

The original documents are located in Box 31, folder “Strip Mining – General (2)” of the John Marsh Files at the Gerald R. Ford Presidential Library.

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Background

[5/75]

PRESIDENT FORD HAS VETOED THE FEDERAL SURFACE MINING LEGISLATION, H.R. 25, AND THE HOUSE OF REPRESENTATIVES NOW EXPECTS TO VOTE ON SUSTAINING OR OVERRIDING THE VETO ON WEDNESDAY, MAY 21. SUCH PROCEDURAL MATTERS ARE, OF COURSE, SUBJECT TO CHANGE. IF THE VETO IS NOT SUSTAINED IN THE HOUSE, THE SENATE WOULD VOTE THEREAFTER.

YOUR RESPONSE IN COMMUNICATING YOUR VIEWS AND CONCERNS WITH RESPECT TO THIS LEGISLATION TO THE PRESIDENT AND MEMBERS OF CONGRESS HAS BEEN EXCELLENT. HOWEVER, IN LIGHT OF THE EXPECTED VOTE ON WEDNESDAY, IF THERE ARE ANY FURTHER COMMUNICATIONS WHICH YOU BELIEVE WOULD BE HELPFUL TO OBTAIN THE NECESSARY VOTES TO SUSTAIN THE PRESIDENT'S VETO, THEY SHOULD BE MADE BY TELEPHONE OR DIRECT WIRE, WITHOUT DELAY! -- AND YOU SHOULD ALSO ASK YOUR CUSTOMERS, SUPPLIERS AND COMMUNITY LEADERS SHARING THE PRESIDENT'S CONCERNS TO URGE THEIR CONGRESSMEN TO SUPPORT THE PRESIDENT'S VETO.

IN AMC COMMUNICATIONS SETTING FORTH THE DEVASTATINGLY ADVERSE EFFECTS OF THIS MEASURE, WE HAVE CONSISTENTLY STRESSED THE FOLLOWING POINTS:

DESPITE PERSISTENT, DILIGENT EFFORTS OF THE MINING INDUSTRY TO ACHIEVE A WORKABLE LEGISLATIVE FORMULA, THE LEGISLATIVE LANGUAGE OF H.R. 25 IS IN SUCH A STATE OF DISARRAY AND MALLEXPRESSION THAT THERE IS NO WAY THE NATION'S ENERGY REQUIREMENTS CAN BE MET IF THIS BILL BECOMES LAW.

THE ENORMOUS BUREAUCRATIC BURDEN WILL FALL MOST HEAVILY UPON THE SMALL OPERATOR, FORCING MANY TO GO OUT OF BUSINESS.

THE IMPRACTICAL, UNNECESSARY AND OFTEN IMPOSSIBLE REQUIREMENT TO RETURN TO THE APPROXIMATE ORIGINAL CONTOUR ON STEEP SLOPES WILL ELIMINATE MUCH OF THE 90-PLUS MILLION TONS OF SURFACE COAL PRODUCTION IN APPALACHIA.

THE IMPACTS OF THE ALLUVIAL VALLEY FLOOR PROVISIONS CAN BE DEVASTATING. AS LATE AS APRIL 29, THE BUREAU OF MINES REAFFIRMED ITS EARLIER ESTIMATE THAT FROM 32.5 TO 66 BILLION (REPEAT - BILLION) TONS OF STRIPPABLE COAL RESERVE WEST OF THE 100TH MERIDIAN WOULD BE LOST BY THE ALLUVIAL VALLEY FLOOR PROVISIONS OF THE BILL.

PERHAPS THE GREATEST SINGLE IMPEDIMENT TO THE INCREASED COAL PRODUCTION ESSENTIAL TO ACHIEVE THE NATION'S ENERGY OBJECTIVES OF THE NEXT DECADE IS THE POTENTIAL FOR ENDLESS AND REPETITIVE LITIGATION INHERENT IN THE NUMEROUS, AMBIGUOUS TERMS AND REQUIREMENTS OF THE BILL. EVERY PERMIT APPLICATION IS OPEN TO CHALLENGE IN THE ADMINISTRATIVE PROCEEDINGS AS WELL AS IN THE COURTS, AND UNDER THE "CITIZEN SUITS" PROVISION, SPECIFIC STATUTORY AUTHORITY IS GRANTED TO SUE THE FEDERAL GOVERNMENT, THE STATE REGULATORY AGENCY AND THE OPERATORS. THIS IS IN ADDITION TO ALL EXISTING RIGHTS TO BRING SUIT UNDER OTHER STATUTES AND UNDER THE COMMON LAW.



THE SURFACE OWNER CONSENT PROVISION CREATES A DE FACTO PROHIBITION ON THE MINING OF SURFACE MINEABLE FEDERAL COAL UNDERLYING LAND, THE SURFACE OF WHICH IS OWNED BY A SURFACE OWNER AS DEFINED IN THE BILL, BY INSTRUCTING THE SECRETARY TO REFRAIN FROM LEASING SUCH COAL DEPOSITS. THE DEPARTMENT OF INTERIOR ESTIMATES THAT 38% OF THE FEDERAL MINERAL OWNERSHIP IS UNDER PRIVATELY OWNED SURFACE.

THE STANDARDS FOR DESIGNATING LANDS AS UNSUITABLE FOR COAL SURFACE MINING ARE SO VAGUE, AMBIGUOUS AND SUBJECTIVE THAT VIRTUALLY ANY AREA OF THE U.S. COULD BE SO DESIGNATED THEREBY PROHIBITING COAL SURFACE MINING. THE POTENTIAL ADVERSE IMPACT OF THIS PROVISION ON THE NATION'S ABILITY TO DOUBLE COAL PRODUCTION BY 1985, AS REQUESTED BY THE PRESIDENT IN HIS ENERGY MESSAGE, IS INCALCULABLE.

FOR EVERY TON OF COAL WHICH CANNOT BE MINED BECAUSE OF THE PROVISIONS OF THIS BILL, 4 TO 4 1/2 BARRELS OF FOREIGN OIL MUST BE IMPORTED TO REPLACE IT AT A COST OF \$11 PER BARREL, OR AN OUTFLOW OF U.S. FOREIGN EXCHANGE CREDITS OF \$44 TO \$50 PER TON OF COAL. IF PRODUCTION LOSSES WERE 162 MILLION TONS, THIS WOULD BE THE EQUIVALENT OF ROUGHLY 676.6 MILLION BARRELS OF OIL. IF THAT OIL WERE OBTAINED FROM FOREIGN SOURCES, IT WOULD AMOUNT TO \$7.4 BILLION PER YEAR IN INCREASED DOLLAR OUTFLOWS. WE BELIEVE THAT H.R. 25 IS NOT IN THE NATIONAL INTEREST.

FRANK E. ZARB, FEA ADMINISTRATOR, TOLD A WHITE HOUSE BRIEFING THAT AMONG THE PRESIDENT'S REASONS FOR COMING TO THIS DECISION WERE: (1) A HIGH LOSS OF JOBS IN THE FIRST YEAR BY AS MUCH AS 36,000 JOBS; (2) A HIGH REDUCTION IN COAL PRODUCTION THAT COULD RUN TO 160 MILLION TONS IN THE FIRST YEAR; (3) ALLUVIAL VALLEY FLOOR RESTRICTIONS WOULD FURTHER REDUCE PRODUCTION; (4) STEEP SLOPE RESTRICTIONS IN APPALACHIA ALONE WOULD CAUSE A BIG LOSS.

ZARB POINTED OUT THAT SOME 21 STATES WHICH PRODUCE 90% OF ALL THE STEAM COAL CONSUMED IN THE U.S. ALREADY HAVE NEW SURFACE MINING LEGISLATION OR HAVE RECENTLY UPDATED THEIR LAWS.

A PART OF THE PRESIDENT'S DECISION WAS BASED ON THE FAILURE OF CONGRESS TO PRODUCE A COMPREHENSIVE ENERGY POLICY.

AS FOR RESTRICTION OF SURFACE MINING ON FEDERAL LAND, ZARB SAID THE LEGISLATION IS NOT NEEDED BECAUSE THE INTERIOR DEPARTMENT SOON WILL PUBLISH REGULATIONS IN THAT AREA.

ZARB EMPHASIZED THAT HE "PERSONALLY" IS CONVINCED THE NATIONAL WILL BE IN ANOTHER ENERGY CRUNCH WITHIN 6 MONTHS FROM NOW BECAUSE OF RISING PRICES FOR IMPORTED OIL AND THE REDUCTION IN PRODUCTION OF COAL.

IN ADDITION TO CONTACTING YOUR REPRESENTATIVES AND SENATORS POINTING OUT DEFICIENCIES OF THE BILL AND URGING A VOTE TO SUSTAIN THE VETO, YOU MAY ALSO WISH TO PERSONALLY EXPRESS YOUR APPRECIATION TO PRESIDENT FORD FOR HIS COURAGEOUS AND FORTHRIGHT STATESMANSHIP IN VETOING THIS UNWORKABLE MEASURE.



Voted against conference report in 94th.

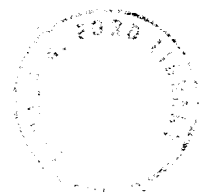
Alexander (D-Ark.)	Evins (D-Tenn.)	Moore (R-La.)
Andrews (D-N.C.)	Flowers (D-Ala.)	Myers (R-Ind.)
Archer (R-Tex.)	Flynt (D-Ga.)	Nichols (D-Ala.)
Ashbrook (R-Ohio)	Ginn (D-Ga.)	O'Brien (R-Ill.)
Bauman (R-Md.)	Guyer (R-Ohio)	Passman (D-La.)
Beard (D-R.I.)	Hagedorn (R-Minn.)	Patman (D-Tex.)
Bevill (D-Ala.)	Hammerschmidt (R-Ark.)	Poage (D-Tex.)
Bowen (D-Miss.)	Hansen (R-Idaho)	Quillen (R-Tex.)
Breaux (D-La.)	Hebert (D-La.)	Randall (D-Mo.)
Brown (R-Mich.)	Hechler (D-W.Va.)	Rhodes (R-Ariz.)
Brown (R-Ohio)	Hefner (D-N.C.)	Risenhoover (D-Okla.)
Broyhill (R-N.C.)	Hightower (D-Tex.)	Roberts (D-Tex.)
Buchanan (R-Ala.)	Holland (D-S.C.)	Robinson (R-Va.)
Burgener (R-Calif.)	Hubbard (D-Ky.)	Rose (D-N.C.)
Burleson (D-Tex.)	Hutchinson (R-Mich.)	Rousselot (R-Calif.)
Butler (R-Va.)	Ichord (D-Missouri)	Runnels (D-N.Mex.)
Byron (D-Md.)	Jarman (R-Okla.)	Satterfield (D-Va.)
Carter (R-Ky.)	Jenrette (D-S.C.)	Sebelius (R-Kans.)
Casey (D-Tx.)	Johnson (D-Calif.)	Slack (D-W.Va.)
Cederberg (R-Mich.)	Jones (D-N.C.)	Smith (R-Nebr.)
Chappell (D-Fla.)	Jones (D-Okla.)	Snyder (R-Ky.)
Clawson (R-Calif.)	Jones (D-Tenn.)	Spence (R-S.C.)
Cochran (R-Miss.)	Kazen (D-Tex.)	Steed (D-Okla.)
Collins (R-Tex.)	Kemp (R-N.Y.)	Steiger (R-Ariz.)
Conable (R-N.Y.)	Ketchum (R-Calif.)	Stephens (D-Ga.)
Conlan (R-Ariz.)	Kindness (R-Ohio)	Symms (R-Idaho)
Crane (R-Ill.)	Latta (R-Ohio)	Taylor (R-Mo.)
Daniel (D-Va.)	Lott (R-Miss.)	Teague (D-Tex.)
Daniel (R-Va.)	Lujan (R-N.Mex.)	Thornton (D-Ark.)
Davis (D-S.C.)	McDonald (D-Ga.)	Treen (R-La.)
Derrick (D-S.C.)	McEwen (R-N.Y.)	Vander Jagt (R-Mich.)
Derwinski (R-Ill.)	Mahon (D-Tex.)	Waggoner (D-La.)
Devine (R-Ohio)	Mann (D-S.C.)	Wampler (R-Va.)
Dickinson (R-Ala.)	Mathis (D-Ga.)	Whitten (D-Miss.)
Downing (D-Va.)	Michel (R-Ill.)	Wilson (R-Calif.)
Duncan (R-Tenn.)	Milford (D-Tex.)	Wright (D-Tex.)
Edwards (R-Ala.)	Mills (D-Ark.)	Young (R-Alaska)
English (D-Okla.)	Montgomery (D-Miss.)	Young (D-Tex.)
Erlenborn (R-Ill.)		

5 Paired against conference report.

de la Garza (D-Tex.)	Gonzalez (D-Tex.)	Landrum (D-Ga.)
Goldwater (R-Calif.)	Holt (R-Md.)	

1 Not voting on conference report but voted against bill.

McCollister (R-Nebr.)



23 Republicans likely to vote to sustain.

* Clausen (Calif.)	**Madigan (Ill.)	Cleveland (N.Hamp.)
** Lagomarsino (Calif.)	**Hillis (Ind.)	**Harsha (Ohio)
* Moorhead (Calif.)	Grassley (Iowa)	**Wyllie (Ohio)
Young (Fla.)	*Winn (Kansas)	Shuster (Pa.)
Frey (Fla.)	*Skubitz (Kansas)	Goodling (Pa.)
Bafalis (Fla.)	Ruppe (Michigan)	**Johnson (Pa.)
Burke (Fla.)	**Thone (Nebr.)	**Abdnor (S.D.)
Hyde (Illinois)	McCollister (Nebr.)	

20 Republicans who probably will support President.

*Wiggins (Calif.)	*Forsythe (N.J.)	McDade (Pa.)
Hinshaw (Calif.)	Lent (N.Y.)	Coughlin (Pa.)
*Armstrong (Colo.)	Hastings (N.Y.)	Eshleman (Pa.)
**McClory (Ill.)	Gradison (Ohio)	Schneebeli (Pa.)
Esch (Mich.)	**Clancy (Ohio)	Myers (Pa.)
Broomfield (Mich.)	Whalen (Ohio)	*Whitehurst (Va.)
Quie (Minn.)	*Miller (Ohio)	

6 Democrats who probably will support President.

Sisk (Calif.)	Brinkley (Ga.)	Fountain (N.C.)
Sikes (Fla.)	Stuckey (Ga.)	Henderson (N.C.)

* voted consistently with us in the 93rd
** voted with us at least once in the 93rd



**Talcott (R-Calif.)
**Bell (R-Calif.)
Pettis (R-Calif.)
Kelly (R-Fla.)
**Railsback (R-Ill.)
Findley (R-Ill.)
Emery (R-Maine)
Cohen (R-Maine)
Gude (R-Md.)
Rinaldo (R-N.J.)
Wydler (R-N.Y.)
Gilman (R-N.Y.)
Mitchell (R-N.Y.)

*Jones (D-Ala.)
Natcher (D-Ky.)
Long (D-La.)
Litton (D-Mo.)
Hungate (D-Mo.)

Walsh (R-N.Y.)
Horton (R-N.Y.)
Andrews (R-N.D.)
- **Stanton, J.W. (R-Ohio)
Mosher (R-Ohio)
Schulze (R-Pa.)
Pressler (R-S.D.)
Steelman (R-Tex.)
Jeffords (R-Vt.)
Pritchard (R-Wash.)
Steiger (R-Wisc.)
Kasten (R-Wisc.)

Delaney (D-N.Y.)
Wilson (D-Tex.)
White (D-Tex.)
Krueger (D-Tex.)
**McKay (D-Utah)



THE WHITE HOUSE
WASHINGTON

May 5, 1975

OTE
Saw
Common
m

MR. MARSH:

Glen Schleede brought this by for you to look over. It was already sent in to the President, but if you have any objection to it, you may submit it on Monday. (You'll note that in the "recommendation" section, a report will be submitted to the President on Monday by Congressional Relations Staff.) - therefore, no decision can be rendered on matter till then.

connie



THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON
SUBJECT: STRIP MINING LEGISLATION

The Senate-House Conference Committee has reported out a compromise bill which will be taken up by the Senate on Monday and the House on Wednesday.

We anticipate that by Monday there will be (a) many questions as to your position on the bill, and (b) pressure from opponents of the bill for you to signal a veto so that a higher negative vote can be built up.

The Conference Results

Tab A summarizes the results on substantive changes from last year's bill. Tab B is a preliminary estimate of production and other impacts of the bill. However, Frank Zarb wants to look more carefully at the energy impacts before giving a recommendation on signing or veto.

Briefly:

- . Success or good progress was achieved on six of the eight critical changes requested from last year's bill.
- . Two new problems were created: State control over Federal lands and bans on mining in alluvial valleys. The seriousness of the alluvial valley provision will depend on court resolution of an inconsistency between restrictive bill language and a loose report interpretation.
- . The experts' preliminary estimates of production losses (51-162 million tons) are about the same as for last year's bill. However, the progress that has been made should help keep losses in the lower end of the range.



Arguments

The arguments for and against the bill will remain essentially the same:

For: It's good environmentally, will back up state regulatory activities, stop bad strip mining practices and reclaim land, including abandoned lands; politically difficult to oppose; and sustaining a veto may not be possible.

Against: The bill creates another Federal-state regulatory system and bureaucracy; it's a long, ambiguous bill which invites years of litigation; compared to no bill, there will be adverse impacts on coal production, oil imports, electric bills and employment; restrains western coal development; and will put small mines in Appalachia out of business.

Expected Agency Positions

We expect Rog Morton, EPA, CEQ, and Agriculture to recommend signing the bill. Treasury and Commerce probably will continue to favor a veto. As indicated, Frank Zarb hasn't decided.

Hill Situation

The Senate passed its bill by 84-13 and the House by 333-86. Since then, the miners' Washington demonstration and an intensified lobbying effort apparently have changed some votes. Opponents of the bill are claiming that at least 150 votes could be produced to sustain a veto in the House. At present, Congressional Relations staff believes this count is optimistic and that sustaining a veto probably will be extremely difficult.

Recommendation

Frank Zarb and I recommend that you do not take a position on the bill before the House and Senate votes. Instead, the burden should be left on the opponents to demonstrate what they can do. Administration spokesmen would say that we are continuing to assess the Conference bill (which just became available late Friday, May 2) and that you have made no decision.

The Congressional Relations Staff is pooling the Senate and House leadership and will have a report for you over the weekend or early Monday. They will also ask on Monday for a House whip check.

Decision: Do not signal position.

_____ Agree

_____ Disagree

_____ See me



TAB A



SUMMARY RESULTS - CONFERENCE BILL

A. Action on changes from vetoed bill identified as "critical to overcome objections".

<u>Subject & Proposed Change</u>	<u>Conference Bill</u>
1. <u>Citizen Suits</u> Narrow the scope	Adopted
2. <u>Stream Siltation</u> Remove prohibition against increased siltation	Partially adopted
3. <u>Hydrologic Balance</u> Remove prohibition against disturbances	Partially adopted
4. <u>Ambiguous Terms</u> Specific authority for Secretary to define	Not adopted but other changes make this much less important
5. <u>Abandoned Mine Reclamation Fund</u> . Reduce 35¢-25¢ to 10¢ . Limit use of fund to reclamation	Fee reduced on some coal Uses broadened
6. <u>Impoundments (Dams)</u> Modify virtual prohibition on impoundments	Changed enough to be acceptable
7. <u>National Forests</u> Allow mining in certain circumstances	Rejected
8. <u>Special Unemployment Provisions</u> Delete as unnecessary and precedent setting	Adopted



B. Two new problems created in this year's bill

1. Senate floor debate indicates that the language of the bill can be constructed to permit states to ban surface coal mining on Federal lands. The House took the opposite view in floor debate. Not dealt with in the Conference report. Believed to be a major problem.
2. The Conference adopted a provision prohibiting location of a mining operation in an alluvial valley floor which may prevent expected production and lock up major coal reserves in the West.

C. Action on changes from vetoed bill identifies as "needed to reduce further the potential for unnecessary production impact and to make the legislation more workable and effective".

<u>Subject & Proposed Change</u>	<u>Conference Bill</u>
1. <u>Antidegradation</u> Delete requirements	Adopted
2. <u>Abandoned Mine Reclamation Fund</u>	
• Require 50/50 cost sharing	Rejected
• Eliminate grants for privately owned lands	Broadened
3. <u>Interim Program Timing</u>	
• Reduce potential for mining delays	Rejected
• Allow operations under interim permit if regulatory agency acts slowly	Adopted
4. <u>Federal Preemption</u> Encourage states to take up regulatory role	Rejected
5. <u>Surface Owner Consent</u> Rely on existing law	Rejected



<u>Subject & Proposed Change</u>	<u>Conference Bill</u>
6. <u>State Control over Federal lands</u> (Now a serious problem - discussed in B.1, above)	
7. <u>Funding for Research Centers</u> Delete as unnecessary	Rejected
8. <u>Alluvial Valley Floors</u> (Now a serious problem - discussed in B.2, above)	
9. <u>Designation of areas as unsuitable for mining</u> Expedite review and avoid frivilous petitions	Partially adopted
10. <u>Hydrologic Data</u> Authorize waiver in some case where unnecessarily burdensome	Rejected
11. <u>Variances</u> Broaden variances for certain post-mining uses and equipment shortages	Rejected
12. <u>Permit Fee</u> Permit paying over time rather than pre-mining	Adopted
13. <u>Contracting for reclamation</u> Delete requirement that contracts go to those put out of work by bill	Adopted
14. <u>Coal Sales by Federal Lessee</u> Delete requirement that lessee must not deny sale of coal to any class of purchaser	Requirement softened
15. <u>Appropriations Authority</u> Use regular appropriations authority rather than contract authority	Rejected
16. <u>Indian Lands</u> Clarify to assure no Federal control over non-Federal Indian land	Adopted



<u>Subject & Proposed Change</u>	<u>Conference Bill</u>
17. <u>Interest charge on civil Penalties</u> Adopt sliding scale to minimize incentive for delaying payments	Adopted
18. <u>Mining within 500 feet of active mines</u> Permit where it can be done safely	Rejected
19. <u>Haul Roads</u> Clarify restriction on connections with public roads	Adopted



TAB B



IMPACT OF THE CONFERENCE BILL ON COAL PRODUCTION,
RESERVES, OIL IMPORTS, DOLLAR OUTFLOW,
JOBS AND HIGHER COSTS

Conference
Bill

1. Loss of coal production during first full year of application -- based on expectation of 330 million tons of strip production and 685 million tons of total production if there were no bill. (does not cover potential losses from delays due to litigation or restrictive interpretation of ambiguous provisions):

In millions of tons:

. Small Mines	22-52
. Restrictions on steep slopes, siltation, aquifers	7-44
. Alluvial valley floor restrictions	<u>22-66</u>
<u>Total</u> - 1st full year of application	51-162
(% of production-estimated at 685 million tons.)	7-24%

(Note: Administration bill would also have impacted coal production -- in the range of 33-80 million tons.) By way of contrast, the vetoed bill involved a potential production loss of 48-141 million tons and the Administration's bill could reduce expected production by 33-80 million tons.

2. Lock up of coal reserves.* The U.S. demonstrated reserve base which are potentially mineable by surface methods is 137 billion tons. Estimate reserve losses are (billion tons):

. Alluvial valley floor provisions (includes losses from national forest provisions of 6.3 billion and surface owners provisions of 0-14.2 billion)	22.0-66.0
. National forest (outside alluvial valleys)	.9-.9
. Other provisions (e.g., steep slopes)	<u>0-6.5</u>
<u>Total</u> - <u>billion</u> tons	22.9-73.4

*Note: Remaining strippable reserves would be many times expected annual production.



Conference
Bill

3. Increased oil imports and dollar outflow -
assuming 80% of lost coal production was
replaced by oil. (20% by underground mining.)
- . million barrels per year (4.3 barrels
per ton of coal) 176-559
 - . dollar value (\$11 per barrel) - billions 1.9-6.1
4. Job losses* (assuming 36 tons per day per
miner and 225 work days per year; and .8
non-mining jobs per miner)
- . direct job losses - 6,000 to
20,000
 - . indirect job losses - 5,000 to
16,000
- Total 11,000 to
36,000
5. Inflationary Impact - In addition to higher
cost foreign oil -- would include
(in millions). Assumes 60 million tons
strip mining loss.
- . Fee for reclamation fund \$145 to
\$155
 - . Higher strip mining production and
reclamation costs (estimated at
60-80¢ per ton) \$162 to
\$216
 - . Costs of Federal and State program
administration (not including unem-
ployment compensation) \$90

*Does not reflect possible offset for job increases due to
(a) reclamation work or lower productivity per man in strip
mining, or (b) possible increases in underground mining
which probably will occur to offset part of the strip
mining production loss. Employment gains for underground
mining will be some years off due to time required to open
mines.



THE WHITE HOUSE
WASHINGTON



D-

Set up a Strip
Mining File -
Insert all info
on subject
— M

THE WHITE HOUSE

SIGNATURE MUST BE SECURED

TO: Mr. John O. Marsh

DATE **MAY 6... 1975..**

~~West~~ Wing

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House of Representatives
Washington, D.C. 20515

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Sam Liger
M.C.

Mr. John O. Marsh, Jr.
Counsellor to the President
The White House
Washington, D.C.

SAM STEIGER
3rd District, Arizona
2432 Rayburn Building
Washington, D.C. 20515

COULD BE URGENT FOR MEMBER
DAMN SURE URGENT FOR COUNTRY

LEADER OF THE FOLKS:

Do not do your people unwitting harm; not only is it contrary to your oath of office, it is lousy politics.

VOTE NO ON THE SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975
CONFERENCE REPORT

The bill is based on several absolutely false (and heretofore unchallenged) premises. They are:

FALSE PREMISE #1: Without this bill the strip miners (rapacious villains all) will remove most of the surface of the United States.

FACT: An absolute bowl of bull broth... in fact, all States with surface mines on State or deeded land have excellent, and locally applicable, laws and regulations now. In fact, all Federal land agencies have the authority now to regulate surface mining on Federal lands.

FALSE PREMISE #2: This measure will not cost jobs; it will create them via the reclamation route.

FACT: Tell that to the 40,000-plus miners who will surely lose their jobs due to unnecessary and new restrictions, plus the uncounted others who will join the unemployed because the 266 pages of this "how to mine in VII easy sections" (yes, gentle reader, 266 pages) make compliance such a nightmare that many small operators will hang it up. It took the committee 266 pages to say, "if you can't re-claim, you cannot mine."



FACT: The Soil Conservation Service already has reclaimed over 1.2 million acres of surface mined lands to date, leaving less than 1 million unreclaimed. Want to help? Give Soil Conservation some more money to do the job faster. There is authorized in this bill \$120,750,000, now, all new money -- none to Soil Conservation, needless to say.

FALSE PREMISE #3: The bill will not "appreciably" raise your constituents' electricity costs.

FACT: True only if you believe a national average of 15% increase is not "appreciable." Surface mined coal now accounts for over 40% of the supply for coal burning power facilities. All production shortages must be made up by burning imported oil. Thus, all oil will cost more; thus, all electricity will cost more (to say nothing of all other petroleum products).

FALSE PREMISE #4: There will be a "slight" reduction in production at first but the bill will remove the uncertainty now plaguing the coal mine industry and will result in great new amounts of coal.

FACT: Isn't that a beauty? The uncertainty exists only because of the bill's existence. Kill the bill -- kill the uncertainty.

FACT: 100 million tons a year is the lowest estimate we will be short in the first year alone -- this requires increased consumption of imported oil to the tune of 450 million barrels. Bye bye ballance of trade, hello in-



Page three

flation.

FACT: But most important, the bill guarantees many years' delay in new coal mine starts by virtue of the golden opportunity for litigation that is found on every page (including a detailed "citizen suit" section) in the nature of ambiguous and conflicting procedures and standards. Best evidence -- the agreement in conference that the Senate views the bill as mandating State standards on Federal lands and the House views the same language as meaning the State standards do not apply to Federal lands. Result: language remains ambiguous. Conference says, "Do not mention in report, we'll let the courts settle it." Recognizing the legal profession needs all the help it can get, don't forget the folks need all the coal they can get.

There's more. How did Bethlehem Steel Co. and their crafty lobbyists corrupt the legislative process and gain an exemption for 220 million dollars worth of anthracite properties in Pa.? Corrupt not only the legislative process but the entire environmental leadership's panting desire to reform environmental legislation -- how, indeed? But, if you have read thus far, you are clearly neglecting more important duties, so I will not burden you further. Try to remember:

VOTE NO ON SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975 CONFERENCE REPORT.

If your folks ask why you voted no, scuff your toe in the dirt (or macadam) and tell them you'd rather antagonize the eco-pols than have have your constituents freeze in the dark.

Yours in Compassion,


SAM STEIGER, M.C.



ANALYSIS OF THE NATIONAL SURFACE MINING CONTROL BILL

Energy Impact

At a time when the United States desperately needs additional domestic fuel to ease our dependence on foreign supplies of energy, the Surface Mining Control bill (H.R. 25) would deny access to millions of tons of high quality, low sulfur coal in the west. H.R. 25, as recently approved by the House-Senate Conference, is almost identical to the Surface Mining Control bill President Ford vetoed last year because it would have severely reduced coal production and substantially increased the price of energy.

Precise coal losses under the bill are difficult to determine. The Federal Energy Administration estimates production losses of 40 to 120 million tons in the first full year of its application, or between 15% and 41% of (1974) surface coal production. FEA also estimates that coal reserve losses under the bill would range between 12 and 72 billion tons or 9% to 53% of domestic stripable reserves.

For example, the prohibition against surface coal mining in "alluvial valleys" in Western states could preclude the recovery and use of up to 66 million tons per year. Numerous other qualifications and ambiguities in the bill, according to the Sierra Club, render coal producers "sitting ducks for private citizen suits" that could delay development of needed reserves indefinitely.

The significance of these predictions is underscored by the following:

In 1974, Arizona's electric utilities used some 3 million tons of coal, all of which was surface mined. In Colorado, electric utilities used 5.6 million tons of coal, of which 92% was surface mined. In Nevada and New Mexico, 4.2 million tons and 7.9 million tons, respectively, were used to generate electricity, of which 87% and 100% were surface mined. Within the next five years, demand for coal is expected to double in the west.

Economic Impact

For every million tons of surface mined coal lost under the bill, electric utilities would be required to obtain some 3.3 million barrels of oil. On a Btu equivalent basis, oil costs nearly 10 times as much as coal.



These incremental costs would be borne by the ultimate customer of electricity -- residential, commercial, industrial and agricultural.

For example, in Arizona, enactment of the bill could result in a four percent rate increase almost immediately, and an additional ten to fourteen percent increase after the bill is fully implemented. Electric customers in California, Colorado, Nevada and New Mexico should anticipate similar rate increases.

The Department of Interior estimates that the bill will cost the country a total of 47,000 jobs -- 26,100 directly associated with the mining industry and 20,800 in connected industries. Exactly how many jobs will be lost in the west is difficult to calculate until after coal production is halted and delays are announced for specific, planned coal fired generating stations. But the bill's impact is expected to be particularly great in Western states.

5-5-75



MAY 6 1975

THE WHITE HOUSE
WASHINGTON

Date May 6, 1975

TO: John Marsh

FROM: CHARLES LEPPERT

Please Handle _____

For Your Information XX

Per Our Conversation _____

Other:



SAM STEIGER
3rd District, Arizona
2432 Rayburn Building
Washington, D.C. 20515

COULD BE URGENT FOR MEMBER
DAMN SURE URGENT FOR COUNTRY

LEADER OF THE FOLKS:

Do not do your people unwitting harm; not only is it contrary to your oath of office, it is lousy politics.

VOTE NO ON THE SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975
CONFERENCE REPORT

The bill is based on several absolutely false (and heretofore unchallenged) premises. They are:

FALSE PREMISE #1: Without this bill the strip miners (rapacious villians) will remove most of the surface of the United States.

FACT: An absolute bowl of bull broth...in fact, all States with surface mines on State or deeded land have excellent, and locally applicable, laws and regulation now. In fact, all Federal land agencies have the authority now to regulate surface mining on Federal land

FALSE PREMISE #2: This measure will not cost jobs; it will create them via the reclamation route.

FACT: Tell that to the 40,000-plus miners who will surely lose their jobs due to unnecessary and new restrictions plus the uncounted others who will join the unemployed because the 266 pages of this "how to mine in VII easements" (yes, gentle reader, 266 pages) make complete such a nightmare that many small operators will hang up. It took the committee 266 pages to say, "if you can't reclaim,



you cannot mine."

FACT: The Soil Conservation Service already has reclaimed over 1.2 million acres of surface mined lands to date leaving less than 1 million unreclaimed. Want to help? Give Soil Conservation some more money to do the job better. There is authorized in this bill \$120,750,000, all new money -- none to Soil Conservation, needless

FALSE PREMISE #3: The bill will not "appreciably" raise your constituent electricity costs.

FACT: True only if you believe a national average of 15% increase is not "appreciable." Surface mined coal now accounts for over 40% of the supply for coal burning power facilities. All production shortages must be made up by burning imported oil. Thus, all oil will cost more; thus, all electricity will cost more (to say nothing of all other petroleum products).

FALSE PREMISE #4: There will be a "slight" reduction in production at first but the bill will remove the uncertainty now plaguing the coal mine industry and will result in great new amounts of coal.

FACT: Isn't that a beauty? The uncertainty exists only because of the bill's existence. Kill the bill -- kill the uncertainty.

FACT: 100 million tons a year is the lowest estimate we will be short in the first year alone -- this requires increased consumption of imported oil to the tune of 100 million barrels. Bye Bye balance of trade, hello inflation.



FACT: But most important, the bill guarantees many years' delay in new coal mine starts by virtue of the golden opportunity for litigation that is found on every page (including a detailed "citizen suit" section) in the nature of ambiguous and conflicting procedures and standards. Best evidence -- the agreement in conference that the Senate views the bill as mandating State standards on Federal lands and the House views the same language as meaning the State standards do not apply Federal lands. Result: language remains ambiguous. Conference says, "don't mention in report, we'll let courts settle it." Recognizing the legal profession needs all the help it can get, don't forget the folks need all the coal they can get.

There's more. How did Bethlehem Steel Company and their crafty lobbyist corrupt the legislative process and gain an exemption for 220 million dollars worth of anthracite properties in Pennsylvania? Corrupt not only the legislative process but the entire environmental leadership's pantin desire to reform environmental legislation -- how, indeed?

But, if you have read thus far, you are clearly neglecting more important duties, so I will not burden you further. Try to remember:

VOTE NO ON SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975 CONFERENCE REPORT

If your folks ask why you voted no, scuff your toe in the dirt (or macada) and tell them you'd rather antagonize the eco-pols than have your constituents freeze in the dark.

Yours in Compassion,



From the desk of

J. ALLEN OVERTON, JR.

Dear Mr. Marsh:

Thought you would be interested.

Allen Overton, Jr.



AMERICAN MINING CONGRESS

Established 1897



1100 Ring Bldg., Washington, D.C. 20036
Telephone: 202/331-8900
TWX 710-822-0126

MAY 10 1975

May 8, 1975

COPY

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

H. R. 25, the federal surface mining legislation -- despite the diligent efforts of the mining industry to achieve a workable legislative formula based upon the principle that with respect to coal surface mining, if the land cannot be reclaimed it should not be mined -- is in such a state of disarray and malexpression that there is grave doubt that the nation's energy base can be sufficiently expanded in the next decade should it become law. The American Mining Congress believes that the national interest requires a Presidential veto of this ill-conceived legislation.

The enormous bureaucratic machinery established by H. R. 25 and the burdens imposed upon operators thereby will fall most heavily upon the small operator, forcing many to go out of business.

The impractical, unnecessary and often impossible requirement to return to the approximate original contour on steep slopes will eliminate much of the production of Appalachia which supplies utilities in Kentucky, North Carolina, South Carolina, Alabama, Georgia, Tennessee, Mississippi, Missouri, West Virginia, Virginia, Maryland, Florida, and others.

The impact of the alluvial valley floor provisions can be devastating. The Department of the Interior has estimated that from 32.5 to 66 billion tons of the nation's strippable coal reserve located west of the 100th meridian would be lost by the alluvial valley provisions of the bill.

Probably the greatest single impediment to the achievement of the increased coal production, urged by you in your Energy Message, of 1.2 billion tons annually by 1985 is the potential for endless and repetitive litigation inherent in the numerous, ambiguous terms and requirements of the bill. Every permit application is open to challenge in the administrative proceedings as well as in the courts at almost every step of the way. And, under the "citizen suits" provision, specific statutory authority is granted to sue the federal government, the state regulatory agencies, and the operators.

IAN MacGREGOR
Chairman

FRANK R. MILLIKEN
N. T. CAMICIA
H. S. HARRISON
CHARLES F. BARBER
ROBERT W. FORT
CHRISTIAN F. BEUKEMA
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*ROBERT W. FORT, Cleveland
JOHN B. M. PLACE, New York
ELTON HOYT III, Cleveland
R. G. MILLER, JR., Chicago
OTES BENNETT, JR., Cleveland
JOHN C. DUNCAN, New York
C. F. FOGARTY, New York
*T. A. HOLMES, Woodcliff Lake, N.J.
H. MYLES JACOB, Morristown, N.J.
WILLIAM H. LOVE, Pinehurst, Idaho
D. A. MCGEE, Oklahoma City

J. C. STEPHENSON, New York
JOHN A. LOVE, Denver
THOMAS L. DINEEN, Milwaukee
PAUL C. HENSHAW, San Francisco
ROBERT W. HUTTON, Greenwich, Ct.
RICHARD A. LENON, Libertyville, Ill.
J. E. YATES, Pittsburgh
†HERBERT C. JACKSON, Cleveland
†ANDREW FLETCHER, New York
†RAYMOND E. SALVATI, Ft. Lauderdale
†CRIS DOBBINS, Denver
*Executive Committee
†Honorary

The President
May 8, 1975
Page Two

This authority is in addition to the existing rights to bring suit under other statutes and the common law. The approval and implementation of H. R. 25 will be an open invitation and will provide almost limitless opportunities for more litigation.

The surface-owner-consent provision not only provides for a de jure prohibition on leasing lands where the United States owns the coal but the surface is not owned by the United States until February 1, 1976, but it also contains a de facto prohibition of leasing such coal in the future by instructing the Secretary to refrain from leasing such coal deposits, "in his discretion but, to the maximum extent practicable," except for underground mining. The Department of the Interior has estimated that 38 percent of the federal mineral ownership is under privately owned surface.

The standards and criteria for designating areas as being unsuitable for surface mining are so vague, ambiguous, and subjective that virtually any area in the country could be so designated, thereby prohibiting coal surface mining.

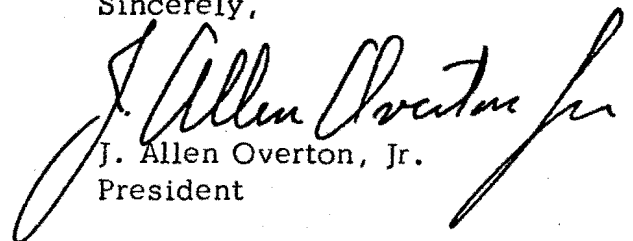
The various prohibitions upon surface mining contained in H. R. 25 appear to transform the measure from one purportedly requiring reclamation to one designed to preclude coal surface mining in as many instances as possible.

The American Mining Congress believes that the changes made by Congress in H. R. 25, as compared to S. 425 of the 93rd Congress, will have little effect upon the estimates of coal production losses or the inflationary impact of that measure which caused you to withhold your approval of S. 425, as inimical to the best interests of the nation.

Mr. President, on behalf of the American Mining Congress I respectfully urge you to veto H. R. 25.

With all good wishes.

Sincerely,


J. Allen Overton, Jr.
President



MAY 9 1975

*due 5/9
MOON*

THE WHITE HOUSE
WASHINGTON

May 9, 1975

MEMORANDUM FOR : PHIL BUCHEN
 MAX FRIEDERSDORF
 ALAN GREENSPAN
 BOB HARTMANN
 JIM LYNN
 JACK MARSH ✓
 BILL SEIDMAN
 PAUL THEIS ✓

FROM : JIM CANNON

SUBJECT : DECISION MEMORANDUM ON H.R. 25,
 SURFACE MINING BILL.

The President has asked for a decision memorandum by close of business today on the strip mining bill. The first draft of such a memorandum is enclosed, along with a draft statement of disapproval in the event that he decides to veto the bill.

~~May we have your comments and corrections as soon as possible but not later than noon today so that we can revise the memorandum and get it to the President. May we also have your recommendation on the bill.~~

We will also be checking the memorandum with Frank Zarb, Russ Train, Russ Peterson, Kent Frizzell and Rog Morton.

Thanks for your help.

*hand carried
to Cannon's
5-9-75*

Enclosure.



*Jim -
We have a chance
to sustain a veto, but it
will require great effort and
then only by a close margin,
if successful, in my opinion Jim*

MEMORANDUM

FROM:

SUBJECT: STRIP MINING BILL

H.R. 25, the Surface Mining Control and Reclamation Act passed the Senate on Monday by Voice vote and the House on Wednesday by a vote of 293-115.

This memorandum briefly describes the bill, compares it to the one you proposed on February 6, identifies the impacts on coal production and other economic considerations, lists arguments for and against approval, and presents recommendations of your advisers as to signing or vetoing the bill.

Jim Lynn will soon be providing an enrolled bill memorandum which will provide more detail on the bill and agency positions.

The Bill

Briefly, the principal features of the bill:

- . Establish environmental protection and reclamation standards for surface mining activities.
- . Call for State regulatory and enforcement activities.
- . Require Federal (Interior Department) regulation and enforcement if States do not act.
- . Places an excise tax of 15-35¢ on each ton of coal to create a trust fund for use in reclaiming public and privately owned abandoned mined lands, and paying other facility and service costs in areas affected by energy development.
- . Provides funds for state mining and mineral institutes.

Background

The Executive Branch proposed bills in 1971 and 1973 to establish environmental and reclamation standards for surface and subsurface mining of coal and other minerals. The Senate passed a coal surface mining bill in 1972 and again in 1973. Despite extensive Administration efforts, the House passed a tough bill in July 1974 and a similar bill emerged from Conference in December 1974. The memorandum of disapproval announcing the pocket veto of that bill on January __, 1975 is enclosed at Tab A.

On February 6, 1975, you transmitted a new bill which followed the wording of the vetoed bill except for 8 changes identified in your letter (Tab B) as critical to overcome the problems that led to your veto and 19 other changes which



were designed to reduce the coal production losses and make the bill more workable.

The Senate passed its bill on _____, 1975 by a vote of 84-13 and the House its bill by a vote of 333-86.

In order to place in context many of the objections that are now being voiced against the bill now before you, it is important to note that the bill you transmitted in February represented a substantial compromise from proposals advanced over the past four years. For example, the Executive Branch gave up after numerous attempts to obtain less rigorous restrictions on steep slope mining and post-mining uses. The Appalachian state objections to the bill are due to these restrictions which would put small mine operators out of business and generally restrict mining activities.

Enrolled bill compared to Your February 6th bill

Tab C summarizes the results of the Congressional action with respect to the changes you requested. Briefly, it indicates that:

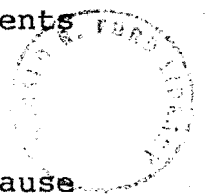
- . Success or substantial progress was achieved on 6 of the 8 critical changes.
- . Three important new problems were created--involving State control over Federal coal lands, restrictions on mining in alluvial valley floors, and water rights.
- . Of the other 19 changes, 7 were adopted, 2 partially adopted, 8 rejected and 2 made less acceptable.

Adverse impacts of the bill

Tab D summarizes the estimated impact of bill on coal production, oil imports and dollar outflows, unemployment, higher costs, and lock up of reserves. Briefly:

- . Coal Production. Interior and FEA experts have estimated that the adverse impact on coal production from those provisions that can be estimated will be from 40 to 162 million tons, or from 6 to 24% of the 685 million tons of total coal production expected in 1977. These estimates to not include the impact of provisions of the bill that cannot be estimated such as (1) provisions for designating lands unsuitable for mining, (2) requirements for surface owner consent, or (3) production delays expected from litigation.

The experts have been unable to narrow the range of their estimate--or provide a "most likely" figure because



they cannot predict how the courts will interpret many provisions of the bill. For example, Court resolution of an inconsistency between restrictive bill language and a loose report interpretation can determine whether losses are closer to the estimated 11 million ton minimum loss or the 66 million ton maximum loss estimated for this provision.

Changes in the bill achieved during the current session should help hold the losses toward the lower end of the range. On the other hand, the provisions for which estimates are not developed could drive the losses toward or above the high end of the range.

Contentions have been made that the absence of a bill is contributing to uncertainty and thus holding up plans for expanded coal production. We have no evidence to support this contention and suspect that production will increase more rapidly without a Federal bill. This point is discussed in more detail at Tab E.

- . Oil Imports. Most of the lost coal production will have to be replaced by imported oil. If 80% is replaced by oil and the other 20% by more deep-mined coal, the oil imports associated with the estimated losses would range between 139 and 559 million barrels of oil per year, involving dollar outflows from \$1.5 to \$6.1 billion.
- . Job Losses. In addition to the Job losses associated with the dollar outflows, Interior and FEA have estimated that direct and indirect job losses will range between __,000 and 36,000. These will be partially offset by lower productivity due to tighter restrictions, jobs in reclaiming abandoned mine lands (requiring relocation of unemployed) and after some years, expanded underground mining.
- . Higher Costs. In addition to the higher costs of foreign oil to replace coal, the added costs that will be paid through higher prices or taxes include:
 - \$145 to \$155 million in excise taxes for the "reclamation" fund.
 - Higher strip mining production and reclamation costs-- estimated at \$162 to \$216 million annually
 - About \$90 million for Federal and State Government regulatory systems and research.
- . Electric Bills. Since most coal is used in electrical generation, electric bills will go up. The amount will vary widely from utility to utility depending upon the dependence on coal and the impact on the utility's coal supply. Imported oil costs more than 10 times as much as an equivalent amount of coal in BTU terms.



Arguments for Approval of the bill

- . Strip mining is still devastating the environment in some areas.
- . State laws, regulations and enforcement is not strong enough and Federal backup enforcement is necessary.
- . Thousands of acres of abandoned mined lands are scars on the landscape and should be reclaimed.
- . Your Administration has a negative environmental record due to the previous strip mine bill veto, proposed clean air act amendments, decision not to propose a land use bill, and Hathaway's appointment.
- . A veto would jeopardize Hathaway's appointment.
- . The Administration is on record as favoring a strip mining bill and the Congress accepted a substantial number of the changes you proposed on February 6.
- . Job Losses will be partially offset by employment in reclamation and underground mining.
- .

Arguments against approval

- . Creates another Federal-State regulatory system and bureaucracy.
- . Bill is long and ambiguous, inviting years of litigation.
- . Bill is not significantly different from the one you vetoed.
- . States have tightened laws, regulations and enforcement over past 4 years making Federal legislation less desirable and possibly unnecessary.
- . Production losses and impact on imports and dollar outflow.
- . Job losses.
- . Higher consumer costs, particularly for electricity.
- . Restrains Western coal development and locks up substantial reserves.
- . Puts small mines out of business, particularly in Appalachia.
- . If Senate floor debate prevails, establishes bad precedent of making Federal mineral rights subject to State bans on mining.
- . Approval will gain no environmental votes but probably will lose some on energy, employment and economic grounds,

Sustaining a Veto

The Congressional Relations staff believes that a veto can be sustained in the House.

Last Day for Action: May ____, 1975.

Alternatives, Recommendations and Decision

1. Sign the Bill

2. Veto. Issue Statement at Tab F.

3. Allow to Become law without signature

Buchen	_____	_____	_____
Cannon	_____	_____	_____
Friedersdorf	_____	_____	_____
Greenspan	_____	_____	_____
Hartman	_____	_____	_____
Lynn	_____	_____	_____
Marsh	_____	gm	_____
Morton	_____	_____	_____
Peterson	_____	_____	_____
Seidman	_____	_____	_____
Simon	_____	_____	_____
Train	_____	_____	_____
Zarb	_____	_____	_____
Interior	_____	_____	_____
Agriculture	_____	_____	_____
Justice	_____	_____	_____
TVA	_____	_____	_____
Labor	_____	_____	_____



TAB A



THE WHITE HOUSE

MEMORANDUM OF DISAPPROVAL

I am withholding my approval from S. 425, the Surface Mining Control and Reclamation Act of 1974.

S. 425 would establish Federal standards for the environmental protection and reclamation of surface coal mining operations, including the reclamation of orphaned lands. Under a complex procedural framework, the bill would encourage the States to implement and enforce a program for the regulation of surface coal mining with substitution of a federally administered program if the States do not act.

The Executive Branch submitted to both the 92nd and 93rd Congresses legislation that would have established reasonable and effective reclamation and environmental protection requirements for mining activities. Throughout this period, the Administration made every effort in working with the Congress to produce a bill that would strike the delicate balance between our desire for reclamation and environmental protection and our need to increase coal production in the United States.

Unfortunately, S. 425, as enrolled, would have an adverse impact on our domestic coal production which is unacceptable. By 1977, the first year after the Act would take full effect, the Federal Energy Administration has estimated that coal production losses would range from a minimum of 48 million tons to a maximum of 141 million tons. In addition, further losses which cannot be quantified could result from ambiguities in the bill, forcing protracted regulatory disputes and litigation. In my judgment, the most significant reasons why such coal losses cannot be accepted are as follows:

1. Coal is the one abundant energy source over which the United States has total control. We should not unduly impair our ability to use it properly.
2. We are engaged in a major review of national energy policies. Unnecessary restrictions on coal production would limit our Nation's freedom to adopt the best energy options.
3. The United States uses the equivalent of 4 barrels of expensive foreign oil for every ton of unproduced domestic coal -- a situation which cannot long be tolerated without continued, serious economic consequences. This bill would exacerbate this problem.
4. Unemployment would increase in both the coal fields and in those industries unable to obtain alternative fuel.



In addition, S. 425 provides for excessive Federal expenditures and would clearly have an inflationary impact on the economy. Moreover, it contains numerous other deficiencies which have recently been addressed in Executive Branch communications to the Congress concerning this legislation.

In sum, I find that the adverse impact of this bill on our domestic coal production is unacceptable at a time when the Nation can ill afford significant losses from this critical energy resource. It would also further complicate our battle against inflation. Accordingly, I am withholding my approval from S. 425.

In doing so, I am truly disappointed and sympathetic with those in Congress who have labored so hard to come up with a good bill. We must continue to strive diligently to ensure that laws and regulations are in effect which establish environmental protection and reclamation requirements appropriately balanced against the Nation's need for increased coal production. This will continue to be my Administration's goal in the new year.

GERALD R FORD

THE WHITE HOUSE,
December 30, 1974

#



TAB B



THE WHITE HOUSE

WASHINGTON

February 6, 1975

Dear Mr. Speaker:

Our Nation is faced with the need to find the right balance among a number of very desirable national objectives. We must find the right balance because we simply cannot achieve all desirable objectives at once.

In the case of legislation governing surface coal mining activities, we must strike a balance between our desire for environmental protection and our need to increase domestic coal production. This consideration has taken on added significance over the past few months. It has become clear that our abundant domestic reserves of coal must become a growing part of our Nation's drive for energy independence.

Last December, I concluded that it would not be in the Nation's best interests for me to approve the surface coal mining bill which passed the 93rd Congress as S. 425. That bill would have:

- . Caused excessive coal production losses, including losses that are not necessary to achieve reasonable environmental protection and reclamation requirements. The Federal Energy Administration estimated that the bill, during its first full year of operation would reduce coal production between 48 and 141 million tons, or approximately 6 to 18 percent of the expected production. Additional losses could result which cannot be quantified because of ambiguities in the bill. Losses of coal production are particularly important because each lost ton of coal can mean importing four additional barrels of foreign oil.



- . Caused inflationary impacts because of increased coal costs and Federal expenditures for activities which, however desirable, are not necessary at this time.
- . Failed to correct other deficiencies that had been pointed out in executive branch communications concerning the bill.

The energy program that I outlined in my State of the Union Message contemplates the doubling of our Nation's coal production by 1985. Within the next ten years, my program envisions opening 250 major new coal mines, the majority of which must be surface mines, and the construction of approximately 150 new coal fired electric generating plants. I believe that we can achieve these goals and still meet reasonable environmental protection standards.

I have again reviewed S. 425 as it passed the 93rd Congress (which has been reintroduced in the 94th Congress as S. 7 and H.R. 25) to identify those provisions of the bill where changes are critical to overcome the objections which led to my disapproval last December. I have also identified a number of provisions of the bill where changes are needed to reduce further the potential for unnecessary production impact and to make the legislation more workable and effective. These few but important changes will go a long way toward achieving precise and balanced legislation. The changes are summarized in the first enclosure to this letter and are incorporated in the enclosed draft bill.

With the exception of the changes described in the first enclosure, the bill follows S. 425.

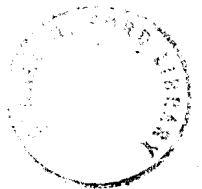


I believe that surface mining legislation must be reconsidered in the context of our current national needs. I urge the Congress to consider the enclosed bill carefully and pass it promptly.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gerald R. Ford". The signature is written in a cursive style with a large, prominent "G" and "F".

The Honorable
The Speaker
U.S. House of Representatives
Washington, D.C. 20515



SUMMARY OF PRINCIPAL CHANGES FROM S. 425 (S. 7 and H.R. 25)
INCORPORATED IN THE ADMINISTRATION'S
SURFACE MINING BILL

The Administration bill follows the basic framework of S. 425 in establishing Federal standards for the environmental protection and reclamation of surface coal mining operations. Briefly, the Administration bill, like S. 425:

- covers all coal surface mining operations and surface effects of underground coal mining;
- establishes minimum nationwide reclamation standards;
- places primary regulatory responsibility with the States with Federal backup in cases where the States fail to act;
- creates a reclamation program for previously mined lands abandoned without reclamation;
- establishes reclamation standards on Federal lands.

Changes from S. 425 which have been incorporated in the Administration bill are summarized below.

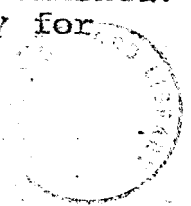
Critical changes.

1. Citizen suits. S. 425 would allow citizen suits against any person for a "violation of the provisions of this Act." This could undermine the integrity of the bill's permit mechanism and could lead to mine-by-mine litigation of virtually every ambiguous aspect of the bill even if an operation is in full compliance with existing regulations, standards and permits. This is unnecessary and could lead to production delays or curtailments. Citizen suits are retained in the Administration bill, but are modified (consistent with other environmental legislation) to provide for suits against (1) the regulatory agency to enforce the act, and (2) mine operators where violations of regulations or permits are alleged.



2. Stream siltation. S. 425 would prohibit increased stream siltation -- a requirement which would be extremely difficult or impossible to meet and thus could preclude mining activities. In the Administration's bill, this prohibition is modified to require the maximum practicable limitation on siltation.
3. Hydrologic disturbances. S. 425 would establish absolute requirements to preserve the hydrologic integrity of alluvial valley floors -- and prevent offsite hydrologic disturbances. Both requirements would be impossible to meet, are unnecessary for reasonable environmental protection and could preclude most mining activities. In the Administration's bill, this provision is modified to require that any such disturbances be prevented to the maximum extent practicable so that there will be a balance between environmental protection and the need for coal production.
4. Ambiguous terms. In the case of S. 425, there is great potential for court interpretations of ambiguous provisions which could lead to unnecessary or unanticipated adverse production impact. The Administration's bill provides explicit authority for the Secretary to define ambiguous terms so as to clarify the regulatory process and minimize delays due to litigation.
5. Abandoned land reclamation fund. S. 425 would establish a tax of 35¢ per ton for underground mined coal and 25¢ per ton for surface mined coal to create a fund for reclaiming previously mined lands that have been abandoned without being reclaimed, and for other purposes. This tax is unnecessarily high to finance needed reclamation. The Administration bill would set the tax at 10¢ per ton for all coal, providing over \$1 billion over ten years which should be ample to reclaim that abandoned coal mined land in need of reclamation.

Under S. 425 funds accrued from the tax on coal could be used by the Federal government (1) for financing construction of roads, utilities, and public buildings on reclaimed mined lands, and (2) for distribution to States to finance roads, utilities and public buildings in any area where coal mining activity is expanding. This provision needlessly duplicates other Federal, State and local programs, and establishes eligibility for Federal grant funding in a situation where facilities are normally financed by local or State borrowing. The need for such funding, including the new grant program, has not been established. The Administration bill does not provide authority for funding facilities.



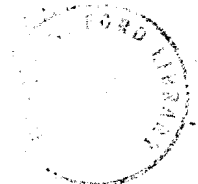
6. Impoundments. S. 425 could prohibit or unduly restrict the use of most new or existing impoundments, even though constructed to adequate safety standards. In the Administration's bill, the provisions on location of impoundments have been modified to permit their use where safety standards are met.
7. National forests. S. 425 would prohibit mining in the national forests -- a prohibition which is inconsistent with multiple use principles and which could unnecessarily lock up 7 billion tons of coal reserves (approximately 30% of the uncommitted Federal surface-minable coal in the contiguous States). In the Administration bill, this provision is modified to permit the Agriculture Secretary to waive the restriction in specific areas when multiple resource analysis indicates that such mining would be in the public interest.
8. Special unemployment provisions. The unemployment provision of S. 425 (1) would cause unfair discrimination among classes of unemployed persons, (2) would be difficult to administer, and (3) would set unacceptable precedents including unlimited benefit terms, and weak labor force attachment requirements. This provision of S. 425 is inconsistent with P.L. 93-567 and P.L. 93-572 which were signed into law on December 31, 1974, and which significantly broaden and lengthen general unemployment assistance. The Administration's bill does not include a special unemployment provision.

Other Important Changes. In addition to the critical changes from S. 425, listed above, there are a number of provisions which should be modified to reduce adverse production impact, establish a more workable reclamation and enforcement program, eliminate uncertainties, avoid unnecessary Federal expenditures and Federal displacement of State enforcement activity, and solve selected other problems.

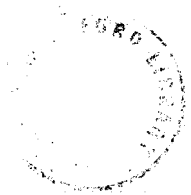
1. Antidegradation. S. 425 contains a provision which, if literally interpreted by the courts, could lead to a non-degradation standard (similar to that experienced with the Clean Air Act) far beyond the environmental and reclamation requirements of the bill. This could lead to production delays and disruption. Changes are included in the Administration bill to overcome this problem.



2. Reclamation fund. S. 425 would authorize the use of funds to assist private landowners in reclaiming their lands mined in past years. Such a program would result in windfall gains to the private landowners who would maintain title to their lands while having them reclaimed at Federal expense. The Administration bill deletes this provision.
3. Interim program timing. Under S. 425, mining operations could be forced to close down simply because the regulatory authority had not completed action on a mining permit, through no fault of the operator. The Administration bill modifies the timing requirements of the interim program to minimize unnecessary delays and production losses.
4. Federal preemption. The Federal interim program role provided in S. 425 could (1) lead to unnecessary Federal preemption, displacement or duplication of State regulatory activities, and (2) discourage States from assuming an active permanent regulatory role, thus leaving such functions to the Federal government. During the past few years, nearly all major coal mining States have improved their surface mining laws, regulations and enforcement activities. In the Administration bill, this requirement is revised to limit the Federal enforcement role during the interim program to situations where a violation creates an imminent danger to public health and safety or significant environmental harm.
5. Surface owner consent. The requirement in S. 425 for surface owner's consent would substantially modify existing law by transferring to the surface owner coal rights that presently reside with the Federal government. S. 425 would give the surface owner the right to "veto" the mining of Federally owned coal or possibly enable him to realize a substantial windfall. In addition, S. 425 leaves unclear the rights of prospectors under existing law. The Administration is opposed to any provision which could (1) result in a lock up of coal reserves through surface owner veto or (2) lead to windfalls. In the Administration's bill surface owner and prospector rights would continue as provided in existing law.
6. Federal lands. S. 425 would set an undesirable precedent by providing for State control over mining of Federally owned coal on Federal lands. In the Administration's bill, Federal regulations governing such activities would not be preempted by State regulations.



7. Research centers. S. 425 would provide additional funding authorization for mining research centers through a formula grant program for existing schools of mining. This provision establishes an unnecessary new spending program, duplicates existing authorities for conduct of research, and could fragment existing research efforts already supported by the Federal government. The provision is deleted in the Administration bill.
8. Prohibition on mining in alluvial valley floors. S. 425 would extend the prohibition on surface mining involving alluvial valley floors to areas that have the potential for farming or ranching. This is an unnecessary prohibition which could close some existing mines and which would lock up significant coal reserves. In the Administration's bill reclamation of such areas would be required, making the prohibition unnecessary.
9. Potential moratorium on issuing mining permits. S. 425 provides for (1) a ban on the mining of lands under study for designation as unsuitable for coal mining, and (2) an automatic ban whenever such a study is requested by anyone. The Administration's bill modifies these provisions to insure expeditious consideration of proposals for designating lands unsuitable for surface coal mining and to insure that the requirement for review of Federal lands will not trigger such a ban.
10. Hydrologic data. Under S. 425, an applicant would have to provide hydrologic data even where the data are already available -- a potentially serious and unnecessary workload for small miners. The Administration's bill authorizes the regulatory authority to waive the requirement, in whole or in part, when the data are already available.
11. Variiances. S. 425 would not give the regulatory authority adequate flexibility to grant variances from the lengthy and detailed performance specifications. The Administration's bill would allow limited variances -- with strict environmental safeguards -- to achieve specific post-mining land uses and to accommodate equipment shortages during the interim program.
12. Permit fee. The requirement in S. 425 for payment of the mining fee before operations begin could impose a large "front end" cost which could unnecessarily prevent some mine openings or force some operators out of business. In the Administration's bill, the regulatory authority would have the authority to extend the fee over several years.



13. Preferential contracting. S. 425 would require that special preference be given in reclamation contracts to operators who lose their jobs because of the bill. Such hiring should be based solely on an operators reclamation capability. The provision does not appear in the Administration's bill.
14. Any Class of buyer. S. 425 would require that lessees of Federal coal not refuse to sell coal to any class of buyer. This could interfere unnecessarily with both planned and existing coal mining operations, particularly in integrated facilities. This provision is not included in the Administration's bill.
15. Contract authority. S. 425 would provide contract authority rather than authorizing appropriations for Federal costs in administering the legislation. This is unnecessary and inconsistent with the thrust of the Congressional Budget Reform and Impoundment Control Act. In the Administration's bill, such costs would be financed through appropriations.
16. Indian lands. S. 425 could be construed to require the Secretary of the Interior to regulate coal mining on non-Federal Indian lands. In the Administration bill, the definition of Indian lands is modified to eliminate this possibility.
17. Interest charge. S. 425 would not provide a reasonable level of interest charged on unpaid penalties. The Administration's bill provides for an interest charge based on Treasury rates so as to assure a sufficient incentive for prompt payment of penalties.
18. Prohibition on mining within 500 feet of an active mine. This prohibition in S. 425 would unnecessarily restrict recovery of substantial coal resources even when mining of the areas would be the best possible use of the areas involved. Under the Administration's bill, mining would be allowed in such areas as long as it can be done safely.
19. Haul roads. Requirements of S. 425 could preclude some mine operators from moving their coal to market by preventing the connection of haul roads to public roads. The Administration's bill would modify this provision.

The attached listing shows the sections of S. 425 (or S. 7 and H.R. 25) which are affected by the above changes.



LISTING OF PRINCIPAL PROVISIONS IN S. 425 (S. 7 and H.R. 25)
 THAT ARE CHANGED IN THE ADMINISTRATION'S BILL

Subject	Title or Section S.425,S.7,H.R.25	Administration Bill
<u>Critical Changes</u>		
1. Clarify and limit the scope of citizens suits	520	420
2. Modify prohibition against stream siltation	515 (b) (10) (B) 516 (b) (9) (B)	415 (b) (10) (B) 416 (b) (9) (B)
3. Modify prohibition against hydrological disturbances	510 (b) (3) 515 (b) (10) (E)	410 (b) (3) 415 (b) (10) (E)
4. Provide express authority to define ambiguous terms in the act	None	601 (b)
5. Reduce the tax on coal to conform more nearly with reclamation needs and eliminate funding for facilities	401 (d)	301 (d)
6. Modify the provisions on impoundments	515 (b) (13) 516 (b) (5)	415 (b) (13) 416 (b) (5)
7. Modify the prohibition against mining in national forests	522 (e) (2)	422 (e) (2)
8. Delete special unemployment provisions	708	None
<u>Other Important Changes</u>		
1. Delete or clarify language which could lead to unintended "antidegradation" interpretations	102 (a) and (d)	102 (a) and (c)
2. Modify the abandoned land reclamation program to (1) provide both Federal and State acquisition and reclamation with 50/50 cost sharing, and (2) eliminate cost sharing for private land owners	Title IV	Title III

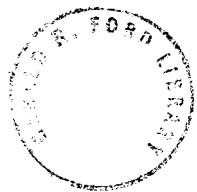


Subject	S. 425, S. 7, H. R. 25	New Bill
3. Revise timing requirements for interim program to minimize unanticipated delays	502(a) thru (c) 506(a)	402(a) and (b) 406(a)
4. Reduce Federal preemption of State role during interim program	502(f) 521(a) (4)	402(c) 421(a) (4)
5. Eliminate surface owner consent requirement; continue existing surface and mineral rights	716	613
6. Eliminate requirement that Federal lands adhere to requirements of State programs	523(a)	423(a)
7. Delete funding for research centers	Title III	None
8. Revise the prohibition on mining in alluvial valley floors	510(b) (5)	410(b) (5)
9. Eliminate possible delays relating to designations as unsuitable for mining	510(b) (4) 522(c)	410(b) (4) 422(c)
10. Provide authority to waive hydrologic data requirements when data already available	507(b) (11)	407(b) (11)
11. Modify variance provisions for certain post-mining uses and equipment shortages	515(c)	402(d) 415(c)
12. Clarify that payment of permit fee can be spread over time	507(a)	407(a)
13. Delete preferential contracting on orphaned land reclamation	707	None



Subject	S.425,S.7,H.R.25	New Bill
14. Delete requirement on sales of coal by Federal lessees	523 (e)	None
15. Provide authority for appropriations rather than contracting authority for administrative costs	714	612
16. Clarify definition of Indian lands to assure that the Secretary of the Interior does not control non-Federal Indian lands	701 (9)	601 (a) (9)
17. Establish an adequate interest charge on unpaid penalties to minimize incentive to delay payments	518 (d)	418 (d)
18. Permit mining with 500' of an active mine where this can be done safely	515 (b) (12)	415 (b) (12)
19. Clarify the restriction on haul roads from mines connecting with public roads	522 (e) (4)	422 (e) (4)

TAB C



SUMMARY RESULTS - ENROLLED BILL

A. Action on changes from vetoed bill identified as "critical to overcome objections".

Subject & Proposed Change

Conference Bill

- | | |
|--|---|
| 1. <u>Citizen Suits</u>
Narrow the scope | Adopted |
| 2. <u>Stream Siltation</u>
Remove prohibition against increased siltation | Partially adopted |
| 3. <u>Hydrologic Balance</u>
Remove prohibition against disturbances | Partially adopted |
| 4. <u>Ambiguous Terms</u>
Specific authority for Secretary to define | Not adopted but other changes make this much less important |
| 5. <u>Abandoned Mine Reclamation Fund</u>
. Reduce 35¢-25¢ to 10¢
. Limit use of fund to reclamation | Fee reduced on some c
Uses broadened |
| 6. <u>Impoundments (Dams)</u>
Modify virtual prohibition on impoundments | Changed enough to be acceptable |
| 7. <u>National Forests</u>
Allow mining in certain circumstances | Rejected |
| 8. <u>Special Unemployment Provisions</u>
Delete as unnecessary and precedent setting | Adopted |



B. Two new problems created in this year's bill

1. Senate floor debate indicates that the language of the bill can be constructed to permit states to ban surface coal mining on Federal lands. The House took the opposite view in floor debate. Not dealt with in the Conference report. Believed to be a major problem.
2. The Conference adopted a provision prohibiting location of a mining operation in an alluvial valley floor which may prevent expected production and lock up major coal reserves in the West.
3. Requirements to compensate for interrupted water supplies off-site may make it difficult or impossible for mining operators to obtain bonds at reasonable costs.

C. Action on changes from vetoed bill identifies as "needed to reduce further the potential for unnecessary production impact and to make the legislation more workable and effective".

<u>Subject & Proposed Change</u>	<u>Conference Bill</u>
1. <u>Antidegradation</u> Delete requirements	Adopted
2. <u>Abandoned Mine Reclamation Fund</u>	
• Require 50/50 cost sharing	Rejected
• Eliminate grants for privately owned lands	Broadened
3. <u>Interim Program Timing</u>	
• Reduce potential for mining delays	Rejected
• Allow operations under interim permit if regulatory agency acts slowly	Adopted
4. <u>Federal Preemption</u> Encourage states to take up regulatory role	Rejected
5. <u>Surface Owner Consent</u> Rely on existing law	Rejected



Subject & Proposed Change

Conference Bill

6. State Control over Federal lands
(Now a serious problem - discussed
in B.1, above)
7. Funding for Research Centers
Delete as unnecessary
8. Alluvial Valley Floors
(Now a serious problem - discussed
in B.2, above)
9. Designation of areas as
unsuitable for mining
Expedite review and avoid
frivolous petitions
10. Hydrologic Data
Authorize waiver in some case where
unnecessarily burdensome
11. Variances
Broaden variances for certain
post-mining uses and equipment
shortages
12. Permit Fee
Permit paying over time rather
than pre-mining
13. Contracting for reclamation
Delete requirement that contracts
go to those put out of work by bill
14. Coal Sales by Federal Lessee
Delete requirement that lessee must
not deny sale of coal to any class
of purchaser
15. Appropriations Authority
Use regular appropriations authority
rather than contract authority
16. Indian Lands
Clarify to assure no Federal control
over non-Federal Indian land

Rejected

Partially adopted

Rejected

Rejected

Adopted

Adopted

Requirement softened

Rejected

Adopted



Subject & Proposed Change

Conference Bill

17. Interest charge on civil Penalties
Adopt sliding scale to minimize
incentive for delaying payments

Adopted

18. Mining within 500 feet of active mines
Permit where it can be done safely

Rejected

19. Haul Roads
Clarify restriction on connections
with public roads

Adopted



TAB D



IMPACT OF THE ENROLLED BILL ON COAL PRODUCTION,
RESERVES, OIL IMPORTS, DOLLAR OUTFLOW,
JOBS AND HIGHER COSTS

Enrolled
Bill

1. Loss of coal production during first full year of application -- based on expectation of 330 million tons of strip production and 685 million tons of total production if there were no bill. (does not cover potential losses from delays due to litigation or restrictive interpretation of ambiguous provisions):

In millions of tons:

. Small Mines	22-52
. Restrictions on steep slopes, siltation, aquifers	7-44
. Alluvial valley floor restrictions	<u>11-66</u>
<u>Total</u> - 1st full year of application	40-162
(% of production-estimated at 685 million tons.)	6-24%

(Note: Administration bill would also have impacted coal production -- in the range of 33-80 million tons.) By way of contrast, the vetoed bill involved a potential production loss of 48-141 million tons and the Administration's bill could reduce expected production by 33-80 million tons.

2. Lock up of coal reserves.* The U.S. demonstrated reserve base which are potentially mineable by surface methods is 137 billion tons. Estimate reserve losses are (billion tons):

. Alluvial valley floor provisions (includes losses from national forest provisions of 6.3 billion and surface owners provisions of 0-14.2 billion)	22.0-66.0
. National forest (outside alluvial valleys)	.9-.9
. Other provisions (e.g., steep slopes)	<u>0-6.5</u>
<u>Total</u> - <u>billion tons</u>	22.9-73.4

*Note: Remaining strippable reserves would be many times expected annual production.



Bill

3. Increased oil imports and dollar outflow - assuming 80% of lost coal production was replaced by oil. (20% by underground mining.)
- . million barrels per year (4.3 barrels per ton of coal) 139-559
 - . dollar value (\$11 per barrel) - billions 1.5-6.1
4. Job losses* (assuming 36 tons per day per miner and 225 work days per year; and .8 non-mining jobs per miner)
- . direct job losses - to 20,000
 - . indirect job losses - to 16,000
- Total to 36,000
5. Inflationary Impact - In addition to higher cost foreign oil -- would include (in millions). Assumes 60 million tons strip mining loss.
- . Fee for reclamation fund \$145 to \$155
 - . Higher strip mining production and reclamation costs (estimated at 60-80¢ per ton) \$162 to \$216
 - . Costs of Federal and State program administration (not including unemployment compensation) \$90

*Does not reflect possible offset for job increases due to (a) reclamation work or lower productivity per man in strip mining, or (b) possible increases in underground mining which probably will occur to offset part of the strip mining production loss. Employment gains for underground mining will be some years off due to time required to open mines.



TAB E



Will more coal be produced with the bill or with no bill?

The answer is necessarily speculative but the answer seems to be that more coal will be produced with no bill. Data and arguments supporting this contention include:

1. Coal producers really are not holding up on the expansion or production while awaiting a bill. Nearly all of the leading coal producing states already have strip mining controls in affect so the question for the big operators is merely whether (a) the restrictions are made even tighter, (b) the standards and requirements apply nationwide, (c) whether the regulatory procedures are changed, and (d) whether federal enforcement is put in place to back up state enforcement.
2. Manufacturers of equipment for large surface mining operations (e.g., drag lines) have all the business they can handle. Supposedly Bucyrus-Erie has five-years or more in backorders.
3. Small independent strip mining operators are expected to feel the pinch of any federal legislation. Our Interior and FEA people expect many of them to go out of business because they can't afford to do all the preparatory work for getting a permit and/or afford the extra equipment costs. These smaller operators have accounted for much of the surge capacity in coal products. In 1974, small operators produced about 58 million tons of coal out of the total of about 500 million tons. Small operators in Central Pennsylvania and Eastern Kentucky accounted for 60% of the increased coal production that occurred last fall when the demand for coal was high as users stockpiled for the coal strike.





I have today returned to the Congress, H.R. 25, the proposed Surface Mining Control and Reclamation Act of 1975, without my approval.

I have concluded that this bill is not acceptable in light of our National needs because it would:

- . reduce coal production.
- . increase considerably our dependence on foreign oil imports.
- . increase the outflow of dollars and jobs to other nations.
- . increase unemployment, particularly in Appalachia.
- . increase consumer costs, particularly for electricity.
- . have other harmful effects.

It is with a sense of deep regret that I find it necessary to reject this legislation. The Executive Branch and the Congress have worked long and hard to try to develop an acceptable bill. The Executive Branch proposed bills in 1971 and 1973. In February of this year, I submitted a bill which was designed to strike a balance between our desire to improve the environment and our need to increase domestic energy production and maintain a strong economy. Unfortunately, the bill does not strike an acceptable balance. Several examples will illustrate the problems.

First, with respect to coal production, Interior Department and the Federal Energy Administration have estimated that the lost coal production in the first full year of the bill's application will total between 40 and 162 million tons or ___ to ___ % of the 685 million tons of coal production expected in 1977. This range of estimated loss includes only those



provisions for which an estimate can be developed. It does not include the potential impact of the many ambiguous provisions of the bill for which estimates can not be developed or the impact of delays that would be encountered while the provisions of the complex but vague _____page bill is tested in the courts.

Second, lost coal production means greater oil imports and outflow of U.S. dollars and jobs. Even if only 50 million tons of lost coal production had to be replaced by foreign oil, this would mean another 215 million barrels of oil imports per year and more than \$2.3 billion in dollar outflows (and more than 10,000 jobs lost). Greater imports mean greater vulnerability to another oil embargo.

Third, in addition to the national job losses associated with dollar outflows, there would be job losses from coal production cutbacks. These job losses would be particularly severe in the Appalachian region which has been struggling to improve its economic welfare without increased reliance on Federal welfare programs.

Fourth, the bill would increase consumer costs, particularly for electricity. In addition, to the higher costs of using foreign oil instead of domestic coal, there would be added costs of the bill that must be paid in consumer costs or taxes, including the taxes on coal which will be about

\$150 million annually, higher production and reclamation costs in the range of \$160 to 210 million annually, and Federal and State Government costs of administering the bill of \$90

million a year. The higher cost of electricity will vary from utility to utility depending upon the extent of reliance on coal. In some cases, imported oil will cost more than ___ times the current costs of coal to produce electricity.

Fifth, the bill is sharply inconsistent with our goals of increasing domestic energy production. We are running out of domestic oil and gas supplies. New energy sources are not available soon enough to take up the slack and supply new demands. We must increase coal to fill this gap. I have called for doubling coal production -- to 1.2 billion tons annually by 1985. The Democratic Congressional leadership's energy program called for 1.37 billion tons annually by 1985, but this bill would reduce coal production. Coal is the one abundant energy source over which the United States has total control. We should not impose unnecessary restrictions on the production and use of that coal.

I favor action to protect the environment and reclaim land disturbed by surface mining of coal and to prevent abuses that have accompanied such surface mining in the past. We can achieve those goals without imposing further restraints on our ability to achieve energy independence, without imposing unnecessary costs, creating unnecessary unemployment and without locking up our domestic energy resources.

The need to veto this bill is especially disappointing because of the extensive effort that has been made to obtain a bill that would achieve a balance among our various objectives that is in the Nation's best interests. Bills were proposed by the



Executive branch in 1971 and 1973. I proposed a new compromise bill in February of this year. Hundreds of hours have been spent in working with the Congress in an attempt to obtain a balanced bill.

The action that I have had to take on this bill does not resolve the issue of surface mining controls to my satisfaction nor to the satisfaction of the Nation. We must return to this issue and find the right answers--the best possible balance among our various national objectives that are involved, including environmental protection, energy, employment, consumer prices and reduced dependence on foreign oil. Since the Executive Branch and the Congress began work on this issue in 1971, there have been fundamental changes in the circumstances that must be taken into account, including new mining and reclamation practices, improved state laws, regulations and enforcement activities, and new objectives that must be balanced. In order that we may all have a better basis for addressing this issue, I have today directed the Chairman of the Energy Resources Council to organize a thorough review of today's circumstances that bear upon the need for surface mining legislation and to report back to me with his findings and recommendations by September 30, 1975. That study will involve the participation of the Environmental Protection Agency, the Council on Environmental Quality, Departments of the Interior, Commerce and Agriculture, the Federal Energy Administration and other agencies concerned.

