

**The original documents are located in Box 12, folder “California Trip - Issues” of the Michael Raoul-Duval Papers at the Gerald R. Ford Presidential Library.**

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ISSUES - CALIFORNIA

1. Message to Congress concerning tax cut from California on the 25th?
2. Quality of education - reference this in a speech and a meeting on this.
3. Anti-crime (drug/gun control) speech.
4. Welfare reform? Do from Washington between California trip and Primary?
5. Long-range Social Security - speech in California, Message following from the White House?



→ Mike  
Dural

THE WHITE HOUSE  
WASHINGTON

Mr. Hartmann:

Should we just acknowledge this  
and say we are bring it to the  
attention of our Scheduling Office  
with the hope that a favorable  
response will be forthcoming on  
behalf of the President?

Neta



PAUL N. McCLOSKEY, JR.  
12TH DISTRICT, CALIFORNIA

COMMITTEE ON  
GOVERNMENT OPERATIONS  
AND  
COMMITTEE ON  
MERCHANT MARINE  
AND FISHERIES

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

205 CANNON BUILDING  
WASHINGTON, D.C. 20515  
(202) 225-5411

DISTRICT OFFICE:  
305 GRANT AVENUE  
PALO ALTO, CALIFORNIA 94306  
(415) 326-7393

April 29, 1976

The Honorable Robert T. Hartmann  
Counselor to the President  
The White House  
Washington, DC 20500

Dear Bob:

I understand there is a possibility that the President will dedicate the San Felipe project in San Jose just before the California primary. If so, it would be very politic for him to say something about the so called "blood alley" section of Highway 101 between San Jose and Morgan Hill. It is one of the most dangerous stretches of highway remaining in California, and obviously some federal help would be appreciated. George Miliias tells me there are about twenty head-on collisions a year, and practically everyone in the Santa Clara Valley has had a friend killed there. I am enclosing some supporting data in the event you feel it will be useful. The person who wrote the letter, Claude Fletcher, is a very attractive Republican candidate for the local California Assembly seat, and the mention of his name would also be helpful to the Republican faithful.

All the best,



Paul N. McCloskey, Jr.

PNMcC:mm

Enclosure



APR 23 1976

# ESTATE STEWARDSHIP SERVICES

P. O. Box 24835  
San Jose, California 95154

P. J. 1000

CLAUDE C. FLETCHER  
*President*

(408) 268-0128

April 17, 1976

Congressman Paul N. Mc Closkey  
House Office Building  
Washington, D. C. 20515

Dear Pete:

In a recent conversation with George Miliias we discussed the possibility of you becoming involved in the project to complete Highway 101 between Morgan Hill and South San Jose. Funds are desperately needed for this project and I believe it would be an ideal time for President Ford to announce the allocation of funds. It could make a real difference in the primary election in this area.

Enclosed is an information sheet on this project and we will appreciate anything you can do to assist in its completion.

If additional information will be helpful, please contact me at anytime.

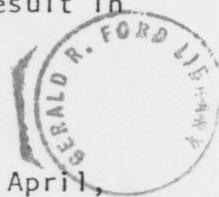
Sincerely,



Claude C. Fletcher

CCF/le  
enclosure

U.S. 101 between Foril Road in San Jose and Cochrane Road in Morgan Hill is one of the most dangerous stretches of highway in all California. The fatal accident rate is nearly twice that of other similar highways in California. Since 1969, an average of 13 people per year have been killed on this section of roadway with as many as 17 being killed in one year. Because of this incredible death rate and the fact that the State of California and the Federal Government have not funded the needed freeway to mitigate this safety hazard, during the past 15 months the City of San Jose has vigorously urged the State of California into the construction of a safety project on the existing rural type four-lane roadway. This project will cost \$2.4 million. It will consist of a concrete median barrier over the 10-mile link and provide traffic signals at five intermediate locations. Some traffic circulation will be provided, but it will result in severely restricted accesses for small commercial establishments and farmers in the Coyote Valley.



At the California State Department of Transportation hearing in April, 1974, Janet Gray Hayes, Mayor of San Jose, delivered petitions bearing 10,000 signatures of San Jose residents testifying for the immediate need for the construction of U.S. 101. This petition demanded the immediate construction of this freeway; however, during the past year there has been virtually no action or funds available. The State of California has advised that no funding is available for this project even though it is the number one non-interstate priority. That priority can be verified by Adriana Gianturco, Director of the California Department of Transportation in Sacramento. The estimated cost of this project is currently \$50 million and is obviously grown much more expensive and will get much more expensive with additional delay.

In addition to this roadway being an obvious major north-south connection of an interstate nature tying the whole West Coast population area together, it has a very significant function in terms of providing an emergency military linkage between Ft. Ord near Monterey, and Moffet Field adjacent to San Jose and Sunnyvale, and the Presidio in San Francisco.

It should be stressed again that the important justification for immediate action to construct this roadway is the extraordinary high accident death rate which can be alleviated so dramatically with the construction of U.S. 101 in San Jose.

22 May - Medford, Ore Crowd  
World Affairs Speech  
released

23<sup>rd</sup> - Muson Veigs

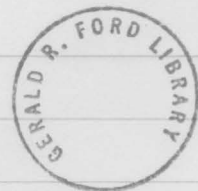
Anaheim -  
Peace Officer

---

Foreign Policy

Calif  
Issues

- Education - San Ramon Valley
- Defense Spending - San Diego
- Economy - Las Vegas
- Crime / gun control - San Jose
- Aging - Anaheim
- Leisure World



To Mike Duval  
This may be  
worth following  
up on - ~~It~~  
in your hands -

Jerry



DON MULFORD  
SEVEN EMBARCADERO WEST  
OAKLAND, CALIF. 94607  
(415) 836-3050

May 4, 1976

Dear Mr. Jones:

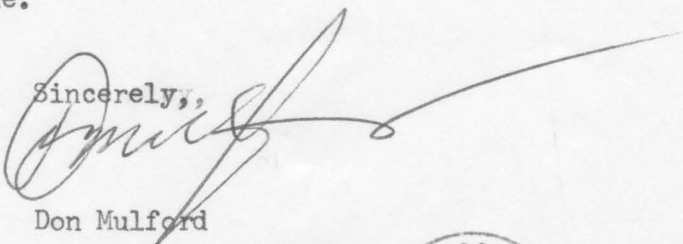
For security reasons I am typing this myself.

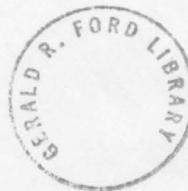
I send this information to you at the suggestion of Dr. Marrs and my long time friend, Dave Hoopes.

Two days ago I received a phone call from an associate who informed me he had just come from a high level meeting involving Building Trades Union executives (statewide) and including a discussion of the impact of the Reagan victory in Texas. I was informed that at the meeting it was revealed that Reagan plans to move into the arena described in the attached information...and soon...thus pre-empting an area that should and can be the President's if you move intime. I believe the information is self explanatory but I will be pleased to discuss the situation and subject further, if you desire.

The recommendations were given to me by one of the top men in the Union. It is forwarded for your study. If you decide that the President is desirous of making one or two appearances, as recommended, I can be of assistance to you in helping to set up the meeting, place and contacts with union leaders, many of whom are responsible union leaders and looking for some support from the President for the reasons described in the material I am sending to you. Telephone is perhaps better than attempting to cover all of the points in a letter. I recommend action now if you are planning an appearance for the President. I am informed that Reagan is moving fast on the issue.

Sincerely,

  
Don Mulford



May 4, 1976

CONFIDENTIAL MEMO

RE: PRESIDENT FORD'S POTENTIAL VISIT AND/OR VISITS TO CALIFORNIA

AN ANALYSIS

The political crisis in California is simple and two-pronged: a lack of viable and positive leadership in the state house with expanding doubt among both republicans and democrats as to positive, practical programs on the part of national candidates.

Ex-Governor Reagan's strengths in the state must rely on his conservative and responsible stewardship in providing the state with a budget surplus vis-a-vis the deficit left by Pat Brown, Sr. However, most moderate and conservative democrats, as do most moderate and liberal republicans, view Reagan as an arch conservative following the standard line.

In order of pre-empt the latter, the President should make no less than two highly visible visits to California prior to the June 8 primary.

Moderate and liberal republicans have already become disenchanted with Governor Brown because of his failure to seek and utilize available federal funds for work-producing state programs. Conservative labor is equally disenchanted with a lack of leadership on the part of the Governor and his



failure to provide answers and/or programs that have practical application in the real world.

The President can just about guarantee a better than 51 per cent support of moderate and liberal republicans in the primary by positive policy and dollar support for:

1. California's stagnant and incomplete federal-state highway system.
2. Vigorous federal support of New Melones Dam; (present status enclosed.)
3. The San Felipe Project; (present status enclosed.)
4. A promise to reconsider early construction, with strong administrative backing, of the Kaiparowits Project in the four corners of Southern Utah.
5. A reaffirmation and/or policy statement that comes out strongly against strikes by state, federal and municipal employees in areas of vital public service.

The President can soften, insofar as labor unions are concerned, the above by advocating that municipal, state and federal entities reduce the size of government and government competition with the private sector by putting all services, other than those mandated by law and the Constitution, out for competitive bid to the private sector thus relieving the taxpayers of the continuing cost of fringe benefits such as pensions and health and welfare while increasing jobs for regular union craftsmen and job opportunities for minorities



Page Three

in the private sector. This can be backed up with fiscal details available to the President.

We would suggest that the President's staff look into the present status and economic details of all the above as maximum keys to the campaign in California.



STATUS REPORTS-----KEY CALIFORNIA CONSTRUCTION PROJECTS

AUBURN DAM:

Appropriation in the proposed Federal budget for fiscal year 1977 include \$41,505,000 to continue construction on Auburn Dam and Reservoir. Appropriation includes money for contracts on the main dam (June 1977), on the Middle Fork Crossings (March 1977), and the visitor center (1977) and continuation of construction on keyway, foundations and Highway 49 for a total of \$38,714,000. \$710,000 is being appropriated to complete the design and award contracts on the powerhouse (June 1977), and design switchyard and transmission lines. \$1,490,000 is available to commence development of the recreation area.

Preconstruction work on the Folsom South Canal is being financed by \$266,000. Officials of the U.S. Bureau of Reclamation are optimistic that work can proceed on schedule, despite Senator Cranston's recent move to delay key funding pending a study of earthquake possibilities.

WARMSPRINGS DAM:

Further court proceedings on Warm Springs Dam lawsuit were delayed until Spetember 9, 1976, as opponents predicted it won't come to trial before summer 1977.

At a status conference with U. S. District Court Judge Spencer Williams, Attorneys' for the U.S. Army Corps of Engineers, disclosed full review proceedings will be undertaken on environmental impact statement amendments.

Paul Daketz, attorney for environmentalists seeking to block construction of the \$160 million Sonoma County project, predicted it would be October or November, 1976, before the final amendments are ready.

H. A. Slertzheim, Counsel for dam proponents, disagrees estimating a trial by December 1976, or January 1977.

No one is willing at this point to estimate when, if ever, the project will go out to bid.



SAN FELIPE PROJECT:

The first segment of the San Felipe Project that will bring water stored in San Luis Reservoir to Santa Clara and San Benito Counties via Pacheco Tunnel is up for bid. Estimated cost of the 8.5 mile long tunnel under the Diablo Range that separates the huge storage lake and the project service area is between \$50 and \$100 million. Bid opening is set for May 20th. The eleven foot diameter tunnel lined with reinforced concrete, will take just over five years to complete. Project specifications were due to be mailed on April 9th.

NEW MELONES DAM:

Work on New Melones Dam and Reservoir is proceeding on schedule, despite attempts by State Senator Peter Behr and "friends of the river". About \$100 million of the total project cost has been spent, and the bulk of the remainder contracted for.

DUMBARTON BRIDGE:

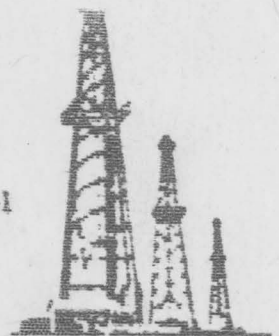
The final environmental impact statement, which is required before a permit can be issued, has been cleared by two of the three offices of the Coast Guard. The EIS must be printed and referred to the Council on Environmental Quality for a minimum of 30 days before the Commandant of the Coast Guard is free to issue the permit.



# CIPRO

CALIFORNIA INDEPENDENT PRODUCERS ASSOCIATION

P. O. Box 7516, Long Beach, Calif. 90807 Phone (213) 427-7141



C. C. Albright  
President

Lysle Snow  
Secretary-Treasurer

Jerome J. O'Brien  
Vice President

James H. Woods  
Executive Vice President

May 5, 1976

Honorable Gerald R. Ford  
The White House  
1600 Pennsylvania Avenue  
Washington, D. C. 20500

Dear Mr. President:

You are hereby cordially invited to be our guest for a tour of the giant Wilmington Oil Field during one of your visits to California in the near future.

In the best interest of the energy supply of the United States, I believe that you should be personally aware of the impending disaster facing California lower tier oil production and future oil reserves from enhanced recovery.

Lower tier crude oil producers in California are discriminated against because the gravity price differential is "locked in" by the FEA at 6.2 cents per gravity degree instead of 2 cents per gravity degree differential existing in all other oil producing states except Alaska. Thus, California lower tier crude oil prices average \$4.21 per barrel instead of the \$5.25 per barrel average of the Nation. This has caused many thousands of barrels per day, and hundreds of millions of barrels of oil reserves to be facing premature abandonment.



A classic example is the Wilmington oil field which produces 177,000 barrels per day and is the Nations second largest producing oil field under expensive enhanced recovery by water flood. Facts obtained during a recent tour of the field are as follows:

1. Throughout the field, 428 wells capable of producing 7,300 barrels per day are currently shut-in because they are uneconomic to produce or not profitable to return to production after minor damage because the costs of producing exceeds the \$4.21 average price of the oil. In addition, 243 wells producing 6,794 barrels per day are currently at the economic limit and subject to being shut-in in the near future.

2. In the old Wilmington part of the field which is currently producing 77,000 barrels a day, 36,000 barrels per day are marginal because of greatly increased costs and \$4.21 per barrel oil. Under higher price incentives for enhanced recovery, the secondary recovery oil reserves are estimated to be 250 million barrels, and the tertiary recovery oil reserves are estimated to be 600 million barrels. This means that the price of oil must stay ahead of the costs of producing it. Production costs have doubled since the price freeze in 1973 and are currently increasing at a rate of 15% a year under curtailed operations. In this part of the field it is estimated that there will be a loss of \$32 million in 40 months under FEA price controls if production continues.

As neither the largest interest holders, the State of California, and the City of Long Beach, nor the forty other participants, including thirty-five small Independent Oil Companies, can long continue to operate





under expensive enhanced recovery at an escalating loss, 36,000 barrels per day of oil production faces premature abandonment in the near future.

Therefore, with abandonment pending approximately 1,000 employees would lose their jobs, and the local economy would lose \$65 million annually. Further redevelopment of this part of the field would be unrealistic because of the high value of the surface area. If this part of the field is abandoned, it is estimated that the cost of redevelopment would be \$400 million. Also, if this part of the field is abandoned, 850 million barrels of oil reserves are lost to the Nation. This includes an estimated 250 million barrels of secondary recovery oil and an estimated 600 million barrels of tertiary recovery oil in the future under higher prices.

3. As to the Long Beach Unit part of the field which is currently producing 100,000 barrels per day also under expensive enhanced recovery by water flooding, the lower tier price is \$4.20 per barrel. Because of the fact that in November 1975, the Federal Energy Administration denied the petition of the State of California, the City of Long Beach and the California Independent Producers Association for adjustment of the gravity differential which would have given California producers price parity with other parts of the country, operations have been sharply curtailed during the past several months. Production stimulation, drilling, redrilling and injection well work to maintain production rates has practically ceased. Only one work over rig is active in this great oil reserve. If this curtailment of operations continues, an additional 33,000 barrels per day loss in production from the resulting rapid decline rate will be

Honorable Gerald R. Ford

Page 4

May 5, 1976

the inevitable result in 40 months. Also, 22 million barrels of oil production will be lost.

Thus, by the end of the 40 months price control period under the FEA regulations, the total Wilmington field loss of production may be 36,000 barrels per day from the old part of the field, and 33,000 barrels per day from the Long Beach Unit part of the field, for a total loss of 69,000 barrels per day.

The Governor of California, the Lieutenant Governor, the State Controller, the California Independent Producers, all California Congressmen, the two Senators, and all the California State Legislators have appealed to the FEA to correct this inequity. They have stated that, in the best interests of increased production and reserves, California crude oil prices should be allowed to reach parity with those prices existing in other oil producing states. The FEA has stated that they will consider our Appeal during the Third Stage Hearings later this month. A potential loss of \$200 million annually to California's taxpayers is in the balance.

Oil production now being lost in California is being replaced by \$13 per barrel imported O.P.E.C. oil. Hundreds of millions of barrels of the Nations valuable oil reserves will be lost forever, if wells uneconomic to produce because of FEA regulations are abandoned in the near future in the Wilmington Field, as well as in other oil areas of the State. This is not good for the California consumer, the economy, the job situation, or the energy security of the Nation.

In addition, a recent poll taken of a cross-section of eighteen Independent Oil Producers of lower tier oil throughout other parts of

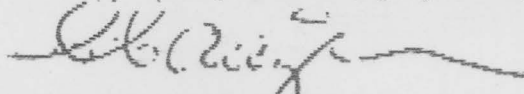


Honorable Gerald R. Ford  
Page 5  
May 5, 1976

California showed that if the gravity differential was adjusted to 2 cents by the FEA, and California lower gravity oil was raised to parity prices, an additional 15,000 barrels per day, and 55 million barrels of oil reserves would be the result of additional development, reworking and enhanced recovery by water flooding or steaming.

Therefore, as the Commander in Chief, you are invited to see the Wilmington Oil Field, the principal battlefield in the conflict between the FEA and the Independent Oil Producers, the City of Long Beach, and the State of California. A trip to one of the offshore drilling islands by boat or helicopter would be a highlight of the tour.

Most respectfully yours,



C. C. Albright  
President, California Independent  
Producers Association

CCA:jp

Enc: 1. Photo of shut-in oil well in Long Beach Harbor, uneconomic at \$4.20 per barrel, and tanker unloading \$13 per barrel oil from O.P.E.C. Nations. 2. Photo of offshore drilling and producing island in Long Beach Unit where operations have been sharply curtailed because of \$4.21 per barrel oil



THE WHITE HOUSE  
WASHINGTON

May 21, 1976

TO: MIKE DUVAL

FROM: STEVE McCONAHEY

For your information \_\_\_\_\_

Comments:

FOR YOUR IMMEDIATE ATTENTION.

*Steve will  
answer directly  
Will call  
back around  
1:45.*

THE WHITE HOUSE  
WASHINGTON

May 18, 1976

MEMORANDUM FOR: STEVE MCCONAHEY  
FROM: JUDITH RICHARDS HOPE  
SUBJECT: Route 101 ByPass, California

Per your request, I have checked with the Federal Highway Administration in connection with the Route 101 ByPass linking South San Jose with Morgan Hill, California.

There is a Federal highway project in process there which was authorized on March 29. Bids will be received tomorrow for a construction project, including a median barrier, traffic signals and a guard rail. \$2.2 million has been allotted, 70% Federal and 30% State financing. It is, however, somewhat temporary, for they are planning a freeway at some point in this location, but at this time, do not have the funds. This should be a help in the meantime.

*Steve -  
Please respond  
with above info directly  
to the Councilman. ASAP*

*(President will be there Tuesday.)  
Please develop  
concerns. Incorporate Judy's  
comments into a response*



THE WHITE HOUSE  
WASHINGTON

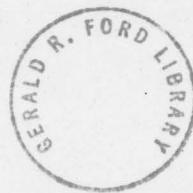
May 14, 1976

MEMORANDUM FOR: JUDY HOPE  
FROM: STEVE McCONAHEY *SM*  
SUBJECT: Route 101 Bypass

Would you please forward to me information regarding Route 101 Bypass, linking South San Jose with Morgan Hill, California.

It is my understanding that the existing roadway has numerous unsafe features and has been referred to locally as "blood alley."

FHWA could probably provide a quick status of this road.



THE WHITE HOUSE  
WASHINGTON

DATE: May 12, 1976

TO: STEVE McCONAHEY

FROM: JIM CAVANAUGH

SUBJ:

FYI \_\_\_\_\_

ACTION          For direct reply

# President Ford Committee

1828 L STREET, N.W., SUITE 250, WASHINGTON, D.C. 20036 (202) 457-6400

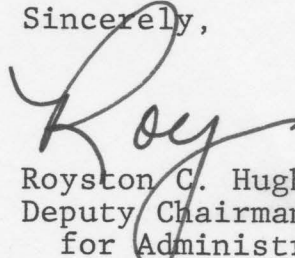
April 30, 1976

Dr. James Cavanaugh  
Domestic Council  
The White House  
Washington, D. C.

Dear Jim:

Can you give us some advice as to how to proceed on this?

Sincerely,



Royston C. Hughes  
Deputy Chairman  
for Administration

RCH:mh



APR 30 1976



The President's Council on Economic Priorities and the President's Council on Environmental Quality are pleased to announce the formation of the President's Fold Committee.

1976 APR 30 PM 12 43



RCN:wp

FOR ADMINISTRATION  
DEPT. OF COMMERCE  
WASHINGTON, D. C.

Sincerely,

Dear Jim:  
Can you give us some advice as to how to proceed on

Dear Jim:  
Washington, D. C.  
The White House  
Executive Council  
Dr. James Callaghan

APR 30 1976

NEW YORK, N.Y. OFFICE 500 MADISON AVE. D.C. OFFICE 1000 14TH ST. N.W.  
President Fold Committee



## CITY OF SAN JOSE, CALIFORNIA

801 NORTH FIRST STREET  
SAN JOSE, CA 95110  
(408) 277-4000

LAWRENCE PEGRAM  
CITY COUNCILMAN

April 15, 1976

Mr. Rogers C.B. Morton  
1600 Pennsylvania Avenue N.W.  
Washington, D.C. 20500

Dear Mr. Morton:

Claude Fletcher spoke with you earlier this month with regards to the "101 Bypass" project linking South San Jose with Morgan Hill. Attached is the specific data on the project. Our city staff is at your disposal through me if there are any further questions or information necessary.

I believe very strongly that, if the President were able to announce the funding of this project prior to the June 8 primary, San Jose and Santa Clara County would be carried by him. As you may be aware, Santa Clara County is almost wholly controlled by the Democrats. This project has been and is number one priority by the state, and every democrat around has been trying to get it funded. It would be a real coup if the Republicans were able to solve this problem.

Also attached is a petition with approximately 10,000 signatures requesting the completion of this project. The President or his committee may wish to send letters to each telling of his concern for highway safety and the safety of school children that now have to use the existing "Blood Alley."

In summary, I believe that the President would gain very much toward his victory in June and his election in November, and the Republican Party in the County would significantly be helped on a long-term basis.

Thank you for your help and consideration of this vital matter. If I may be of any help, please contact me immediately.

Sincerely,

*Lawrence R. Pegram*  
LAWRENCE R. PEGRAM  
COUNCILMAN



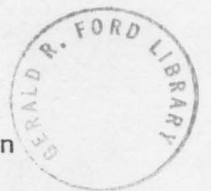
LRP:jh  
attachments

U.S. 101 between Ford Road in San Jose and Cochrane Road in Morgan Hill is one of the most dangerous stretches of highway in all California. The fatal accident rate is nearly twice that of other similar highways in California. Since 1969, an average of 13 people per year have been killed on this section of roadway with as many as 17 being killed in one year. Because of this incredible death rate and the fact that the State of California and the Federal Government have not funded the needed freeway to mitigate this safety hazard, during the past 15 months the City of San Jose has vigorously urged the State of California into the construction of a safety project on the existing rural type four-lane roadway. This project will cost \$2.4 million. It will consist of a concrete median barrier over the 10-mile link and provide traffic signals at five intermediate locations. Some traffic circulation will be provided, but it will result in severely restricted accesses for small commercial establishments and farmers in the Coyote Valley.

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It should be stressed again that the important justification for immediate action to construct this roadway is the extraordinary high accident death rate which can be alleviated so dramatically with the construction of U.S. 101 in San Jose.



CONTROVERSY OVER FEA'S DECISION ON  
"GRAVITY PRICE DIFFERENTIAL" FOR CALIFORNIA CRUDE OIL

Question

Are you going to let stand the FEA's decision on California crude oil prices which discriminate against California?

Answer

I understand that FEA had decided earlier that no adjustments were needed. However, I also understand that FEA has decided to reconsider the entire Gravity Price Differential question and that new data will be made available shortly to FEA on the issue.

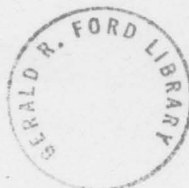
I am looking forward to the day when all Federal price controls on crude oil are removed so that matters such as this can be decided in the marketplace rather than under Federal price controls.

Background

The Gravity Price Differential provided for in FEA's price regulations has been the subject of controversy for months, particularly with respect to California-produced crude oil.

- Lighter, high gravity crude can be more easily separated into products for which demand and prices are traditionally high, such as gasoline, diesel fuel and jet fuel.
- Heavier, lower gravity crude is used to provide products in less consumer demand, such as residual fuel oil.
- California-produced crude is principally of the heavier, lower gravity variety. For the mostpart, a gravity differential covering California crude oil is included in FEA's price regulations. The practical effect is that the controlled price of the lower gravity California crude (old oil) is about \$4.20 per barrel compared to the national average of \$5.25 per barrel.

This matter has been extremely controversial. FEA reconsidered it several months ago and decided not to make a change. FEA is considering it again as part of the rule-making under the Energy Policy and Conservation Act.



GRS  
5/20/76

THE WHITE HOUSE

WASHINGTON

May 17, 1976

*Glenn Schleede*

MEMORANDUM FOR:

~~JIM CAVANAUGH~~

FROM:

MIKE DUVAL

*Mike*

SUBJECT:

FEA

Jim, I think it might be worthwhile if we could produce a Q&A for the President concerning the FEA regulations which are criticized in the attached letter from Mr. Ketchum.

I think it would be useful to have this for the President's California book. I'd go directly to Frank Zarb, but it might be very helpful if Glenn Schleede could put his twist on this, so that we don't get a defensive answer since the criticism is aimed at FEA.

Attachment

cc: Jack Marsh

WILLIAM M. KETCHUM  
18TH DISTRICT, CALIFORNIA

413 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
(202) 225-2915

ADMINISTRATIVE ASSISTANT  
CHRISTOPHER C. SEEGER

DISTRICT REPRESENTATIVE  
MEL BAUGHMAN

# Congress of the United States

## House of Representatives

Washington, D.C. 20515

COMMITTEE ON WAYS AND MEANS

2-15  
KERN, INYO, TULARE AND  
LOS ANGELES COUNTIES

DISTRICT OFFICES:  
800 TRUXTON AVENUE, # 302  
BAKERSFIELD, CALIFORNIA 93301  
(805) 323-8322

567 W. LANCASTER BOULEVARD  
LANCASTER, CALIFORNIA 93534  
(805) 943-8116

192 B E. LINE STREET  
BISHOP, CALIFORNIA 93514  
(714) 873-7171

May 11, 1976

*mf*  
*encl*  
The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

I am writing to you in an effort to correct a most serious inequity in FEA regulations which will have serious consequences for the production of petroleum in California. This letter is necessitated by the stubborn refusal of Mr. Zarb to recognize a gross mistake on the part of his Department and to take the steps required to correct it.

For well over a year, those of us concerned with the decline of domestic production have pointed to the gravity price differential in California as a prime culprit. This sets a controlled price for California lower tier crude oil at \$4.21 per barrel, as against a national average of \$5.25 per barrel. I honestly do not know how FEA can expect a producer to drill when this is the price he is going to get- \$1.04 below what producers in other states receive!

As you know, Mr. President, I happen to be opposed to all price controls on oil and gas. But support of an end to the current discrimination against California crude is not confined to advocates of decontrol. As a matter of fact, the entire California congressional delegation, the two houses of the California Legislature, both California United States Senators, the Governor, Lieutenant Governor and Controller of California have all endorsed this position. One can hardly get more non-partisan than that!

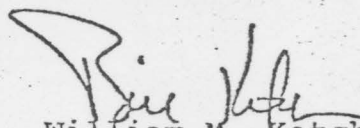


Mr. President, this is a most important issue to California. All we ask is to be treated equally, The only real argument against us seems to be FEA's reluctance to admit it made a mistake.

I respectfully ask you to look over the enclosed letter from the California Independent Producers Association, and to take personal action to grant us equity.

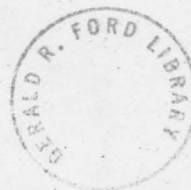
Thank you for your consideration.

Sincerely yours,



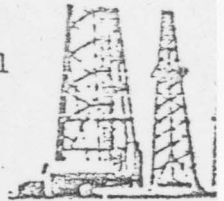
William M. Ketchum  
Member of Congress

WMK:kobd



# CIPRO

CALIFORNIA INDEPENDENT PRODUCERS ASSOCIATION  
P. O. Box 7516, Long Beach, Calif. 90807 Phone (213) 427-7141



C. C. Albright  
President

Lysle Snow  
Secretary-Treasurer

Jerome J. O'Brien  
Vice President

James H. Woods  
Executive Vice President

MAY 07 RECD

April 30, 1976

Honorable William M. Ketchum  
House of Representatives  
Cannon Office Building  
Washington, D. C.  
20515

Dear Congressman Ketchum:

At the request of Ray Bradley, Berry Holding Company, enclosed is a draft of the letter that will appear in the Oil Daily on May 10, 1976. The letter will also be hand delivered to the President the same day, or the preceeding Friday.

I have highlighted the statistical information regarding lost barrels of oil production. The information from our survey is approximate. I'll send you a copy of the final report when it is completed.

Sincerely,

A handwritten signature in cursive script that reads "James H. Woods".

James H. Woods  
Executive Vice President

enc.

jhw/ks

cc: Ray Bradley



the White House  
Washington, D. C.

Dear Mr. President:

You are hereby cordially invited to be our guest for a tour of the giant Wilmington Oil Field during one of your visits to California in the near future.

In the best interest of the energy supply of the United States, I believe that you should be personally aware of the impending disaster facing California lower tier oil production and future oil reserves from enhanced recovery.

Lower tier crude oil producers in California are discriminated against because the gravity price differential is "locked in" by the FEA at 6.2 cents per gravity degree instead of 2 cents per gravity degree differential existing in all other oil producing states except Alaska. Thus, California lower tier crude oil prices average \$4.21 per barrel instead of the \$5.25 per barrel average of the Nation. This has caused many thousands of barrels per day, and hundreds of millions of barrels of oil reserves to be facing premature abandonment.

A classic example is the Wilmington oil field which produces 177,000 barrels per day and is the Nations second largest producing oil field under expensive enhanced recovery by water flood. Facts obtained during a recent tour of the field are as follows:

1. Throughout the field, 428 wells capable of producing 7,403 barrels per day are currently shut-in because they are uneconomic to produce or not profitable to return to production after minor damage because the costs of producing exceeds the \$4.21 average price of the oil. In addition, 24 wells producing 6,794 barrels per day are currently at the economic limit and subject to being shut-in in the near future.

2. In the old Wilmington part of the field which is currently producing 17,000 barrels a day, 36,000 barrels per day are marginal because of great

for enhanced recovery, the secondary recovery oil reserves are estimated to be 250 million barrels, and the tertiary recovery oil reserves are estimated to be 600 million barrels. This means that the price of oil must stay above the costs of producing it. Production costs have doubled since the price freeze in 1973 and are currently increasing at a rate of 15% a year under curtailed operations. In this part of the field it is estimated that there will be a ~~loss of \$32 million in 40 months~~ under FEA price controls if production continues.

As neither the largest interest holders, the State of California, and the City of Long Beach, nor the forty other participants, including thirty-five small Independent Oil Companies, can long continue to operate under expensive enhanced recovery at an escalating loss, 36,000 barrels per day oil production faces premature abandonment in the near future.

Therefore, with abandonment pending, ~~approximately 1,000 employees~~ ~~would lose their jobs~~, and the local economy would lose \$65 million annually. Further redevelopment of this part of the field would be unrealistic because of the high value of the surface area. If this part of the field is abandoned, it is estimated that the cost of redevelopment would be \$400 million. Also, if this part of the field is abandoned, 850 million barrels of oil reserves are lost to the Nation. This includes an estimated 250 million barrels of secondary recovery oil and an estimated 600 million barrels of tertiary recovery oil in the future under higher prices.

3. As to the Long Beach Unit part of the field which is currently producing 100,000 barrels per day also under expensive enhanced recovery by water flooding, the lower tier price is \$4.20 per barrel. Because of the fact that in November 1975, the Federal Energy Administration denied the petition of the State of California, the City of Long Beach and the California Independent Producers Association for adjustment of the gravity differential which would have given California producers price parity with other part

months. Production stimulation, drilling, re-drilling and injection well to maintain production rates has practically ceased. Only one work over is active in this great oil reserve. If this curtailment of operations continues, an additional 33,000 barrels per day loss in production from resulting rapid decline rate will be the inevitable result in 40 months 22 million barrels of oil production will be lost.

Thus, by the end of the 40 months price control period under the F regulations, the total Wilmington field loss of production may be 36,000 barrels per day from the old part of the field, and 33,000 barrels per day from the Long Beach Unit part of the field, for a total loss of 69,000 barrels per day.

The Governor of California, the Lieutenant Governor, the State Comptroller, the California Independent Producers, all California Congressmen, the State Senators, and all the California State Legislators have appealed to the FEA to correct this inequity. They have stated that, in the best interests of the Nation, increased production and reserves, California crude oil prices should be allowed to reach parity with those prices existing in other oil producing states. The FEA has stated that they will consider our Appeal during the Third Stage Hearings later this month. A potential loss of \$200 million annually to California's taxpayers is in the balance.

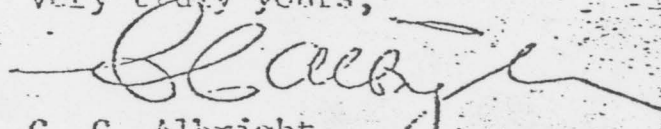
Oil production now being lost in California is being replaced by \$10 per barrel imported O.P.E.C. oil. Hundreds of millions of barrels of the Nation's valuable oil reserves will be lost forever, if wells uneconomical to produce because of FEA regulations are abandoned in the near future in the Wilmington Field, as well as in other oil areas of the State. This is not good for the California consumer, the economy, the job situation, or the energy security of the Nation.

In addition, a recent poll taken of a cross-section of eighteen independent Oil Producers of lower tier oil throughout other parts of California showed that if the gravity differential was adjusted to 2 cents by the

and California lower gravity oil was raised to parity prices, an additional 15,000 barrels per day, and 55 million barrels of oil reserves would be result of additional development, reworking and enhanced recovery by water flooding or steaming.

Therefore, as the Commander in Chief, you are invited to see the Wilmington Oil Field, the principal battlefield in the conflict between the FEA and the Independent Oil Producers, the City of Long Beach, and the State of California. A trip to one of the offshore drilling islands by boat or helicopter would be a highlight of the tour.

Very truly yours,



C. C. Albright  
President, California Independent  
Producers Association

CCA:jp

THE WHITE HOUSE

WASHINGTON

May 20, 1976

*To Mike Duval*

MEMORANDUM FOR:

JIM CAVANAUGH

FROM:

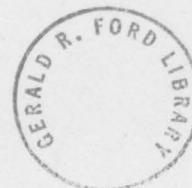
*Warren*  
WARREN HENDRIKS

California State Senator Peter Behr mentioned an issue yesterday which he states involves most of the Western States - Water.

According to Behr, the question is whether the Federal Government should preempt the rights of the States in regard to appropriated or unappropriated water. A decision by Judge McBride in favor of the Bureau of Reclamation is being appealed by a joint effort of ten Western States.

It is Behr's feeling that the Reclamation Act dating back to 1902 is out of date and unrealistic when the increases in population are considered.

Supposedly, Carter is going to grab this issue involving States' rights and run with it. Behr thinks this is one the President could get behind and make everyone happy.



cc Jerry Jones ✓



SPEECH INSERT - PUBLIC EMPLOYEE STRIKES (SAN FRANCISCO)

We must bring into better balance the relationship between the services provided by Federal, State and local governments and the amount of tax dollars we spend on them. I have taken steps at the Federal level to reduce the size of government and make it more responsive to the real needs of the people.

However, one of the most important aspects of making government responsive is to ensure that the people <sup>who</sup> that must pay for services rendered by public employees have a direct say in what services should be provided and under what conditions.

Some of the Democrats in Congress have suggested national legislation which would give State and local public employees the right to strike. I can think of nothing more destructive of the process by which property owners and other taxpayers control their destiny.

We have seen recent examples (e.g., San Francisco) in which the property taxpayer has taken a firm position against increased government spending. It is important that taxpayers at the local and State levels retain absolute control over their own city and State government, and that Washington, D.C. not intervene in this process.

My objective of imposing better control over the cost and effectiveness of government will be totally defeated if Congress begins to preempt the right of local citizens to govern their own public employees. As long as I am President, this will not happen because not only would I immediately veto such legislation, but I would actively fight it at every stage of the legislative process.

Many other actions I have taken since I became President are directed at increasing the power of each local taxpayer to control his government. We are making the Federal government more responsive to individual citizen control. By revenue sharing, I am giving more authority to State and local governments, and thus the people have a greater say in how their tax dollars are expended. Also, revenue sharing takes considerable burden off property taxpayers, which I believe is an essential element in cutting back on the overall tax burden. In addition, [insert other examples]

SPEECH INSERT - PUBLIC EMPLOYEE STRIKES (SAN FRANCISCO)

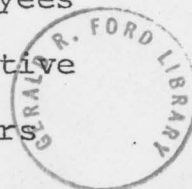
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PUBLIC EMPLOYEE STRIKE

Q. Do you think public employees should have the right to strike?

A. I think the answer to that question is one which State and local governments should be free to decide for themselves. There is no Federal legislation dealing with public sector bargaining now, and I believe it is not necessary to act now to impose a uniform solution from Washington.

I support free collective bargaining, but in the public sector we need to find an alternative to the strike. It is best to let people at the local level decide how they want to handle such matters. Different local governments have pursued different approaches and that should be their prerogative.

Background

At the Federal level, labor-management relations are governed by an Executive Order under which a number of matters are subject to collective bargaining. Experience under the Executive Order is still limited and we believe that more experience and not legislation is what is needed.



DHL/5/21/76

→ Mike  
Dural

THE WHITE HOUSE  
WASHINGTON

May 21, 1976

DF  
5/21

MEMORANDUM FOR DAVE GERGEN

FROM: LYNN MAY *Lynn May*

SUBJECT: Housing Recovery in California

The following should be incorporated into the Presidential remarks for California:

"In the past year, housing has improve dramatically, as has the economy in general. Housing in the West, and in California in particular, has improved more than the national average. Over the past year, starts in the West have risen by about 75 percent, from 200,000 on an annual rate in the first quarter of 1975 to 349,000 in the first quarter in 1976.

In California itself, building permits nearly doubled in the last year, rising from 21,900 in the first quarter of 1975 to 43,200 in the first quarter of 1976. In some parts of the State, the increases have been still more dramatic; permits have quadrupled in San Jose, and more than doubled in San Diego and in Orange County.

cc: Jim Cannon  
Jim Cavanaugh  
Bob Orben



→ Mike Durd

This could be  
a statement issued in  
Calif.

THE WHITE HOUSE  
WASHINGTON

May 20, 1976

MEMORANDUM FOR DAVE GERGEN

FROM:

LYNN MAY

*Lynn A*

*Dave*

*5/21/76*

SUBJECT:

Possible Material for  
Economic Speech in California

The President could raise an issue that is sensitive in California, particularly the San Fernando Valley - the Federal Government's growing in-house audio-visual capacity, which denies a badly depressed motion picture industry a source of contracts and revenue. The President could cite the accomplishments of his Administration in correcting this through the work of the Office of Federal Procurement Policy and state that his Administration will continue its efforts to get the Federal Government out of activities that the private sector can perform.

Suggested Remarks The following is suggested language on this subject:

"My record on curtailing the growth of the Federal Government is clear. I have vetoed unwise Federal spending measures and have submitted legislation to reform unnecessary and uneconomic government regulation. My Administration is also working to eliminate the fantastic spread of the Federal agencies' capacity to duplicate for its own use the products and service of the private sector - thereby it denying jobs and contracts.

The motion picture industry here in California and elsewhere has suffered from this process. This industry, whose labor pool averages close to 50% unemployment annually, only receives about 20% of the nearly \$44 million spent annually by the Federal Government on audio-visual production in Federal Region IX, which includes California. This means that \$35.1 million in Federal audio-visual production in this area is performed in-house.

I think that is wrong and I am working to change it. Last August, my Administration issued policies to restrict the use of Government personnel as performers



in audio-visual productions and to phase out all Federal in-house motion picture film processing facilities except those required for time-critical research, intelligence or combat purposes. While these actions have curbed the proliferation of Federal film-making, more needs to be done. My Administration, under the leadership of the Office of Federal Procurement Policy, is currently developing a uniform contracting system for motion picture productions, to ensure that all qualified firms are aware of Government bidding opportunities.

I am committed to working with the motion picture industry, other audio-visual industries and concerned officials, like Congressman Barry Goldwater Jr., who has been a leader in this issue, to return jobs and contracts assumed by the Federal Government back to California and the private sector."

NOTE: Bob Peters, President of Paramount Oxford Films, has convened a meeting in Los Angeles of the leaders of film, T.V. and radio companies and unions on May 21st to plan strategy to curtail Federal involvement in the audio-production field.

Attachments: TAB A, Background memo from Hugh Witt, Administrator of the Office of Federal Procurement Policy

TAB B, Background analysis of the Federal Audio-Visual Production's Impact on the Private Sector Nationwide and in California, prepared by the Association of Media Producers.

cc: Jim Cannon  
Jim Cavanaugh  
Bob Orben



A



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OFFICE OF FEDERAL  
PROCUREMENT POLICY

MAY 17 1976

MEMORANDUM FOR: Lynn May

Subject: Improved Management of Federal Audiovisual Activities

The following information is submitted in response to your May 13th telephone call to Jim Currie of my staff:

1. Federal audiovisual activities currently identified by the Office of Federal Procurement Policy for intensified management include the production, processing and distribution of finished products in the following media: motion pictures, television, still photographs for projections, mixed media packages and audio (radio) programs.
2. Estimates indicate that annual Federal expenditures in the audiovisual area approximate \$500 million. Over \$150 million is spent for motion pictures, television and other common media productions.
3. Efforts to curb the proliferation of in-house Government operated audiovisual facilities have been discussed for many years. It was not until last year, however, that the Executive Branch took specific steps to limit audiovisual activities in Washington (sometimes called "Hollywood on the Potomac") and return movie making and other audiovisual jobs to California and the private sector.
4. Specific actions taken in August of last year for which the President can take credit include:
  - a. The issuance of a policy to restrict use of Government personnel as performers in audiovisual productions except when performing their own jobs; where necessary for training programs, or where required skills cannot be obtained from professional acting sources, and
  - b. The issuance of a policy to phase out all in-house motion picture film processing facilities except for those required for time critical research, intelligence or combat purposes.
5. The results of these policies are:
  - a. Federal supply schedule contracts for motion picture film processing services are now in effect.

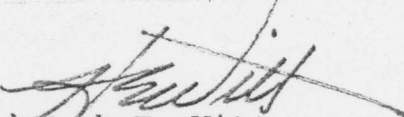
Over 40 companies under contract. First year's business approximated \$1 million.

- b. The Department of Defense closed 13 motion picture film processing activities in December 1975. Six were in California. Personnel savings estimated at \$384,000. Three additional activities have been identified for closure by July 1, 1976. Review underway at 12 other facilities.
  - c. Department of Agriculture motion picture film processing activity to be phased-out by May 31, 1976. Of the 31 persons previously employed at the facility estimates are that only 12 will be retained. Annual personnel savings should total approximately \$275,000. An additional space savings of \$100,000 is also expected.
6. In addition to phasing out in-house audiovisual operations, we're also attempting to make it easier for private firms to do business with the Government. We're developing, and plan to have implemented by the end of the year, a uniform contracting system for motion picture productions. One of the objectives of this system is to ensure that all qualified firms are aware of Government bidding opportunities. A second objective is to establish a focal point within the Government where prospective contractors can go for information regarding bidding opportunities.
7. Our work in the audiovisual area is an example of what we're doing in just one industry. Our major thrust is to review all in-house Government operated industrial-commercial type activities. The purpose of the review is to ensure that the Government is relying on the private sector for commercial and industrial products which it requires. This includes the review of everything from in-house laboratories, ADP facilities, and telecommunication centers to training units and other support activities in an effort to return as much work to the private sector as possible.
8. Supplementary information:
- a. Congressman Barry Goldwater, Jr. has become the champion of the audiovisual industry's cause and has heretofore taken credit for the improvements we have made. He has contributed to several articles in various audiovisual trade journals and if you decide to use the audiovisual program as an example of the Administration's goal of returning work to the private sector, you may or may not want to mention his efforts.
  - b. The Air Force's Aerospace Audiovisual Center is located in San Bernardino, California. It employs approximately 300





military and 245 civilian personnel. The facility is presently underutilized and its continuation as a Government owned and operated facility probably cannot be justified under strict enforcement of our contracting-out policy. The facility is in Congresswoman Pettis' district and she is interested in seeing it retained as a Government operated facility.



Hugh E. Witt  
Administrator

B

FEDERAL GOVERNMENT AUDIO-VISUAL PRODUCTION:  
IMPACT ON THE PRIVATE SECTOR



I. GENERAL

Although there have been several studies of Federal audio-visual activities, there has been no definitive research undertaken to reveal the actual magnitude of in-house government audio-visual production. For this reason, any evaluation of the impact of these activities on the economy in general, and labor and management in particular, must proceed on the basis of extrapolation. However, even utilizing results of narrowly focused investigation, and industry employment statistics, the data yielded shows significant impact on the commercial audio-visual industry.

The Office of Federal Management Policy, within GSA, estimates that the Federal government has a capital investment in audio-visual facilities, equipment, and inventory of approximately \$1 billion, with expenditures of about \$500 million annually.

The educational media industry statistics for 1975 show gross sales of \$277 million, up 1.8% from 1974. It is fairly obvious that gross receipts of the commercial sector, from which production expenses must be subtracted, are only 50% of what the Federal government spent on its own production. Further, only 2.5% of total industry sales were to the Federal government.

In a study of four Federal agencies in the Washington area (DOD, DOT, HEW, and Justice) and of the activities in Region IX (excluding Hawaii), it was revealed that Federal government in-house production of audio-visual materials totaled \$78,954,162.00. This clearly does not include \$87,665,000.00 spent for equipment; nor does it include the 5,737 personnel employed in these activities.

In addition, of 96 audio-visual activities studied in the four Washington-area Federal agencies, only 22 had been reviewed for compliance

with OMB Circular A-76. In Region IX (excluding Hawaii), there were 95 activities, of which 46 were reviewed. Although OFMP asked whether each of the activities had been reviewed, it did not, by its own admission, question the need for the activity to be performed in-house.

The economic impact of transferring government in-house production to the commercial sector will be examined later.

## II. CALIFORNIA

Within the educational audio-visual industry, approximately 40% of the commercial production occurs in California. Thirty-two percent of production of television film, feature film, and commercials are produced in that state.

Nevertheless, the California motion picture labor pool averages close to 50% unemployment annually. Of 14,000 members of the Screen Actors Guild (SAG), 11,000 are unemployed; within the International Association of Theatrical and Stage Employees (IATES), 6,300 out of 18,000 are unemployed. Of the two groups, 4,200 are working other jobs, and 11,818 are receiving unemployment compensation at a cost of \$12,980,000.00 annually.

Government audio-visual production in California appears to be doing much better. In Region IX (excluding Hawaii), which covers all of California, there are at least 95 reported audio-visual activities with a budget totaling \$43.9 million annually and employing 2,459 people. Only 20% of the Region IX dollar volume is performed by commercial contract, according to OFMP. This means that \$35.1 million in Federal audio-visual production in California is performed in-house. This figure is almost three times the amount paid to unemployed individuals in the California motion picture and audio-visual industry.

Included in the Region IX expenditure is an \$11,691,000.00 budget for the Aerospace Audio-Visual Service (AAVS) at Norton Airforce Base.

Although Airforce policy requires reliance on the private sector for acquisition of goods and services, only 15% of the AAVS audio-visual production is performed on contract; \$9,945,000.00 reflects the AAVS in-house production. The figure is 75% of the amount paid annually by the State of California for unemployment compensation of members of the A-V motion picture industry.

In light of the fact that 40% of commercial educational and training A-V materials are produced in California, if the combined government A-V production expenditures of \$78.9 million (within HEW, DOT, DOD, Justice, and Region IX only) were expended for contracts instead of in-house production, California would receive \$31.8 million in additional audio-visual production business. New York would receive approximately \$23.6 million, and Chicago and other areas about the same as New York. This figure is not the economic impact figure; it is merely production dollar volume. It is extremely significant that the \$78.9 million production expenditure derives only from known A-V activities in four agencies, in addition to Region IX. As mentioned previously, total Federal government expenditures are \$500 million.

### III. ECONOMIC IMPACT

Again, basing impact computations only on known activities in four Federal agencies and Region IX, the economic impact of transferring audio-visual activities to the private sector yields direct and indirect benefits to the Nation in general and California in particular. Benefits are computed on the assumption that the four agencies and Region IX spend a minimum of \$78.9 million on A-V production annually, and on the fact that 40% of production in the commercial sector occurs in California. Given these assumptions, transferring \$78.9 million in production dollar volume to the private sector will yield 40% of the volume, or \$31.8 million in new

production to California.

Direct Benefits from \$31.8 Million in New California-Based Production:

New Wages	\$25,440,000
Net Take-Home Pay	\$16,536,000
Rentals & Purchases Associated with Production	\$ 6,360,000
Total New Investment Resulting from \$31.8 million in New Production Transferred to California from Federal Government	\$22,896,000
California Tax Collections	\$ 1,500,000

\$31.8 million in new production = 100 hours in new TV programs  
produced in California

\$31.8 million in new production = 21.65% increase in employment  
in California

Indirect Benefits from \$31.8 Million in New California-Based Production:

[Multiplier effect:

$(1 \div \text{marginal propensity to save}) \times (\text{new investment}) =$   
(impact on California economy)]

$$\frac{1}{.10} \times \$22,896,000 = \$228,968,000$$

Assuming that the average gross wage in the production industry, including overtime, is equal to \$400 a week, an investment of \$228,968,000 would create 572,400 new man-weeks of employment or approximately 11,500 new full-time year-round jobs. This figure should be compared to the approximately 11,800 individuals in the motion picture/A-V industry who currently receive unemployment compensation in California.

IV. CONCLUSIONS

The in-house production figure of \$78.9 million (for known activities in four agencies and Region IX) is only 16% of the estimated \$500 million spent on A-V production annually by the Federal government. Nevertheless, if the transfer of only 16% of the government's A-V business yields \$228,968,000 in economic stimulus to California, which receives only 40% of the government transfer (with New York, and the Midwest each receiving 30%), the transfer of

100% of government audio-visual production can be seen as a boon to the economy.



THE WHITE HOUSE

WASHINGTON

May 28, 1976

MEMORANDUM FOR: BOB WOLTHUIS  
FROM: MIKE DUVAL  
SUBJECT: Porpoises

Thanks for your memo concerning Congressman Leggett's Bill. You certainly were correct, it has emerged as a major issue especially in San Diego.

Unfortunately I got your package after my return from California, however, the President did tackle this issue head on while he was out there. He visited a tuna boat on his way back to the airport in San Diego and inspected a new net which apparently permits the use of porpoises in tuna fishing but does not harm them.

For your information, the President came down squarely in favor of the Leggett Bill saying it was an interim solution until technological improvement can be found.





THE WHITE HOUSE  
WASHINGTON

Date: \_\_\_\_\_

TO: Mike

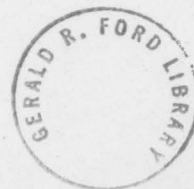
FROM: Robert K Wolthuis

For your information X

Please handle \_\_\_\_\_

Other

*This may be a  
political issue for  
the press in California.  
I had Commerce draft  
up a memo for us. I  
pass it on for whatever  
use you can make of it. Bob*



U.S. DEPARTMENT OF COMMERCE  
COUNSELLOR TO THE SECRETARY  
FOR CONGRESSIONAL AFFAIRS



5/24/76

To: *Bob Wolthuis*

From: Mansfield D. Sprague *MDS*

*The attached memo  
was prepared for me by Sgell  
Rush ton of my staff. I hope it  
answers your question and if  
you want us to do anything  
further let me know.*





UNITED STATES DEPARTMENT OF COMMERCE  
Office of the Secretary  
Washington, D.C. 20230

May 24, 1976



MEMORANDUM FOR ROBERT WOLTHUIS

FROM: Mansfield D. Sprague *MDS*

SUBJECT: House Merchant Marine and Fisheries Committee's  
Subcommittee on Fisheries and Wildlife  
Conservation and the Environment hearings  
on H.R. 13865 on May 20 and 21

Chairman Robert Leggett's Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Merchant Marine and Fisheries Committee held hearings on May 20 and 21 on Mr. Leggett's bill, H.R. 13865, to amend the Marine Mammal Protection Act to permit continued purse seine fishing for tuna under current regulations this year and to provide for increased efforts to reduce porpoise deaths incidental to commercial fishing operations after that date.

Background

On May 11, 1976 Judge Charles R. Richey of the U.S. District Court in the District of Columbia rendered a decision on a case brought by a number of environmental groups against several persons including the Secretary of Commerce which would, effective May 31, 1976, prohibit American tuna fishermen from purse seine fishing on porpoise which has resulted in the killing of considerable numbers of porpoises. Congressman Leggett introduced H.R. 13865, a bill to rectify the Richey decision to maintain the competitiveness of America's tuna fishing industry on Tuesday, May 18.



2.

### Hearings

Hearings were held on the bill on Thursday, May 20 and Friday, May 21. An additional day of hearings is scheduled for today, May 24 to accomodate those witnesses not heard on May 20 and 21.

Dr. Robert Schoning, Director of the National Marine Fisheries Service within NOAA, testified before the Leggett Subcommittee on Thursday, May 20. The Department took the position that while we are uncertain as to whether H.R. 13865 is the best vehicle to meet this problem the Department recognizes both the implications of the Richey decision on America's tuna industry (significant loss of revenue and jobs) as well as, the impact to the porpoise population as a result of tuna purse seining. Dr. Schoning also informed the Committee of the research and efforts that NOAA has been undertaking to reduce porpoise mortality and the problems that the Department might incur in administering a program that would amend the Marine Mammal Protection Act in this regard.

As you will note from the accompanying copy of Dr. Schoning's testimony, porpoise deaths have been reduced by 50 percent from the previous year, a trend which is significant and is expected to continue throughout this year.

### The Issue

The issue is an emotional one and one that is almost totally Californian in nature as the tuna industry is based around the San Diego area.

At the hearings Congressman McCloskey and Mr. Dick Cavett, the television figure, got into very heated dialogues with Congressman Leggett. Environmentalists who support the Richey decision were to testify on May 21 and today, May 24.



3.

Outlook and Conclusion

Those close to the issue believe that a bill will pass the House rectifying the Richey decision. However, it is not known when Mr. Leggett's bill, or one similar to it will reach the House floor.

This issue is a classic case of economic versus environmental concerns and is almost totally a Californian issue and thus may well receive attention in the upcoming Californian Primary election.

Attachments

