outline of the organization of the Office of Legislation, (2) a list of the principal legislative committees of Congress with which the Department deals, (3) an organizational chart of the Office of Management and Budget personnel which the Department deals on legislative matters, (4) an outline of the Departmental coordination procedures, and (5) a listing of major Departmental legislation to be proposed to the 95th Congress. The Office of Legislation has also prepared an information booklet which has been distributed within the Department and is available upon request.

ASSISTANT SECRETARY--CONGRESSIONAL AND LEGISLATIVE AFFAIRS

Assistant Secretary John Kyl rm. 6254.....343-7693

Office of Legislation

Legislative Counsel & Director Ken M. Brown--rm. 7259.....343-6706

Assistant Legislative Counsel John M. Powell-rm. 7258.....343-6768

Assistant Legislative Counsel Peter O. Ward--rm. 7247.....343-4547

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J. Delmas Escoe -- rm. 7244.....343-2530

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E. Randolph Hansen--rm. 7245.....343-6697

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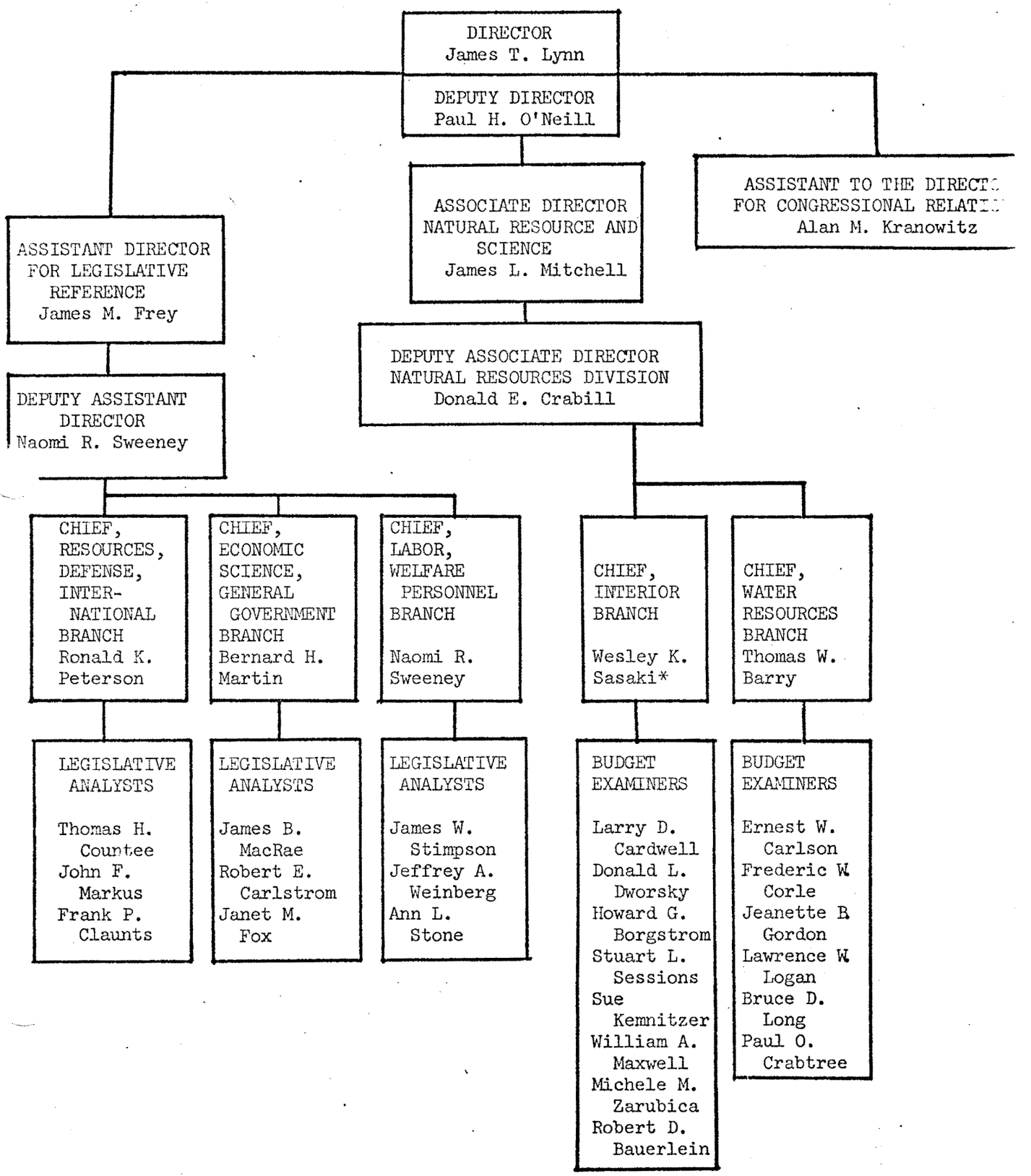
Principal Legislative Committees (other than Appropriations) with which Department of the Interior deals

SENATE	HOUSE OF REPRESENTATIVES
Committee on Interior and Insular Affairs	Committee on Interior and Insular Affairs
Committee on Commerce	Committee on Merchant Marine and Fisheries
Subcommittee on Environment	Subcommittee on Fisheries and Wildlife Conservation and the Environment
Subcommittee on Oceans & Atmosphere	Committee on Public Works and Transportation
Subcommittee on Surface Transportation	Subcommittee on Public Buildings and Grounds
National Ocean Policy Study	Subcommittee on Surface Transportation
Special Subcommittee on Oil and Natural Gas Production and Distribution	Subcommittee on Water Resources
Committee on Public Works	Committee on Interstate & Foreign Commerce
Subcommittee on Buildings & Grounds	Subcommittee on Energy & Power
Subcommittee on Environmental Pollution	
Subcommittee on Water Resources	

OFFICE OF MANAGEMENT AND BUDGET



*Wesley K. Sasaki - Deputy Director
National Resources Division

DEPARTMENT OF THE INTERIOR PROCEDURES FOR LEGISLATIVE COORDINATION

SOURCE: Departmental Manual, Part 461

A. Introduced Legislation

1. Office of Legislation (OL) refers bill to appropriate Departmental bureaus and offices for comments.
2. OL prepares Departmental report based on bureau comments.
3. OL distributes proposed report to appropriate bureaus for review.
4. When bureau review is completed, (or after modification) OL circulates report for surnaming in the following order:
   a. Appropriate Program A/Sec. (could involve more than one)
   b. A/Sec Program Development and Budget
   c. Solicitor
5. Additional modifications in report can always be made while circulating for surnaming.
6. When report has completed surnaming, OL transmits copies to OMB for clearance pursuant to OMB Circular A-19 and negotiates with OMB to obtain clearance.
7. When the report is cleared, OL obtains signature of appropriate A/Sec, makes necessary copies and transmits to the Congress.

B. Departmental Proposals

Procedure is essentially the same as that for Introduced Legislation whether the proposal originates in the bureaus or at some other level within the Department.

C. OMB requests for views on reports or proposals of other Executive Branch agencies

Procedure again is essentially the same as that for Introduced Legislation.

D. Enrolled Bills

1. The Departmental recommendation must be transmitted to OMB within 48 hours of receipt (Saturdays & Holidays included).
2. OL prepares the enrolled bill report generally on the basis of previous Departmental position on the legislation.
3. If the enrolled bill report is consistent with earlier Departmental position on the legislation, OL transmits the report and the memorandum to the appropriate Program A/Secretary for signature.
4. If the enrolled bill report deviates from the earlier Departmental position, or if the enrolled bill differs materially from the introduced bill on which the Department had taken a position, OL transmits the report through the A/Secretary, Program Development and Budget before sending to the Program A/Secretary for signature.

E. Drafting Services

1. Any bureau or office receiving a request for legislative drafting assistance from any source outside of the Department, has been instructed to notify the Office of Legislation of the request.
2. Draft bills are forwarded from the originating office or bureau through the appropriate Asst. Secretary's office to OL.
3. After OL review the draft bill is forwarded to the requesting party by a letter generally explaining the bill and disclaiming any Departmental position, and signed by the Legislative Counsel.

4. Information copies of the draft bill and Congressional letter are forwarded to OMB pursuant to Circular A-19.

F. Representation at Congressional Hearings

1. All requests for Departmental witnesses before Congressional Committees are to be transmitted immediately upon receipt by the recipient to the Office of Legislation.
2. This applies to all Congressional hearings dealing with both legislation (other than appropriations bills) and program oversight.
3. OL is responsible for determining the appropriate Departmental witness and a deadline for preparation of a draft statement for OMB clearance.

G. Transcripts

1. The Office of Legislation obtains or receives from the Committees copies of transcripts of every hearing at which a Departmental witness appears in order to edit the transcripts, in coordination with the witness, and to insure that questions raised at the hearing are answered properly.
2. The Legislative Counsel transmits the edited transcripts to the Committee Chairman.

H. Legislative Expediters

The head of each Departmental bureau or office has appointed a person to expedite the preparation, review and coordination of legislative matters in their respective bureaus or offices with the Office of Legislation.

PROPOSED DEPARTMENTAL INITIATIVES FOR 95th Congress

1) Bicentennial Land Heritage Act

This proposal would be similar to that submitted to the 94th Congress to authorize appropriations of $1.5 billion for land acquisition, development and rehabilitation of parks, refuges and recreation areas. The National Park Service has recommended that the $200 million allocated for urban parks be administered by the Secretary of the Interior rather than through existing HUD programs, as proposed in the 94th Congress.

2) Wilderness Proposals

This proposal would include the resubmission of both park system and refuge system wilderness areas which have been previously transmitted to the Congress as well as recommendations for wilderness area designation mandated by recent park legislation.

3) Alaska Conservation Act (Alaska Native Claims Settlement Act- "Four Systems")

This proposal would be a recommendation urging Congress to act favorably on the legislation submitted in December 1973. Under ANCSA Congress has only until December 1978 to consider our recommendation.

4) Fish and Wildlife Coordination Act Amendments

This proposal would be similar to legislation in the 93d Congress to strengthen the role of the Fish and Wildlife Service and the State Fish and Game Departments and water resources development decisions.

5) Assistant Secretary - Indian Affairs

This proposal would be identical to previous Departmental legislation to establish the position of an Assistant Secretary of the Interior for Indian Affairs.

6) Federal Metal and Nonmetallic Mine Safety Act Amendments

This proposal would strengthen the Metal and Nonmetallic Mine Safety Act to make it comparable to the Federal Coal Mine Health and Safety Act.

7) Mineral Leasing Act of 1920 Revisions

This proposal would be similar to that submitted by the Department to the 92nd and 93d Congress to provide for a consolidation and streamlining of the existing authorities which comprise the mineral leasing laws.

8) Mining Law Reform

This proposal would establish a workable system to eliminate the shortcomings of the present Mining Law of 1872 and promote the orderly development of hard-rock mineral production from the public lands.

9) Authority for the Secretary to accept gifts and volunteer services

This proposal would give the Secretary general authority (similar to the "Volunteers in the Parks" program) to accept gifts and uncompensated volunteer services in aid of work of the Department as a whole.

The following is a list of initiatives that will likely be taken by the Congress whether or not the Administration sends forward proposals in these areas:

1. Strip Mining. Legislation for the reclamation of strip mine lands was supported by both the Administration and the Congress in both of the past two Congresses. Disagreement over specific terms of the bill finally passed by the Congress led to a Presidential veto. Despite the fact that the Administration has now promulgated regulations for the strict control of strip mining on Federally-owned lands, strong environmentalists' support and continued interest in Congress may result in new legislation being considered in 1977.

2. Federal Land Use Planning. In the past two Congresses both the Administration and the Congress strongly supported legislation to provide Federal assistance to States for State implementation of a land use program which included control over significant development. The Administration later disagreed with Congress on the desirable form for such legislation and ultimately on the need for such legislation. Considerable opposition arose from commercial and development interests and the legislation died in the 94th Congress. It is very possible that a new land use proposal may be taken up by the 95th Congress.

3. Outer Continental Shelf Leasing Amendments. Despite consistent Administration opposition, the 94th Congress very nearly passed comprehensive legislation amending the Outer Continental Shelf Leasing Act. The Administration position was that many of the provisions in the legislation passed by the Senate and the legislation being considered in the House would have retarded OCS development without providing any concrete improvement in the program in terms of environmental protection, cooperation with State and local governments or revenue return to the Government. Because this was a major legislative issue throughout the 94th Congress it can be anticipated that another attempt will be made to enact such legislation in the 95th Congress.

4. Coal Mining Health Safety Amendments. The Senate completed a great deal of work on the Coal Mining Health Safety Amendments in the 94th Congress which were bypassed in the rush to adjournment. It is clear from the administration of this act over the past few years that a number of improvements are vitally needed. Congress can be expected to take an initiative on this.

5. Metal and Nonmetal Mine Health Safety Act. The House prepared extensive revisions to this act in the 94th C ress but again was unable to complete action during the heavy schedule prior to adjournment. It is generally conceded that this law also needs major reform and we can be certain that Congress will act on it.

6. Transfer of MESA to the Department of Labor. Congressional Committees have been unhappy with the Department position on the two previous legislative proposals and as a result, there has been pressure in Congress to transfer MESA from the Department of the Interior to the Department of Labor. This was considered within the Administration as well, but the White House ultimately decided to permit MESA to remain in Interior. The 95th Congress may again take up this issue.

7. Reform of the Mining Law of 1872. The Administration had sent to several of the previous Congresses a comprehensive revision of the Mining Law of 1872 and the Mineral Leasing Act of 1920. However, the only action taken on it was legislation to provide for competitive leasing of coal. (P.L.94-377) The Senate particularly is interested in taking up a Mining Law revision. The Administration did not send up a proposal in the 94th Congress.

APPENDIX

November 1976

A

Revision of June 1975 OCS Lease Schedule

I. Background of Schedule Revision

Following the Arab oil embargo of 1973, President Nixon directed the Secretary of the Interior to increase the acreage leased on the OCS to 10 million acres in 1975, and to determine the amount to be leased in subsequent years on the basis of market needs and industry's record in exploring and developing the leases. In November 1974, the Department modified this goal to one of holding six sales a year and opening up all frontier areas by 1978. On November 14, 1974, a schedule was announced by the Department at a conference with coastal State Governors. This schedule was later revised in June 1975 to reflect slippages in the November schedule.

At the time the June 1975 schedule was drafted, Interior's offshore experience was limited to leasing in the Gulf of Mexico, two sales off California (one was a one-tract drainage sale) and one unsuccessful sale (no commercial discoveries) off Washington and Oregon. With the exception of the Mississippi-Alabama-Florida sale in 1973 and the problems resulting from the Santa Barbara oil spill, Interior had not yet dealt with States and private groups which were uncertain about the implications of offshore development, and Interior had not yet attempted to lease in areas where there were well-defined resource conflicts. The The past year's experience, where sales have been held offshore California, Alaska and in the mid-Atlantic, has provided a more realistic perspective on what is involved in opening up frontier areas. As a result, the coastal States have been brought into the leasing process; the level of analysis in areas such as socio-economic impact and oil spill risk assessment has been upgraded; greater emphasis has been placed on mitigating measures such as lease stipulations and operating orders; and the final tract selection process has been refined. All these improvements take time and a 19-month interval between call for nominations and sale is now required, rather than the 15 months originally envisaged. Additional knowledge has also shown that it may be premature to consider leasing in certain Alaskan areas as proposed in the June 1975 timetable.

As part of the schedule review process, considerable emphasis was placed on the Alaskan portion of the schedule. Consultations and exchange of information have taken place with the State of Alaska in line with Secretary Kleppe's commitment at the time of the northern Gulf of Alaska lease sale decision. The Department has also sought the views of the members of the OCS Advisory Board. At the Board's June 14, 1976 meeting, two schedule options were presented for their consideration. Later that month additional background material was distributed on the general guidelines followed in preparation of the options and the status of the

environmental studies program. The two options reflected the 19 months time it now takes for call for nominations to sale. The main distinction between the June 1975 schedule and these options was, however, the timing of the Alaskan sales. Previously, all areas were to be opened up by the end of 1978, whereas both options extended the schedule into 1979 to varying degrees. At the request of the Alaskan Commissioner of Natural Resources, specific identification of the Alaskan sales was omitted from these options.

In addition to extensive material received from Alaska, 7 other States and 2 Federal agencies responded. The comments are summarized in Attachment 1. Additional information has also been assembled from other Interior agencies on resource potential, environmental characteristics and the timing of the studies program relative to sale decisions.

II. Proposed Schedule

The two options which were provided to the OCS Advisory Board for review and comment have been revised considerably as a result of an inhouse analysis and the material received from the OCS Advisory Board. The changes made generally apply to the scheduling of specific sales. The following constraints are however still operative:

A. Schedule Constraints

1. Procedural Constraints

-- 19 months between call for nominations and sale.

Action	Months
Call for Nominations	2
Tract Selection	3
Draft Environmental Statement	6
Public Hearing	2
Final Environmental Statement	3
Notice of Sale	2
Sale	1
Total	19

2. Data Constraints

-- The first set of benchmark samples should be taken prior to exploratory drilling; the benchmark of environmental conditions should be established prior to the production stage. (The primary purpose of the benchmark studies is to permit subsequent assessment of the impact of hydrocarbon operations.)

-- The second call for nominations in the Atlantic areas will not occur until at least one month after the first sale. This is in order to ensure that industry and the Geological Survey have access to

the information compiled in preparation for the first sale, which would include intensive seismic coverage and detailed tract evaluations, in addition to the pattern of bieding at the sale.

3. Manpower Constraints

— At least three months between sales in the same geographic region. This provides sufficient time for the Geological Survey to prepare detailed tract evaluations for use in the post-sale analysis on acceptance or rejection of bids.

— Only one sale a month. This enables the Department to handle the necessary administrative steps involved in a sale decision and the actual holding of a sale.

B. Schedule Characteristics

The schedule which is being proposed has the following characteristics:

— It extends into 1980 and provides for consideration of six sales a year.

— It provides for sales on approximately a yearly basis (8 to 14 mos.) in the Gulf of Mexico in order to minimize drainage and provide for leasing of deep water acreage and acreage contiguous to new discoveries.

— It provides for second sales in frontier areas in the event commercial discoveries are made.

— It defers the decision on whether to consider leasing in the General Pacific area, sale #53, until the results of the call for nominations and request for comments are fully analyzed.

— It defers the decision on when to consider leasing in the Outer Bristol Basin until additional environmental studies are completed.

— It defers consideration of leasing in Chukchi Sea/Hope Basin until advances in ice system technology take place.

— It limits the area of consideration for the Beaufort Sea and Bering/Norton to that which is shoreward of the 60 foot isobath or the shear zone (between sea ice and shorefast ice).

C. Area Discussion

1. Atlantic

Only minor changes from the June 1975 schedule have occurred with respect to the Atlantic sales. A question was raised as to the availability of technology for exploring and developing the Blake Plateau

(sale #54) where water depths range from approximately 650 to 3,600 feet. A technological assessment has been prepared which is enclosed as Attachment 2. This assessment concludes that leasing can proceed under the suggested date of October 1978.

2. California/Washington/Oregon

With respect to northern California and the Washington-Oregon area, sale #53, questions were raised as to the desirability of early consideration of an area where the resource potential is questionable and unique environmental conditions exist. A decision on consideration of leasing will be deferred until the results of a call for nominations and request for comments can be evaluated.

3. Alaska

The timing of Alaskan sales has received a great deal of attention. A comparison of the dates suggested by the State of Alaska with those in the proposed schedule are shown, followed with a sale-by-sale discussion.

Proposed Alaska OCS Lease Sale Dates

Area	June 1975 Schedule	Alaska	Interior Proposal
Lower Cook Inlet	No date set; litigation had not been settled	2/77	2/77
Federal/State Beaufort Sea	Not included	9/77	2/78
Gulf of Alaska/Kodiak	12/76	1/78	11/77
Aleutian Shelf	10/78	4/79	12/80
Norton Basin*	9/78	9/80	12/79
Hope Basin/Chukchi Sea*	12/78	1/81	81+
Beaufort Sea-Federal*	10/77	4/81	2/79
Bering Sea/St. George	3/77	81+	5/80
Bristol Bay	12/77	81+	81+
2nd Northern Gulf of Alaska	N/A	N/A	5/79
2nd Cook Inlet	N/A	N/A	8/80
2nd Kodiak	N/A	N/A	12/80

* Area shoreward of the ice shear zone or where technology permits.

Alaskan Sale-by-Sale Discussion

Lower Cook Inlet

The proposed date for a Cook Inlet sale is February 1977. A draft E.I.S. has been prepared, public hearings were held and we expect to release a final E.I.S. in November 1976. The tentative sale date is February 1977 under both Interior's option and that of the State of Alaska. Environmental and geologic data appear to be adequate to make lease sale decisions. Modest infrastructure already exists at selected sites to accommodate onshore development. The area can be explored and developed with presently available technology.

Sale #46 - Western Gulf of Alaska (Kodiak Shelf)

The proposed date for a Kodiak sale is November 1977 under Interior's option and January 1978 under Alaska's proposal, a difference of two months. Onshore infrastructure is available at both Kodiak and Cape Chiniak. Highly productive fishing grounds exist on the Kodiak shelf. In order to protect valuable fishery resources, stringent environmental safeguards, specifically lease stipulations and notice to lessees and operators, will be essential. Although field work will continue over the next few years, adequate information on physical oceanography and geologic hazards will be available for a November 1977 sale date. Thirteen thousand, three hundred miles of CDP data and 5,800 miles of HRD data are currently available. An additional 2,000 miles of CDP and 8,400 miles of HRD are needed. A November 1977 sale date would allow use of any additional CDP data collected by industry in the 1977 field season. This area can be explored and developed with presently available technology.

Beaufort Sea

1. State/Federal

This sale has been recommended by the State of Alaska and would encompass the areas under Alaska jurisdiction and the contested area within the barrier islands which are claimed by both the State and Federal Government. Alaska recommends that this sale be held in September 1977 but in anticipation of BLM having to prepare an environmental analysis review, and then possibly an E.I.S. the earliest feasible data would be February 1978. Oil and gas operations on Alaska's North Slope have resulted in operating procedures and supporting infrastructure for work in this area. Facilities at Prudhoe Bay and Barrow could provide bases for operations. Very little geophysical data are available in this area, and few geophysical contractors are willing to accept the associated operational risks on a speculative basis. Data held by industry are highly proprietary. These areas cannot be fully evaluated without access to data acquired on State lands. It is believed that these areas can be tested through directional and artificial island drilling. In order to meet a

February 1978 lease sale date, negotiations will need to be initiated immediately with the State of Alaska to determine under what conditions the leases will be offered, including the disposition of bonuses and royalties, plans for pre-sale evaluation of tracts and post-sale bid acceptance/rejection criteria and the regulation of exploration and development activities.

2. Beaufort Sea No. 50 (Shear Zone/Transition Zone)

Interior proposes holding this sale in February 1979 and Alaska suggests a sale date of April 1981, a difference of 26 months. Sale acreage would be in the general area of Prudhoe Bay and the State sale area, beyond the barrier islands but within the 60-foot isobath or the capability of current technology. Baseline field work currently under contract will be completed by October 1978. Two special studies on ice dynamics have been designed and funded by BLM. Circulation data, and studies on what would happen to oil trapped under the ice are needed prior to lease sale decisions. Studies in both of these areas are expected to be completed by October 1978.

Geologic hazard data exists but is rated as poor. No special geologic studies are planned except for a permafrost study which is expected to be completed in October 1978. Currently available are 2,300 miles of CDP data and 2,000 miles of HRD data. An additional 6,000 miles of CDP data and 4,000 miles of HRD data are needed. Approximately 6,000 miles of CDP data have been permitted for this year in the Beaufort Sea, but these data will not be acquired because there is not yet any open water this year for these operations. Two more field seasons may be required to acquire data to properly evaluate this area. Available HRD is not appropriate for tract-by-tract identification of hazards due to the distance of the data from shore and the random location of tract lines. Approximately 4,000 miles of gridded HRD will be required, and this may also require two field seasons. From Geological Survey's perspective, this sale does not seem advisable prior to early 1979 or even later depending on intervening ice conditions. It is anticipated that industry would be able to use man-made gravel/silt islands with ice and wave action protection for exploratory and development drilling. Systems for protecting subsea wellheads and pipelines fron ice scour need to be developed. The resource potential of the Beaufort Sea is, however, considered to be significant.

Bering Sea-St. George Basin (Sale #40)

This sale is proposed for May 1980, whereas the State of Alaska has recommended an indefinite postponement of any decision to lease until all environmental studies have been completed. The Bering Sea is recognized as one of the most environmentally sensitive areas in Alaska. It supports one of the largest fisheries in the world. It is considered as part of the same biological entity as the Outer Bristol Bay Basin. The fish, shellfish, marine bird and mammal populations overlap and adults that are harvested or migrate through one area may breed or develop in another. The identifiable commercial biological resource values associated with the two Basins total over $500 million annually.

There is, however, the prospect of significant hydrocarbon potential in the St. George Basin. A May 1980 sale date will permit the Department to have environmental baseline field work completed in ample time for lease sale decisions. Currents and circulation data will be compiled by October 1978, sea ice characteristics by 1978, a 5-year ice front dynamics study will be completed by 1980, and studies on biological resources are to be completed by 1977. We also have available 17,500 miles of CDP data and 6,300 miles of HRD data; an additional 3,000 miles of CDP data and 12,000 miles of HRD data are needed and will be obtained by 1978. General information indicates that storm conditions are probably less severe than in the Gulf of Alaska. Only those areas subject to significant sea ice would be beyond the reach of present production platform capabilities. Present exploratory drilling technology would be applicable although sea ice could prohibit operations during certain seasons.

Bering Sea-Norton (Sale #57)

Interior proposes that a sale be held in the Bering Sea-Norton in December 1979; the State proposes that it be held in September 1980, a difference of 9 months. It is proposed that this sale be restricted to shoreward of the Shear Zone because of the lack of technology for operating in pack ice areas. Biological resource values are considerably less than the Southern Bering Sea and Northern Gulf of Alaska lease areas. Residents of the Norton shore are nearly totally dependent on fish and game resources for their subsistence. Although Nome is a transportation center, harbor facilities are limited and freight must be lightered ashore. A December 1979 sale date should permit the completion of environmental baseline studies.

Currently available is 1,200 miles of CDP data. An additional 4,000 miles of CDP and 2,500 miles of HRD are needed. Data necessary for evaluation and hazard analysis can be acquired by the close of the 1978 season and analysis completed in time for a December 1979 sale.

Aleutian Shelf

Alaska proposes that an Aleutian Shelf sale be held in April 1979, whereas Interior is suggesting that it is held in December 1980. While necessary environmental and geophysical studies can be completed in time for an April 1979 sale date and the socio-economic impacts would be lessened by the existence of Dutch Harbor, Interior proposes the later date because of the uncertainty over hydrocarbon potential. It has been decided to include this area in the call for the second Kodiak sale, No. 64, in order to determine the level of industry interest. If interest warrants, Interior may decide to separate the Aleutian acreage from a second sale and plan for a separate Aleutian sale.

Chukchi-Hope Basin

Alaska proposes that this sale be held in January 1981. Interior has not included this sale as one to be held by 1980 because of the lack of available technology and insufficient hydrocarbon potential shoreward

of the shear zone to justify an early leasing date. In addition to the development of pack ice resistant platforms, ice breaker tankers and systems for protecting subsea wellheads and pipelines from ice scour must be developed. Interior will continue its study program in anticipation of the development of adequate and safe technology.

Outer Bristol Basin

Both Alaska and Interior recommend that a decision on a lease sale date for this area be deferred until further environmental studies are completed. Our current estimate of hydrocarbon potential for this area does not justify an early entry in view of other significant resource values.

Summary of Advisory Board Comments

States

Alaska

(August 4, 1976, letter from Governor Hammond to Secretary Kleppe) Governor Hammond put forward a compromise schedule proposal which sought to integrate State offshore programs with those of the Federal Government, to provide adequate time for completion of environmental studies prior to leasing, and to place certain sales on an indefinite basis because of resource conflicts or lack of technological capability. Alaska would prefer a schedule which extended over a longer time period and provided for second sales in high interest areas before scheduling in areas of lower interest. Alaska is particularly interested in the areas offshore of the Arctic Slope, is concerned about Canadian activities in the Beaufort Sea and advocates a progression of offshore exploration and development, moving from the nearshore areas of the Beaufort into progressively deeper water and more difficult ice conditions as technology and environmental studies allow. The rescheduling Alaska suggests is as follows:

Sale Area	Sale Date
1. Lower Cook Inlet	2/77
2. Beaufort Sea (Inshore State Sale)	9/77
3. Western Gulf of Alaska (Kodiak Shelf)	1/78
4. Aleutian Shelf	4/79
5. Norton Basin	9/80
6. Hope Basin	1/81
7. Beaufort Sea (Shear Zone)	4/81
8. St. George Basin	No date set--pending completion of research
9. Bristol Bay Basin	No date set--pending completion of research
10. Beaufort Sea (Pack Ice Area)	No date set--pending development of proven technology

Alaska also provided a report entitled General Summary of State Comments. Information from this report is included in the sale-by-sale analyses.

California

(August 23, 1976, letter from Bill Press, Director, Office of Planning and Research, to Assistant Secretary Coleman) Mr. Press stated that there are no differences, as far as California is concerned, between the 2 options presented to the Board. This lack of options suggests that the Department is committed to holding sales 48 and 53 irrespective of the

State's views. Sales 48 and 53 overlap; there is no consideration for State and local government timing needs. In addition, at the same time, the State must respond to exploration and development plans for Santa Barbara and sale #35. There are numerous fragile and unique environmental resources along the central and northern California coastline. In contrast, the oil and gas resource potential of this area is questionable.

DOI has consistently resisted the recommendation of California for separation of exploration and development. In the absence of such a policy, it is necessary to have environmental baseline and resource potential information available before tracts are offered for sale. The schedule does not take into account the great increase in navigation activities along the California coast expected to result from transporting Alaskan crude and LNG to West Coast terminals. Due to Alaskan crude and Elk Hills production, there is a potential for an oil glut on the West Coast. This would weaken competition for offshore tracts.

Delaware

(July 13, 1976, letter from Dave Keifer, Director, Planning Office, to Assistant Secretary Coleman) Mr. Keifer did not have any problems with the material provided to the Board members. He found the guidelines on schedule development more realistic than Interior's previous schedule. Delaware's main concern is that Interior's basic studies program is synchronized with the preparation of environmental impact statements and sale decisions so that results of background studies are put to productive use.

Florida

(July 30, 1976, letter from Dr. James Jones, Governor's Representative on OCS Advisory Board, to Assistant Secretary Coleman) Dr. Jones stated that the schedule and timing of individual sales is a matter best resolved between the Department and the affected States. Since the Alaska sales are the principal ones involved in the options, then Alaska will provide the most definitive viewpoint and he would expect Florida to support Alaska's position.

The proposed schedule for sale 43 will provide minimally adequate time for the necessary preliminary studies to be initiated. It has been his experience in working with BLM that the "studies" aspect of the schedule will frequently be delayed while the "sales" aspects are strictly adhered to.

Georgia

(August 15, 1976, letter from Lowell Evjen, Director, Planning Division, to Assistant Secretary Coleman) Mr. Evjen would like to see a comprehensive leasing plan developed which would contain such information as the petroleum supply/demand situation, rationale for development, the results of studies done in the areas and expected onshore impacts. He recommended that benchmark studies of offshore, nearshore and onshore enviornments be completed prior to the tentative tract selection (as was incorrectly stated in the Department's publication Leasing and Management of Energy Resources on the OCS). In addition, he suggested that the Department establish a standard requirement that lessees must submit to adjacent States a notice of support activity for exploration. This information would be examined by the States within 60 days and would be subject to States' approval as well as that of the Supervisor. He suggested that this information be updated after exploration is completed and that an environmental analysis be made prior to approval of a development plan. He asked for DOI comments on the existing technology for drilling and producing oil safely in deep water depths which exist on the Blake Plateau.

Massachusetts

(August 3, 1976, letter from Lt. Governor Thomas O'Neill III to Assistant Secretary Coleman) Lt. Governor O'Neill offered the following recommendations:

- the 19-month time interval should be for all proposed sales and not just the first in a frontier area

- 60 days should be allotted for review of the draft EIS prior to the public hearing

- operating orders should be placed in the draft EIS

- the results of the oil spill trajectory model should be in the draft EIS and the site specific recommendations should be available to the Secretary of the Interior for consideration in the final tract selection

- in terms of the North Atlantic sale, option two is preferable

- future changes in the schedule should be made only after consulting the affected States and there should be good coordination between the Office of OCS Program Coordination and BLM regional offices

- avenues for direct consultation between Interior and the New England fishing industry should be established regarding all aspects of the proposed lease sale and any subsequent activities

South Carolina

(Letter from W. Van Harlingen, Advisory Board Representative for South Carolina, to Assistant Secretary Coleman) General Van Harlingen favored option 1. He realized the difficulty of scheduling the Blake Plateau sale because it is largely dependent on the advances in deep sea technology.

Virginia

(July 26, 1976, letter from Earl Shiflet, Secretary of Commerce and Resources, to Assistant Secretary Coleman) Mr. Shiflet suggested that the schedule be tightened up by reducing the time for enviornmental impact statements (EIS), thereby shortening the overall schedule from 19 months to 13 months. Four months would be saved by starting the draft statement at the time of the call for nominations, using two months after the tentative tract selection for individual tract analyses, and two additional months would be saved by beginning to write the final EIS immediately after the release of the draft EIS.

Mr. Shiflet also recommended that the level of detail in the EIS be reduced and more emphasis be placed on issue identification, particularly in the development and production area, and on discussion of all alternatives. This would be accomplished because of the above saving of 6 months.

Federal Agencies

Commerce

(September 26, 1976, letter signed by Donald Martineau for Robert Knecht, NOAA Representative on OCS Advisory Board, to Assistant Secretary Coleman) Mr. Knecht outlined factors concerning the Alaskan environment, fisheries resources and Alaska's coastal management efforts which should be taken into consideration in a reevaluation of the schedule.

Consideration needs to be given to basing lease schedules on the information expected to be derived from the BLM/NOAA OCS Environmental Assessment Program. Waters adjacent to Alaska are extremely rich in fisheries resources; they are the most productive and valuable areas in the world producing renewable resources. The recently enacted Fishery Conservation and Management Act of 1976 has asserted U.S. management authority over fisheries resources within 200 miles of the coast and also over anadromous stocks of U.S. origin. Every effort must be made to minimize impact of offshore development on valuable fisheries resources.

Coastal management programs should be operational in at least those coastal areas directly impacted by lease sales, prior to approval of field development plans. Alaska should have adequate time to meet this goal.

Because of the above, lease schedule changes should be considered for the following areas:

-- Beaufort Basin. Due to the region's severe environmental characteristics, NOAA believes that leasing of Federal lands adjacent to State lands be conducted in October 1977, but actual exploratory drilling be delayed until late 1980, until sufficient information is available from investigations now underway and experience is gained from development of State lands. Leasing of areas of past ice further offshore should be deferred until the adequacy of technology has been proven.

-- Kodiak. The area near Kodiak Island is extremely rich in fishery resources. In addition to the commercial importance of the adult fish populations, the area is an extremely important spawning and larval rearing area. NOAA is preparing for BLM detailed recommendations for the region and would like to work with Interior in the selection of specific tracts in order to minimize the impact on the biota and the fishing industry.

-- Bering Sea (St. George Basin/Bristol Bay Basin). Importance of this region as one of the most productive fisheries areas in the world requires extreme caution in selection of lease tracts and development of regulations governing OCS exploration and development.

Both the Outer Bristol Basin and the St. George Basin are part of the same oceanic system; leasing decisions in one basin may affect the other. NOAA urges that the selection of a new lease date for both areas be deferred until the end of 1978 when further information will be available through the present investigations. When a final determination is made to lease, NOAA would like to work with Interior in the selection of tracts.

If the above changes cannot be accepted, then NOAA urges that Interior lease initially those areas which are of lowest environmental and fisheries resource impact and are consistent with the State Coastal Management Program.

Environmental Protection Agency (EPA)

(August 23, 1976, letter from Rebecca Hanmer, Director, Office of Federal Activities, to Assistant Secretary Coleman) Ms. Hanmer offered three main recommendations: (1) that the results of completed baseline studies and effects studies be incorporated in the draft environmental impact statement (EIS) on frontier areas; (2) that draft operating orders be included in the draft EIS and final orders be promulgated before a sale; (3) that there be a commitment to prepare an EIS prior to approval of development plans in frontier areas.

EPA believes that the baseline and effects studies should be used to define the need for special operational controls/lease stipulations and that greater emphasis should be placed on predictive studies. The environmental studies should be incorporated into the PDOD and that it would be helpful to have the PDOD publicly available. The Department should continue to use oil spill risk analysis for specific areas.

EPA views operating orders as the general mechanism for mitigating impacts of offshore activities and they therefore need to be in the draft EIS in order to be able to properly evaluate the effect of these controls on environmental safety. The EIS at the development stage would cover anticipated development in the whole area as well as cumulative effects of development in other areas and would provide for a more specific and finite analysis of anticipated impacts from onshore development. The information provided would impact the Areawide Waste Treatment Management Plan, the Coastal Zone Management Plans and EPA's or the State's new source permitting activity.

EPA urges that the Beaufort Sea be delayed, and another sale in a less hostile area be substituted, that because of operational activities associated with pack-ice the sales in the Norton Basin and Chukchi Sea be deferred and that the late scheduling of the sale in the Bristol Bay be accepted.

EPA intends to reserve final comment on the Alaska schedule until it has had an opportunity to review both the comments of the Alaska State agencies and the Department's detailed proposal for Alaska sales.

On other OCS-related matters, EPA requested a copy of NOAA's five-year "Program Development Plan," information on BLM's nearshore/onshore study surveys, and the institution of the procedure that the affected States and EPA receive draft lease stipulations 15 days before publication of the sale notice.

Technological Assessment
Blake Plateau Area

Water depths in the Blake Plateau area range from approximately 650 to 3,600 feet. These depths are within the range of present drilling capabilities which have been extended considerably with the advent of dynamic positioning, electro-hydraulic blowout preventer controls, and advanced riser systems. The previous water depth record for exploratory drilling on the Federal OCS, 1,497 feet in the Santa Barbara Channel, has been broken several times this year. An anchored semisubmersible drilling rig is currently drilling in 1,996 feet of water off the Mississippi River Delta in the Gulf of Mexico. A dynamically positioned drillship has successfully drilled exploratory wells at sites in 2,100 and 2,300 feet off Gabon. A similar vessel is presently drilling in 2,632 feet of water off Thailand. Other wells in depths to 3,300 feet are scheduled by Exxon (offshore Thailand) for later this year. The Glomar Challenger has drilled uncased core holes (no riser system) in depths to 20,483 feet.

Although deep water production technology lags somewhat behind drilling technology, rapid progress is being made. A steel tower has recently been erected in 850 feet of water in the Santa Barbara Channel. A similar tower is presently being fabricated in three sections for installation in more than 1,000 feet of water in the Gulf of Mexico next year. A prototype guyed tower designed to "comply" or sway slightly (up to 2% of its height) could be utilized in depths of 2,000 feet or more. Subsea production systems which could operate in more than 3,000 feet of water are also being tested in the Gulf of Mexico.

By the time Blake Plateau tracts have been leased and the acreage has been evaluated by exploratory drilling, production technology should be sufficiently advanced to make development plans. All designs and construction and installation plans will be verified by USGS or an approved third party. Development will not proceed if the proposed equipment has not been sufficiently tested or if this evaluation indicates that it is not adequate for the deep water environment.

PROPOSED OCS PLANNING SCHEDULE

November 1976
(Revises June 1975 S)

SALE AREA	1976						1977										1978												1979												1980											
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
44 Gulf of Mexico		F		N	S																																													
CI Cook Inlet		P			F		N	S																																										
47 Gulf of Mexico					E	P		F	N	S																																									
42 North Atlantic				E		P			F		N	S																																						
43 South Atlantic							E		P			F		N	S																																			
46 Kodiak									E		P			F		N	S																																	
45 Gulf of Mexico						T				E		P			F		N	S																																	
48 Southern California	C		D			T						E		P			F		N	S																														
49 Mid-Atlantic					C		D			T						E		P			F		N	S																										
Beaufort Sea (near shore)									State - Federal Sale											1/																																
51 Gulf of Mexico							C		D			T						E		P			F		N	S																								
53 General Pacific							C		D				T						E		P			F		N	S																						
54 S. Atlantic Blake Plateau										C		D			T						E		P			F		N	S																			
50 Beaufort Sea 2/												C		D			T						E		P			F		N	S																	
55 Northern Gulf of Alaska															C		D			T						E		P			F		N	S													
52 North Atlantic																C		D			T						E					F		N	S											
56 South Atlantic																			C		D			T						E		P			F		N	S							
58 Gulf of Mexico																				C		D			T						E		P			F		N	S						
57 Bering - Norton																						C		D			T						E		P			F		N	S				
59 Mid-Atlantic																								C		D			T						E		P			F		N	S			
60 Bering Sea St George																										C		D			T						E		P			F		N	S		
61 Cook Inlet																														C		D			T						E		P			F		N	S	
62 Gulf of Mexico																																C		D			T						E		P			F		N	S
63 General Pacific																																		C		D			T						E		P			F		N	S
64 Kodiak - Aleutian																																				C		D			T						E		P			F		N	S

draft

C - Call for Nominations
D - Nominations Due
T - Announcement of Tracts
E - Draft Environmental statement
P - Public Hearing
F - Final Environmental Statement
N - Notice of Sale
S - Sale

1/ State May Conduct Sale
2/ Within 60 Foot Isobath or Technology Capability

Sales are contingent upon technology being available for exploration and development. A decision whether to hold any of the lease sales listed will not be made until completion of all necessary studies of the environmental impact and the holding of public hearings; as a result of the environmental, technical, and economic studies employed in the decision making process, a decision may, in fact, be made not to hold any sale on this schedule.