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THE WHITE HOUSE
PRESS CONFERENCE
OF
ROGERS C. B. MORTON
SECRETARY OF THE INTERIOR
EDWIN W. EDWARDS
GOVERNOR OF THE STATE OF LOUISIANA
BRENDAN BYRNE
GOVERNOR OF THE STATE OF NEW JERSEY
AND
HUGH CAREY
GOVERNOR-ELECT OF THE STATE OF NEW YORK

THE BRIEFING ROOM

7:06 P.M. EST

MR. HUSHEN: President Ford and Secretary Morton have just concluded a meeting with the New England, East Coast, and Gulf Governors, to discuss the importance of the outer continental shelf development in solving the Nation's energy problems.

The President attended for approximately 90 minutes. The meeting lasted over two hours -- it just broke up.

Secretary Morton is here to give you a report on the meeting and then we will have Governors Edwin Edwards of Louisiana, Meldrim Thomson of New Hampshire, and Brendan Byrne of New Jersey to answer your questions.

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(OVER)

SECRETARY MORTON: Thank you very much. I see we also have Lieutenant Governor Blair Lee of Maryland here. I don't want to overlook him, and Governor-elect Hugh Carey of New York.

I just want to simply say that this meeting was an exchange of ideas, that we have presented our proposals for the development of the outer continental shelf. These proposals, of course, are draft proposals. They are subject to all of the environmental considerations that will have to be made before decisions are made, and they are subject to revision based on very close examination of all the data that has to be developed.

But we are very hopeful that we can develop a cooperative procedure with State governments so that the Governors themselves, their constituents, fully understand the national significance of this resource and can help in every way possible for an orderly, environmentally safe development of the resource.

We have had some very good input from all around the table, and up and down the coast. Governor Byrne and Governor Edwards have had a little experience before the media on this issue. I have asked them to join me here and join in answering your questions.

Q Mr. Secretary, there were only East Coast Governors at this meeting. Do you have another meeting --

SECRETARY MORTON: East and Gulf Coast.

Q East and Gulf Coast. Will you have another one for the West Coast?

SECRETARY MORTON: We will probably have to go out there and meet with them individually.

Yes, we certainly don't want to exclude anybody.

It was just a matter of logistics, and we will meet with California, Pacific Northwest and Alaskan Governors as soon as we can. We had the Lieutenant Governor-elect here from Alaska, Lowell Thomas, Jr., representing Alaska, and we also had Mrs. Harris here from California, representing the California Coastal Commission.

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As we have met and gone around the capitals, we have had a team doing that, and we will continue to do that, and we will certainly pick up any of those actual Governors themselves that we were unable to meet with today.

Q Are you still going to try and lease 10 million acres? I see the President says he is not wedded to it, but are you going to try for it?

SECRETARY MORTON: As I explained to you this morning, George, we are going to try to lease this land based on really our best geological and environmental considerations, and not be too concerned as to the exact number of acres.

Our desire is to find out where the oil is, where the oil is not, and move on from there. But we are institutionalized to lease considerably more land that we have historically leased prior to 1974, and it probably will fall somewhere near the 10-million acre mark, but this is not a major concern that we reach 10 million acres as a specific amount.

We have the facilities and the geological survey and the Bureau of Land Management to assemble the data, to develop and review the environmental impact statements, and to also make the decisions based on technological and environmental criteria.

Q I would like to know if President Ford converted Governor Byrne? (Laughter)

SECRETARY MORTON: Here is Governor Byrne.

MR. BRYNE: First of all, I don't think this was in the form of a debate. I think it was in the form of an effort to exchange information and to inform. I am disturbed from the standpoint of representing the State of New Jersey with what the impact will be on my State or any other State similarly situated.

We have on the 18th of October, from the Secretary, received a preliminary environmental impact statement. I think that preliminary environmental impact statement glosses over too much what the impact might be, I am sure. It, for instance, acknowledges the fact that oil spills or activity on off-shore drilling on the OCS might impact beaches on shore and that that impact might last weeks or months or years.

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I have in my discussion with Secretary Morton gotten some assurance that that preliminary statement -- environmental impact statement--and the hearings that are to follow, will be seriously considered.

I would much prefer -- and we did discuss this during the meeting -- I would much prefer what I would consider a greater Governmental control over how the OCS is developed and to what extent it is developed, and whether it is developed in the best interests of all of the people of the country, rather than in regard to the expeditious leasing and development.

I raised that question, and the President said that we do not have the money to take that approach. I think the Governor-elect of Maine supported the idea and drew an analogy with the space program and the Government involvement in the space program.

I also raised the question, I think, at the meeting with respect to the overall urgency, and I asked the Administration if it had read and evaluated the Ford Foundation report. Again, I think that it may be in the course of hearings on the environmental impact study, and further evaluation of the Ford Foundation report, we can get an orderly development of the OCS.

We are interested, from the State of New Jersey, in an approach which first of all evaluates what the risks are in the development of the OCS, and second of all, makes every effort to minimize those risks, and third of all, maximizes the compensation for those risks.

By compensation, I don't mean money-wise, necessarily, but I mean compensation by way of obviating in any way possible. I would hope that further hearings on the environmental impact study, a broadening of that study, which I think is necessary, especially to evaluate the on-shore impact of OCS, will be more enlightening.

I appreciate the President's call to us today and the frank discussion that we had with him.

SECRETARY MORTON: Thank you, Governor.

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Q Governor Byrne, do you think the tentative schedule released today is a practical plan?

MR. BYRNE: I questioned the tentative schedule and was assured by the Secretary that that is a tentative schedule. I said to him that I did not want to mislead the people by taking an environmental impact draft which had been presented to me on the 18th of October and a schedule which indicates that leasing of the Baltimore Canyon was going forth on a schedule which was presented to us and which would indicate the leases of the Baltimore Canyon by the end of 1975, that if the Administration was already committed to that schedule that I think in frankness the Secretary should tell us that so that we do not go around spinning our wheels on that issue.

The Secretary assured me on that score that that schedule did not represent a firm commitment and that he would receive our comments on the environmental impact draft without any fixed commitment to that schedule, at least that is the way I interpreted his answer.

Q May I ask both Governors, once its leased -- they say they still want to lease ten million acres -- once an oil company gets a tract leased, what control would you two as Governors have over what happens out there? It is leased to them, they own it for a given amount of time. How are you going to control it?

MR. EDWARDS: The national Government is less loyal in retaining controls. They can put into the proposed lease whatever stipulations it wishes on inspection, on safety requirements, and in the manner in which the oil and gas will be brought onshore. They will also have a significant portion of the produced oil and gas in the form of royalty, which they will have absolute control over because they can take it in kind or sell it to the producing company in return for cash.

The coastal States also will continue to monitor and have some control over the owner. Once you get within the three-mile limitation, then the States have jurisdiction insofar as their own needs and concerns are evidenced.

As I tried to explain to these Governors, I recognized that the concern over their shorelines and the environment, but it is no longer a question of whether this is good or desirable, it is absolutely essential that we cannot continue pouring \$23 billion a year into Arab countries and importing six and a half billion barrels of oil even if we are sure that we could continue to get it on a continuous basis, and there is no assurance of that.

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By 1985 we will be pouring \$35 to \$40 billion in imported oil if we do not do something about the situation. The construction of the Alaskan pipeline, and the full development of these five areas comprising ten million acres by the best reasonable estimates would generate about six million barrels of oil a day. That would make us all more self-sufficient if we then went to more conservation and develop more use for coal and explored the possibility of shale oil in the four Western States where it exists, but I think the economy of the country and the security of our country are too much in the balance for us to continue to sit on a ready solution to this agonizing problem, which has probably contributed to one half of the unemployment in the country today and about 40 to 50 percent of the wholesale rate increase in the past two years.

MR. BYRNE: May I comment on that question because I raised it with the Secretary and I raised it in the context of my concern with whether the Government ought not to continue to have a greater control on how all of this is developed.

I asked this question. I said, suppose that you lease off State A and you lease off State B and you find in the course of things that maybe the environmental impact on State A is a lot worse than it would be on State B.

Shouldn't the Government be in a position where it could continue to control that policy question? The Secretary answered the question. I am not sure that he gave me all of the confidence that I would have wanted, but he indicated in his answer that maybe there is some control over the relative developments in those areas but it is still of some concern to me and it still would indicate my preference for greater Government involvement in the whole environmental impact from start to finish.

Q Governor, would you say there is a consensus among the Governors that development of the continental shelf is essential -- the Governors who were here today?

MR. EDWARDS: Absolutely.

Q Governor Byrne?

MR. BYRNE: I don't know. I don't think that we ever went around the table and got a consensus. Governor-elect Carey is here. I don't remember his expressing any opinion.

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Again, I think that the amount of oil that can come from the OCS in the Atlantic area has got to be weighed, and I think all of us have an obligation to weigh that against what the environmental impacts will be.

Speaking for New Jersey, if the environmental impact of X barrels of oil coming out of the OCS would mean that we destroy a \$2 billion tourism industry in our State, I don't think it makes sense.

SECRETARY MORTON: Let me address myself to this question of the Federal control over the leasing policy. I want to make sure that we get this straight in your minds.

The leasing is done on the nomination process on a two-tier process, and then on a highly selective system so that you are not just wholesaling vast areas without particularly evaluating the environmental risks and what the geological potentials are.

We have been 20 years leasing in the Gulf, and these have been selective sales based on what previous discoveries said. Early leases in the frontier area will be leases that are designed to find out where oil is and where it isn't. I can assure the Governor of New Jersey if there is no oil in Baltimore Canyon, he is not going to have an adverse environmental impact, and if he has good land-use planning and if he has good zoning and planning and good legislation on the shore, if there is oil there, he can bring it ashore without ruining or hurting his beaches.

Actually, the pollution from oil drilling and oil exploration and oil development is far less than the pollution that would be developed under present technology by shipping the same amount of oil into the parts of the United States.

Q Mr. Secretary, may I ask a question. Governor Edwards raised the matter of national security. Would you please comment on why this oil development off the continental shelf is so important to national security?

SECRETARY MORTON: I think you can summarize it quickly. There are two things about the so-called energy crisis or oil situation. One is the price, and we are all familiar with that. As Governor Edwards has said, and has been reiterated many times, this had approximately a 40 percent influence on our inflation, which is now the number one enemy, and we are trying to lick it.

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The other thing, of course, is the risk. The risk is that we can get shut off because the oil is so highly concentrated with about 70 percent of the world's reserves in the Middle East, that we face the unknown, having been embargoed once, the prospect that that could happen again. So, we are dealing with the risk for a large piece of the action as far as energy is concerned, and we are dealing with a price situation.

Now, through good conservation and through an orderly development of our own resources, we can back off foreign oil. That should have a very good impact on the price. It should have a very good impact for other nations, too, on assuring them of supplies and those are nations that don't have vast reserves as we do.

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Q Secretary Morton, where will we get the pipe and steel and equipment for this kind of trebling of the lease?

SECRETARY MORTON: The studies that have been conducted and are summarized in the blueprints show that there are only really two areas that we would have a real problem in, and those are areas I think that we can certainly solve the problems, and they are in the areas of both the movable rigs for exploration and drilling as well as the stationary platforms.

It is pretty well felt that we will be over the hump as far as tubular goods.

Remember that when we are talking about a sale in 1975, the best you could hope for as far as production and bringing oil ashore would be somewhere between five and eight years.

Q Mr. Secretary, on a related subject, you said this morning that an increase in the gasoline tax was an option that you were having to consider. Press Secretary Ronald Nessen said that the President has not changed his view that there will be no gasoline tax as long as he is in the White House.

Is the tax increase still an option that can be considered?

SECRETARY MORTON: I think that I have to consider every option. In terms of both voluntary and mandatory and incentive systems that can be applied in the society and in the economy to insure the conservation of energy, I think that I am honor bound to explore every option and to have those options analyzed as far as their economic input is concerned.

I think the political decisions after that should be made by the President, but I think he is entitled to an updating of the economic analysis of every option. So if he wants to change his mind he can do so, knowing what the analysis is.

I am not in any way recommending the tax, but I want to make sure that all of the information is available when any decision is made as to how we go.

Q Mr. Secretary, Governor Edwards has described the tremendous balance of payments deficit that is coming as a result of the oil being imported from the Middle East. Do you foresee any mandatory limits on such imports?

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For instance, the New York Times printed a story the other day that oil companies are starting to promote their products and are giving away premiums with their products because there is so much gasoline.

Do you foresee any mandatory limits on such importation?

SECRETARY MORTON: This is an option, and this is the option that the French have accepted. To say that we are going to limit imports, this would be a self-imposed embargo of a sort.

I think again you have to study what effect this will have. So by the time the President goes before the Congress in the State of the Union Message or the subsequent energy message that may follow shortly thereafter, I think we ought to have for him enough information on each one of these considerations so that he and the Congress together can make the political decisions or the programmatic decisions that will be required.

Certainly we should look at that and study it and follow it all the way through and see what effect that it will have on the society and the economy.

Q Governor Edwards, what would be the impact of 3 million acres of drilling on the Gulf of Mexico?

MR. EDWARDS: My best comparison, I think, is that since 1954 when the Federal Government first got into offshore development, 10 million acres have been leased. About 11,000 oil and gas wells have been drilled in the coastal areas of the Gulf of Mexico and Southern California and these five areas, except for Southern California, all envision the development of 60 to 80 miles offshore.

The wells would not even be visible from the shore.

Can I have a two-minute soapbox speech? Somebody made the question about the security of the country. The whole world is in the grip now of five or six Arab nations. Italy is almost bankrupt, the economy of Japan is almost gone, England, of course, may save itself with what Americans are doing in the Irish North Sea for them, Germany is having its problems.

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This country is having its problems because of the Arab attitude and world prices on oil.

Ten million people in the world die of starvation every year. 460 million people have dietary problems, and under the Malthusian theory, it is estimated that next year there will be 12 million people that will die unless we do something about food.

Oil is very important in the production of food. It is essential in the production of fertilizer. A ton of fertilizer will produce 10 tons of food, but it has become so scarce and so high priced that the developing nations, instead of using the money for the purchase of agricultural products or fertilizer, have to use it for other, more essential purposes.

Now we have got to get this country self-sufficient in fuel so that the Arabs will lose their strangle hold on the world in this area. If we don't, they are going to continue escalating the prices and cutting down on production and creating the starvation and famine problems that the world has experienced in the past two years and they will continue to experience.

Now we can do something about it in this country because we have the oil and gas reserves if we just go out and get it. We can also, I think, bring a greater stabilization of the price of oil once we become self-sufficient as a dominant industrial nation, because then we will not be dependent upon the Arabs for the production of oil.

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The point that I want to make is simply that we have allowed ourselves to be in a posture where we should not be from a standpoint of security. With all these people dying of starvation and all these economies of these countries going down, there is a great political unrest and economic unrest in the world.

Countries have gone to war over who had the right to graze billy goats on mountainsides, and this is not going to continue in the same vein that it has been going for the past two years without some serious international repercussions, and this country needs to get on the stick as soon as possible to try to save that from happening.

SECRETARY MORTON: Thank you very much.

Q Secretary Morton, may I ask one last question?

SECRETARY MORTON: We have a dinner at 7:30, and I have to meet the Governors over there, but let me call on our old friend, a Member of Congress, Governor-elect Hugh Carey.

MR. CAREY: Thank you, Mr. Secretary.

Governor Byrne and Governor Edwards, I just wanted to indicate that since there was no consensus called for, and I do not speak for the State of New York as yet, that I am in the same position though as Governor Byrne of having the tentative environmental impact study that has great impact on the State of New York.

My trouble frankly at this moment is that the target of leasing the Baltimore Canyon and the bank area off Maine and New Hampshire is in the nature of three million acres that might produce some less dependency but it would by no means resolve our problem of being 85 percent dependent on imported oil.

So, we don't go in the direction of self-sufficiency even if you go into the Baltimore Canyon and fully develop it, and that is why I think we have to weigh the economic impact of what we now have and the environmental impact of losing the resource that we have in terms of tourism, of the greatest environment in the world, if you will, versus not solving the problem of dependency.

That is why, in a sense, I am studying the problem and hope to join in the coastal zone management application of funds program together with New Jersey to see if we can come back with constructive answers to what is more of a problem than simply the development of the Baltimore Canyon. That will not solve our problem by itself.

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MR. EDWARDS: I simply want to say if the Arabs impose another embargo, you are not going to have any trouble in reaching the conclusion that we ought to be drilling out there.

SECRETARY MORTON: Thank you very much.

THE PRESS: Thank you, gentlemen.

END (AT 7:35 P.M. EST)