The original documents are located in Box 4, folder "Coal (5)" of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.

PHILIP E. RUPPE
11TH DISTRICT, MICHIGAN

COMMITTEES:
MERCHANT MARINE AND FISHERIES
INTERIOR AND INSULAR AFFAIRS

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

203 CANNON OFFICE BUILDING
WASHINGTON, D.C. 20515
CODE 202: 225-4735

FEDERAL BUILDING, ROOM 102
ALPENA, MI 49707
CODE 517: 356-2028

FEDERAL BUILDING, ROOM 32
MARQUETTE, MI 49855
CODE 906: 228-8250

June 29, 1976

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

Dear Mr. President:

The undersigned strongly urge you to veto S. 391, the federal coal leasing bill, as we believe it is not in the best interest of the nation and will severely hinder the achievement of your administration's objective of energy independence.

S. 391 will have a devastating impact on the development of our critically needed low-sulphur western coal reserves because it is not likely that any new leases can be issued for up to eight or ten years after enactment. A major cause of the delay will be numerous public hearings required specifically by the bill and by the application of NEPA to this proposed legislation. It specifically calls for four hearings, namely, upon completion of the land use plan; prior to the issuance or approval of a lease by the Secretary; upon the creation of logical mining units; and upon the advice of the Attorney General that an antitrust problem may exist. The National Environmental Policy Act will require additional hearings: a hearing on the promulgation of the regulations under the act; a hearing on the exploration drilling program; a hearing on the land use decision; a hearing on the issuance of a lease; and possibly a hearing on the mining and reclamation plan. Clearly this enormous and repetitive hearing process, assuming there is no litigation to cause further delay, will consume several years.

Of greater significance, however, are the delays inherent in the federal exploration program. Sec. 7 of the bill directs the Secretary to conduct a comprehensive exploratory program

to obtain the resource information necessary for determining whether commercial quantities of coal are present, and the geographical extent of the coal fields, in order to estimate the amount of such coal that is recoverable by underground mining as well as surface mining. In order for the Secretary to carry out this program he must submit a plan to the Congress within 6 months, request appropriations, and let drilling and other exploration contracts.

The cost of the comprehensive exploratory program has been estimated to be $1.2 billion over the next five years by the Congressional Budget Office. The time required to complete the program in order to permit the commencement of leasing cannot be easily estimated because there are too many variables such as the appropriation of funds, the design and approval of the exploration program, and the availability of drilling rigs and laboratories. However, if there are around 90 million acres of federal coal lands, the process could take decades, during which time coal leasing would be halted. Exploration has been traditionally carried on by the industry with data being made available to the government at no cost to the taxpayer.

S. 391 establishes a minimum royalty on federal coal of 12½ percent. We do not believe that royalties should be set by legislation which are at or near the historic high. The current ceiling should not become the floor. The 12½ percent royalty could have the effect of making large acreages of federal coal lands uneconomical to mine. Your administration recommended a 5 percent minimum royalty. This increase in royalty will be reflected in higher fuel costs for electric utilities and in turn, higher costs to energy consumers.

Under the logical mining unit section, no logical mining unit may exceed 25,000 acres, including both federal and non-federal lands. This is an arbitrary restriction and flies in the face of testimony from Department of Interior witnesses outlining logical mining units in excess of 25,000 acres. The facts support logical mining units of a larger size in order to economically and efficiently recover the coal resources. This requirement may force inefficient operations, thereby unnecessarily increasing the cost of coal, and may very well preclude the mining of significant amounts of federal coal.

S. 391 requires that all leases issued pursuant to it must be producing in commercial quantities by the end of the tenth year or be subject to cancellation. There are many reasons why a lease may not be in production by the end of ten years; for example, delays in equipment deliveries, permit approvals, railroad spur construction -- to name just a few. With respect to gasification or liquifaction plants, the coal reserve for the entire life of such plants must be secured prior to construction. Because of the very long lead times in construction of such plants, including financing, technological developments, obtaining of FPC permits, and the actual construction time, and the fact that commercial production of coal cannot commence until the plant is complete, such a ten-year production requirement could well lead to the exclusion of federal coal for such plants. Experience indicates that well over 10 years will be required to put in operation a gasification plant.

Section 9(a) amends Sec. 35 of the Mineral Leasing Act and increases the state's share of total federal revenues from the leasing of federal coal, oil, gas, phosphate, sodium, potassium, oil shale, native asphalt, sulphur, etc. from the present 37½ percent to 50 percent. Admittedly, social impacts will be felt in states in which coal development is substantial. However, no evidence has been presented to demonstrate that the current level of revenue sharing is insufficient to meet these adverse impacts. Additionally, increased revenue sharing from resources other than coal is unrelated to the adverse impacts caused by coal development.

S. 391 contains cumbersome antitrust review procedures which require the Secretary to submit all decisions on the issuance, renewal or readjustment of every coal lease to the Attorney General for his assessment of possible violation of the antitrust laws. These provisions only serve as another mechanism to delay the leasing of federal coal.

The Department of the Interior has recently finalized its new coal leasing and reclamation regulations after working on them for well over three years. The enactment of this bill

would require significant changes that would necessitate a major revamping of Interior's program with NEPA and public hearing requirements, promulgation of a leasing program could be delayed three years or more.

For all of the above reasons we respectfully urge you to return S. 391 to the Congress without your approval.

Sincerely,

Philip E. Ruppe, M.C.

Sam Steiger, M.C.

John Breaux, M.C.

Robert E. Bauman, M.C.

William M. Ketchum, M.C.

George Hansen, M.C.

Joe D. Waggonner, Jr., M.C.

David C. Treen, M.C.

Theodore M. Risenhoover, M.C.

Don Young, M.C.

James M. Collins, M.C.

REPUBLICAN WHIP—ROBERT H. MICHEL

Date: July 29, 1976 — 94th Congress

Question: Will you vote to sustain the Pres. veto of S. 391 Fed Coal Leasing Provisions Act? — Tally Sheet

Western and Plains (Talcott)

	Yes	No	Und.	N/R
California				
Bell			/	
Burgener				/
Clausen		/		
Clawson	/			
Goldwater	/			
Hinshaw				/
Ketchum	/			
Lagomarsino (ARW)			/	
McCloskey			/	
Moorhead				/
Rousselot Leaning	/			
Talcott		/		
Wiggins			/	
Wilson	? /			
Pettis	/			
Alaska				
Young	/			
Arizona				
Conlan	/			
Rhodes	/			
Steiger	/			
Colorado				
Armstrong (ARW)			/	
Johnson		/		
Idaho				
Hansen			/	
Symms			/	
New Mexico				
Lujan	/			
Washington				
Pritchard			/	
Kansas				
Sebelius	/			
Shriver			/	
Skubitz	/			
Winn				/
Nebraska				
McCollister	/			
Smith				/
Thone (ARW)		/		
North Dakota				
Andrews				/
Oklahoma				
Jarman				/
South Dakota				
Abdnor		/		
Pressler				/
Total	14	5	9	8

Midwestern States (Myers)

	Yes	No	Und.	N/R
Indiana				
Hillis			/	
Myers		/		
Iowa				
Grassley			/	
Michigan				
Broomfield	/			
Brown	/			
Cederberg	/			
Esch				/
Hutchinson	/			
Ruppe	/			
Vander Jagt				/
Minnesota				
Frenzel (ARW)	/			
Hagedorn		/		
Quie		/		
Wisconsin				
Kasten				/
Steiger	/			
Ohio				
Ashbrook			/	
Brown (ARW)	/			
Clancy				/
Devine	/			
Gradison				/
Guyer			/	
Harsha				/
Kindness			/	
Latta				/
Miller				/
Mosher		? /		
Regula will sustain if Ruppe Substitute			/	
Stanton			/	
Whalen		/		
Wylie			/	
Illinois				
Anderson			/	
Crane	/			
Derwinski	/			
Erlenborn			/	
Findley (ARW)			/	
Hyde			/	
Madigan			/	
McClory	/			
Michel	/			
O'Brien			/	
Railsback			/	
Total	13	5	15	8

Total pages 1 and 2: 52 | 18 | 44 | 31

REPUBLICAN WHIP—ROBERT H. MICHEL

Date:
Question: Pres. veto - coal leasing (S. 391)

94th Congres
Tally Shee

Border and Southern (Young)

	Yes	No	Und.	N/R
Maryland				
Gude		/		
Holt	/			
Bauman			/	
Missouri				
Taylor (ARW)	/			
Kentucky				
Carter				/
Snyder			/	
Tennessee				
Beard	/			
Duncan				/
Quillen	/			
Florida				
Bafalis				/
Burke			/	
Frey			/	
Kelly	/			
Young			/	
North Carolina				
Broyhill			/	
Martin		/		
South Carolina				
Spence	/			
Virginia				
Butler			/	
Daniel			/	
Robinson	/			
Wampler			/	
Whitehurst (ARW)	/			
Alabama				
Buchanan				/
Dickinson	/			
Edwards			/	
Arkansas				
Hammerschmidt	/			
Louisiana				
Moore	/			
Treen	/			
Mississippi				
Cochran	/			
Lott	/			
Texas				
Archer	/			
Collins	/			
Steelman if here Paul		/		/
Total	16	3	10	5

New England and Mid-Atlantic (McDade)

	Yes	No	Und.	N/R
Connecticut				
McKinney	/			
Sarasin				/
Delaware				
duPont		/		
Maine				
Cohen			/	
Emery				/
Massachusetts				
Conte (ARW)	/			
Heckler				/
New Hampshire				
Cleveland			/	
New Jersey				
Fenwick		/		
Forsythe				/
Rinaldo		/		
Vermont				
Jeffords			/	
New York				
Conable				/
Fish				/
Gilman			/	
~~Hastings~~				
Horton				/
Kemp	/			
Lent	/			
McEwen	/			
Mitchell (ARW)			/	
Peyser		/		
Walsh	/			
Wydler			/	
Pennsylvania				
Biester				/
Coughlin				/
Eshleman		/		
Goodling			/	
Heinz			/	
Johnson (ARW)	/			
McDade			/	
Myers			/	
Schneebeli	/			
Schulze P	/			
Shuster				/
Total	9	5	10	10

REPUBLICAN WHIP—ROBERT H. MICHEL

Date: July 29, 1976 — 94th Congress

Question: Will you vote to sustain the Pres. veto of S. 391 Fed Coal Leasing Amends Act? — Tally Sheet

Western and Plains (Talcott)

	Yes	No	Und.	N/R
California				
Bell			/	
Burgener				/
Clausen		/		
Clawson	/			
Goldwater	/			
Hinshaw				/
Ketchum	/			
Lagomarsino (ARW)			/	
McCloskey			/	
Moorhead				/
Rousselot Leaning	/			
Talcott		/		
Wiggins			/	
Wilson	?			
Pettis	/			
Alaska				
Young	/			
Arizona				
Conlan	/			
Rhodes	/			
Steiger	/			
Colorado				
Armstrong (ARW)			/	
Johnson		/		
Idaho				
Hansen			/	
Symms			/	
New Mexico				
Lujan	/			
Washington				
Pritchard			/	
Kansas				
Sebelius	/			
Shriver			/	
Skubitz	/			
Winn				/
Nebraska				
McCollister	/			
Smith				/
Thone (ARW)		/		
North Dakota				
Andrews				/
Oklahoma				
Jarman				/
South Dakota				
Abdnor		/		
Pressler				/
Total	14	5	9	8
Total pages 1 and 2	52	18	44	31

Midwestern States (Myers)

	Yes	No	Und.	N/R
Indiana				
Hillis			/	
Myers		/		
Iowa				
Grassley			/	
Michigan				
Broomfield	/			
Brown	/			
Cederberg	/			
Esch				/
Hutchinson	/			
Ruppe	/			
Vander Jagt				/
Minnesota				
Frenzel (ARW)	/			
Hagedorn		/		
Quie		/		
Wisconsin				
Kasten				/
Steiger	/			
Ohio				
Ashbrook			/	
Brown (ARW)	/			
Clancy				/
Devine	/			
Gradison				/
Guyer			/	
Harsha				/
Kindness			/	
Latta				/
Miller				/
Mosher		?		
Regula will sustain if Ruppe Substitutes		/		
Stanton			/	
Whalen		/		
Wylie			/	
Illinois				
Anderson			/	
Crane	/			
Derwinski	/			
Erlenborn			/	
Findley (ARW)			/	
Hyde			/	
Madigan			/	
McClory	/			
Michel	/			
O'Brien			/	
Railsback			/	
Total	13	5	15	8

REPUBLICAN WHIP—ROBERT H. MICHEL

Date:
Question: Pres. veto - coal leasing - (S. 391)

94th Congress
Tally Sheet

Border and Southern (Young)

	Yes	No	Und.	N/R
Maryland				
Gude				
Holt				
Bauman				
Missouri				
Taylor (ARW)				
Kentucky				
Carter				
Snyder				
Tennessee				
Beard				
Duncan				
Quillen				
Florida				
Bafalis				
Burke				
Frey				
Kelly				
Young				
North Carolina				
Broyhill				
Martin				
South Carolina				
Spence				
Virginia				
Butler				
Daniel				
Robinson				
Wampler				
Whitehurst (ARW)				
Alabama				
Buchanan				
Dickinson				
Edwards				
Arkansas				
Hammerschmidt				
Louisiana				
Moore				
Treen				
Mississippi				
Cochran				
Lott				
Texas				
Archer				
Collins				
Steelman (Paul Y. here)				
Total	16	3	10	5

New England and Mid-Atlantic (McDade)

	Yes	No	Und.	N/R
Connecticut				
McKinney				
Sarasin				
Delaware				
duPont				
Maine				
Cohen				
Emery				
Massachusetts				
Conte (ARW)				
Heckler				
New Hampshire				
Cleveland				
New Jersey				
Fenwick				
Forsythe				
Rinaldo				
Vermont				
Jeffords				
New York				
Conable				
Fish				
Gilman				
~~Hastings~~				
Horton				
Kemp				
Lent				
McEwen				
Mitchell (ARW)				
Peyser				
Walsh				
Wydler				
Pennsylvania				
Biester				
Coughlin				
Eshleman				
Goodling				
Heinz				
Johnson (ARW)				
McDade				
Myers				
Schneebeli				
Schulze (P)				
Shuster				
Total	9	5	10	10

REPUBLICAN WHIP—ROBERT H. MICHEL

Date: July 29, 1976

94th Congress
Tally Sheet

Question: Will you vote to sustain the Pres. veto of S. 391 Fed Coal Leasing Amends Act?

Western and Plains (Talcott)

	Yes	No	Und.	N/R
California				
Bell			/	
Burgener				/
Clausen		/		
Clawson	/			
Goldwater	/			
Hinshaw				/
Ketchum	/			
Lagomarsino (ARW)			/	
McCloskey			/	
Moorhead				/
Rousselot Leaning	/			
Talcott		/		
Wiggins			/	
Wilson ?	/			
Pettis	/			
Alaska				
Young	/			
Arizona				
Conlan	/			
Rhodes	/			
Steiger	/			
Colorado				
Armstrong (ARW)			/	
Johnson		/		
Idaho				
Hansen			/	
Symms			/	
New Mexico				
Lujan	/			
Washington				
Pritchard			/	
Kansas				
Sebelius	/			
Shriver			/	
Skubitz	/			
Winn				/
Nebraska				
McCollister	/			
Smith				/
Thone (ARW)		/		
North Dakota				
Andrews				/
Oklahoma				
Jarman				/
South Dakota				
Abdnor		/		
Pressler				/
Total	14	5	9	8
Total pages 1 and 2	52	18	44	31

Midwestern States (Myers)

	Yes	No	Und.	N/R
Indiana				
Hillis			/	
Myers		/		
Iowa				
Grassley			/	
Michigan				
Broomfield	/			
Brown	/			
Cederberg	/			
Esch				/
Hutchinson	/			
Ruppe	/			
Vander Jagt				/
Minnesota				
Frenzel (ARW)	/			
Hagedorn		/		
Quie		/		
Wisconsin				
Kasten				/
Steiger	/			
Ohio				
Ashbrook			/	
Brown (ARW)	/			
Clancy				/
Devine	/			
Gradison				/
Guyer			/	
Harsha				/
Kindness			/	
Latta				/
Miller				/
Mosher		?	/	
Regula Will sustain if Ruppe Substitute			/	
Stanton			/	
Whalen		/		
Wylie			/	
Illinois				
Anderson			/	
Crane	/			
Derwinski	/			
Erlenborn			/	
Findley (ARW)			/	
Hyde			/	
Madigan			/	
McClory	/			
Michel	/			
O'Brien			/	
Railsback			/	
Total	13	5	15	8

REPUBLICAN WHIP—ROBERT H. MICHEL

Date:
Question: Pres. veto - coal leasing (S. 391)

94th Congress
Tally Sheet

Border and Southern (Young)

	Yes	No	Und.	N/R
Maryland				
Gude		/		
Holt	/			
Bauman			/	
Missouri				
Taylor (ARW)	/			
Kentucky				
Carter				/
Snyder			/	
Tennessee				
Beard	/			
Duncan				/
Quillen	/			
Florida				
Bafalis				/
Burke			/	
Frey			/	
Kelly	/			
Young			/	
North Carolina				
Broyhill			/	
Martin		/		
South Carolina				
Spence	/			
Virginia				
Butler			/	
Daniel			/	
Robinson	/			
Wampler			/	
Whitehurst (ARW)	/			
Alabama				
Buchanan				/
Dickinson	/			
Edwards			/	
Arkansas				
Hammerschmidt	/			
Louisiana				
Moore	/			
Treen	/			
Mississippi				
Cochran	/			
Lott	/			
Texas				
Archer	/			
Collins	/			
Steelman if here Paul		/		
Total	16	3	10	5

New England and Mid-Atlantic (McDade)

	Yes	No	Und.	N/R
Connecticut				
McKinney	/			
Sarasin				/
Delaware				
duPont		/		
Maine				
Cohen			/	
Emery				/
Massachusetts				
Conte (ARW)	/			
Heckler				/
New Hampshire				
Cleveland			/	
New Jersey				
Fenwick		/		
Forsythe				/
Rinaldo		/		
Vermont				
Jeffords			/	
New York				
Conable				/
Fish				/
Gilman			/	
~~Hastings~~				
Horton				/
Kemp	/			
Lent	/			
McEwen	/			
Mitchell (ARW)			/	
Peyser		/		
Walsh	/			
Wydler			/	
Pennsylvania				
Biester				/
Coughlin				/
Eshleman		/		
Goodling			/	
Heinz			/	
Johnson (ARW)	/			
McDade			/	
Myers			/	
Schneebeli	/			
Schulze ?	/			
Shuster				/
Total	9	5	10	10

THE WHITE HOUSE

WASHINGTON

July 30, 1976

MEMORANDUM FOR: MAX FRIEDERSDORF

THROUGH: CHARLES LEPPERT, JR. CLp.

FROM: TOM LOEFFLER T.L.

SUBJECT: Congressional Activity to Sustain the President's veto of S. 391, the Federal Coal Leasing Amendments Act

For your information, attached are three "Dear Colleague" letters which will be sent to Members the first part of next week. One letter will be sent from Rhodes, Anderson, Skubitz, and Ruppe to the Republican colleagues, one letter will be sent from Ruppe to all Members of the House, and one letter will be sent from Sam Steiger and one Western Democrat to Members from Western states.

I am informed that Dave Satterfield and Joe Waggonner will be sending a "Dear Colleague" urging Members of DRO to sustain the veto.

In addition, the Republican Study Group will probably convene a meeting of their members and ask that Secretary Kleppe attend and explain the reasons for the President's veto.

Attach.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

August 3, 1976

Dear Republican Colleague:

We urge you to sustain the President's veto of S. 391, the Federal Coal Leasing Amendments Act.

The cumulative impact of the provisions of this bill will set back the Department of the Interior's coal leasing program a minimum of 3 years. S. 391 would require a massive Federal exploration program, exhaustive antitrust review of the issuance, renewal and readjustment of every lease, repetitive public hearings, mandatory production requirements, and unrealistically high minimum royalties. This bill contains comprehensive land use planning requirements which in and of themselves will undoubtedly lead to years of litigation.

The development of Western low-sulfur coal is an essential part of the President's energy program. This bill will cripple the comprehensive coal leasing program announced by the Department of the Interior in May.

We urge you to sustain the veto and permit the Department of the Interior to implement its program of domestic coal development.

John J. Rhodes, M.C.
Minority Leader

John B. Anderson, M.C.
Chairman, Republican Conference

Joe Skubitz, M.C.
Ranking Minority Member
Committee on Interior and Insular Affairs

Philip E. Ruppe, M.C.
Ranking Minority Member
Subcommittee on Mines and Mining

House of Representatives
Washington, D.C. 20515

August 2, 1976

CODE 517: 355-20
FEDERAL BUILDING, RO
MARQUETTE, MI 49
CODE 906: 228-82

Dear Colleague:

The House will consider the President's veto of S. 391, the Federal Coal Leasing Act, early this week.

I urge you to vote to sustain the veto.

As most of you know, I have been a strong supporter of legislation to protect the environment. This bill, however, has nothing to do with the environmental protection of mining lands. It contains no reclamation or mining standards.

I have worked hard throughout committee and floor considera tion of S. 391 in helping to write a bill which would establish fair and effective mechanism for future coal leasing. Unfortunately, S. 391 has emerged from the Congress laden with so many restrictions, rigidities, and requirements that the cumulative impact of the bill will be to delay for a minimum of three years the implementation of a program which has already taken the Department of the Interior four years to develop.

S. 391 mandates an extraordinarily costly Federal exploration program that is presently being done by private industry. The bill requires a lengthy and repetitive hearing process. It sets unrealistically high minimum royalties. The bill requires that leases be automatically terminated if not in production within ten years leaving no administrative flexibility to grant extensions for the long lead times required by coal gasification and liquefaction plants. S. 391 requires a cumbersome antitrust review by the Justice Department before the issuing, renewal or readjustment of every lease.

Taken together, these deficiencies in S. 391 will have a devastating impact on the development of our critically needed low-sulphur western coal reserves. I urge you to sustain the veto.

Sincerely,

Philip E. Ruppe
Member of Congress

To be sent to Members from Western States.

Dear Colleague:

The President in his veto message on S. 391, the Federal Coal Leasing Act, stated that he was in total agreement with the Congress that the Federal government should provide financial assistance for communities impacted by development of Federally-owned minerals. He specifically pledged his support for increasing the State share of Federal leasing revenues from 37½ % to 50 %.

The provisions of S. 391 dealing with coal leasing are so onerous, however, that the President had no choice but to veto the bill. Very simply stated - S. 391 would inhibit coal production and raise utility prices.

I want to tell my friends, however, that all is not lost. The BLM Organic Act (formerly H.R. 13777, now S. 507) was passed by the House a short ten days ago and contains the identical language of S. 391 giving the States a 50 % share of mineral royalties. The Senate version of the BLM Organic Act gives the States a 60 % share. A conference is imminent and the outlook for settling this matter is good.

Therefore, let us sustain this veto, put to rest this unwise and costly piece of coal leasing legislation, and work to send the mineral royalty sharing provision back to the White House in the form of a workable bill.

Sincerely,

(+) Denis

Sam Steiger
Member of Congress

THE WHITE HOUSE

WASHINGTON

August 1, 1976

MEMORANDUM FOR: JIM CAVANAUGH
CHARLIE LEPPERT
BILL KENDALL

FROM: GLENN SCHLEEDE

SUBJECT: DRAFT PRESIDENTIAL LETTER ON S. 391 - COAL LEASING BILL

Attached is an advance copy of a draft letter for the President's consideration. I have sent copies to Secretary Kleppe, Frank Zarb, Dick Darman(for Secretary Richardson), and Jim Mitchell for review and comment back by 11 a.m. Monday.

I'm also attaching a copy of a draft cover memorandum which has not been circulated to the others.

Any comments you have at this time would be appreciated and will help expedite later stages.

I understand that override votes are scheduled for Tuesday in the Senate and Wednesday in the House.

Interior people (Kyl, Rivard, Farrand) tell me that Secretary Kleppe believes that sustaining the veto in the Senate is not possible and probably not worth a fight. He believes there's a chance in the House and is making arrangments to proceed there.

Dear Mr. Speaker:

On July 3, 1976, I returned without my approval, S. 391, the Federal Coal Leasing Amendments Act of 1975. That bill dealt with two major issues: the form of Federal assistance for communities affected by development of Federally-owned minerals, and Federal procedures for leasing coal.

I indicated on July 3, and I reiterate now that, on the first of these issues, I am in total agreement with the Congress that the Federal Government should provide assistance, and I concur in the form of assistance adopted by the Congress in S. 391. Specifically, I pledged support for increasing the State share of Federal leasing revenues covered by the bill from 37 1/2 percent to 50 percent. If S. 391 had been limited to that increased assistance, I would have signed it.

There is ample time remaining in this session of Congress to pass such a bill and I urge the Congress to do so. My Administration will be pleased to work with you to achieve that objective.

With respect to changes in leasing procedures, S. 391 included a number of provisions that would have created new burdensome requirements and regulations, increased the size and role of the Federal Government, and introduced unnecessary rigidity into Federal leasing procedures. Instead of facilitating coal production, the bill would have inhibited production, contributed to our growing reliance on foreign oil, probably raised prices for consumers (particularly of electricity), and delayed our achievement of energy independence.

It is very important that the Congress recognize the seious deficiencies in the provisions of S. 391 which

deal with coal leasing. For example:

1. The rigid 10-year limit to achieve commercial coal production from a lease would prevent the use of Federally-leased coal by major electric utility and synthetic fuel projects. Even with maximum effort, experience has shown that more than 10 years is commonly needed to obtain financing and necessary permits, to order and obtain equipment and support facilities, to build rail and other transportation facilities, and to construct associated generating facilities and coal conversion plants.

2. The requirement that a minimum royalty of 12 1/2 percent be paid on all Federal coal leases (a) would mean that large acreages which might otherwise be developed would become uneconomic to mine, and (b) may mean higher costs passed on to consumers. This figure is arbitrarily and unnecessarily high. Latitude must be preserved to set either lower or higher royalties based on economic conditions and the value of the resource.

3. The Federal exploration program contemplated in the bill would be extremely costly, would add to the Federal Budget, and would unnecessarily involve the Federal Government in activity that can be handled equally well or better by the private sector. In addition, completion of the studies called for would result in substantial delays in new leasing and production.

4. The mandatory requirement for separate public hearings at four different stages of the leasing process would create serious duplication of administrative procedures, cause substantial and unreasonable delays, and add to all parties' costs -- without any material benefit.

5. The required Justice Department anti-trust review for each lease would cause unnecessary delays and costs, without any significant increase in anti-trust protection. It would generally be impractical or impossible to make a meaningful anti-trust judgment on the basis of single leases. A full anti-turst review on the occasion of single leases would be time consuming and represent a major increase in workload of the Department of Justice.

6. The requirement that 50 percent of the total acreage offered must be leased under a deferred bonus payment system is undesirable and arbitrary. There is no evidence that such a requirement would aid substantially in the development of coal. Authority is already available to use a deferred bonus system when it is justified.

7. It would be impossible in many instances to comply with the requirement to prepare a detailed mining and development plan within three years after issuance of a lease. Lessees must obtain suitable markets, analyze reserves, arrange transportation, complete baseline data programs, and plan environmental protection efforts before they can complete the development and submission of mining plans which describe proposed operations in the detail and specificity which Interior Department requires in order to assure attainment of environmental and production goals.

8. The 25,000 acre limitation for consolidated mining units would preclude the development of some large scale electric utility and synthetic fuels projects. For example, a six-foot seam of coal underlying 25,000 acres amounts to 203 million tons. A synthetic fuels plant requiring 10 million tons annually would be restricted to 20 years of reserves, which is too short a period to justify its construction. Also, such an arbitrary limitation would mean that coal would have to be left behind unnecessarily in some cases, or that two separate operations be undertaken when one would suffice.

There are other provisions of S. 391 which would adversely affect development of the Nation's coal reserves, add administrative complexity and delay, provide the potential for lengthy litigation, and add to costs of energy and costs of government.

We should, instead, be seeking ways to avoid unnecessary governmental requirements and costs and to increase the production and utilization of our domestic coal resources when this can be done in an environmentally and economically acceptable manner. The alternatives are greater use of our rapidly diminishing oil and gas reserves or greater reliance on imports.

The Interior Department has developed and put in place a comprehensive Federal coal program, including a new leasing process, more stringent surface mining and reclamation requirements, and new standards for diligent development of Federal leases. Other than the increase in the State share of leasing revenues, the authorities in S. 391 are not needed to implement that program and, in fact, would delay it.

For these reasons, S. 391 should not become law and the Congress should procede with a separte bill providing for an increase in States' share of leasing revenues without further delay.

Sincerely,

DRAFT

SIGNATURE

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM CANNON

SUBJECT: LETTER TO THE SPEAKER (AND THE SENATE MAJORITY LEADER) ON S. 391- COAL LEASING AMENDMENT ACT

Enclosed for your consideration are letters to the Speaker (and the Senate Majority Leader) on S. 391, the Federal Coal Leasing Amendments Act of 1975, which you vetoed on July 3, 1976. Briefly, the letters would

- Reiterate your willingness to accept an increase an increase from 37 1/2 percent to 50 percent in the States' share of Federal mineral leasing revenues.

- Urges prompt enactment of a bill limited to such a provision.

- Restates and expands upon the reasons why the other provisions of S. 391 should not become law.

The Senate has scheduled an override vote for Tuesday and the House for Wednesday. Secretary Kleppe believes, and the Congressional Relations Staff agrees, that there is little opportunity for sustaining the veto in the Senate but also that there is a chance of sustaining in the House.

The letters are designed to make clear your position in those parts of the Country where this bill is particularly important, and to make clear to members the many undesirable features of S. 391.

_____, _____, _____ (etc), have reviewed and concur in the letters.

Recommenation

That you sign the attached letter(s).

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

Dear Mr. President:

On July 3, 1976, the President returned without his approval S. 391, the Federal Coal Leasing Amendments Act of 1975. That bill dealt with two major issues: the form of Federal assistance for communities affected by development of Federally-owned minerals, and Federal procedures for leasing coal.

In his message, the President agreed with the form of assistance to States adopted by the Congress in S. 391. He pledged support for increasing the State share of Federal leasing revenues covered by the bill from 37 1/2 percent to 50 percent and indicated if S. 391 had been limited to that increased assistance, he would have signed it.

There is ample time remaining in this session of Congress to pass a separate bill and we urge the Congress to do so. We will be pleased to work with you to achieve this objective.

After years of intensive work and research, the Department of the Interior has now implemented a comprehensive new coal program designed to achieve stringent environmental protection while still providing access to the Nation's most abundant fossil fuel energy resource. We believe the Department has adequate authority to fully implement this coal development program. S. 391 would not add to that authority; indeed, we are concerned that it would seriously interfere with the present program and significantly increase the opportunities for litigation. Instead of facilitating coal production, S. 391 would inhibit production, contribute to our growing reliance on foreign oil, probably raise prices for consumers (particularly of electricity), and delay the achievement of greater energy self sufficiency.

It is very important that the Congress recognize the serious deficiencies in the provisions of S. 391 which deal with coal leasing. For example:

1. The rigid 10-year limit to achieve commercial coal production from a lease could prevent the use of Federally-leased coal by major electric utility and synthetic fuel projects. Even with maximum effort, experience has shown that more than 10 years is commonly needed to obtain equipment and support facilities, to build rail and other transportation facilities, and to construct associated generating facilities and coal conversion plants.

2. The requirement that a minimum royalty of 12 1/2 percent be paid on all Federal coal leases (a) would mean that large acreages which might otherwise be developed may become uneconomic to mine, and (b) may mean higher costs passed on to consumers. This figure is unnecessarily high. Latitude must be preserved to set either lower or higher royalties based on economic conditions and the value of the resource.

3. The Federal exploration program contemplated in the bill could be extremely costly (potentially billions of dollars), and would unnecessarily involve the Federal Government in an activity that can be handled better by the private sector. In addition, completion of the studies called for could result in substantial delays in new leasing and production.

4. The requirement for public hearings, or opportunity for public comment at five separate stages in the leasing process is unreasonable and will cause major delays without any material benefit. Department of the Interior regulations now provide appropriate opportunity for public involvement and NEPA and other laws already assure public participation.

5. The required Justice Department anti-trust review for each lease -no matter how small- would cause unnecessary delays and costs. The Attorney General already has authority to review leases that he believes may have significant anti-competitive effects. A full anti-trust review of single leases would be time-consuming and represent a major increase in workload for the Department of Justice. Furthermore, it would generally be impractical or impossible to make a meaningful anti-trust judgment on the basis of single leases.

6. The requirement that 50 percent of the total acreage offered must be leased under a deferred bonus payment system is unduly rigid and may result in diminished development and production. Authority is already available to use a deferred bonus system when appropriate to increase competition in leasing and give smaller firms a better opportunity to participate when this approach can be justified by the economics of the situation and the degree of interest in leasing Federal coal.

7. It would be impossible in many instances to comply with the requirement to prepare a detailed mining and development plan within three years after issuance of a lease. Lessees must obtain suitable markets, analyze reserves, arrange transportation, complete baseline data programs, and plan environmental protection efforts before they can complete the development and submission of mining plans which describe proposed operations in the detail and specificity which the Interior Department already requires in order to assure attainment of environmental and production goals.

8. The 25,000 acre limitation including both Federal and non-Federal lands for consolidated mining units would preclude the development of some large scale electric utility and synthetic fuels projects. This acreage is insufficient to amortize the huge capital investment required to develop many of these projects.

There are other provisions of S. 391 which would adversely affect development of the Nation's coal reserves, add administrative complexity and delay, provide the potential for lengthy litigation, and add to costs of energy and costs of government.

We should, instead, be seeking ways to avoid unnecessary governmental requirements and costs and to increase the production and utilization of our domestic coal resources where this can be done in an environmentally and economically acceptable manner. The alternatives are greater use of our rapidly diminishing oil and gas reserves or greater reliance on imports.

For these reasons, S. 391 should not become law and the Congress should proceed with a separate bill providing for an increase in States' share of leasing revenues without further delay.

Sincerely yours,

Secretary of the Interior

Honorable Nelson A. Rockefeller
President of the Senate
Washington, D. C. 20510

THE WHITE HOUSE

WASHINGTON

AUG 3 1976

August 3, 1976

TO: BILL KENDALL
CHARLIE LEPPERT

FROM: GLENN SCHLEEDE

Here are copies of the letters to the Speaker and to the President of the Senate from Secretary Kleppe.

Attachment

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 3 1976

Dear Mr. Speaker:

On July 3, 1976, the President returned without his approval S. 391, the Federal Coal Leasing Amendments Act of 1975. That bill dealt with two major issues: the form of Federal assistance for communities affected by development of Federally-owned minerals, and Federal procedures for leasing coal.

In his message, the President agreed with the form of assistance to States adopted by the Congress in S. 391. He pledged support for increasing the State share of Federal leasing revenues covered by the bill from 37 1/2 percent to 50 percent and indicated if S. 391 had been limited to that increased assistance, he would have signed it.

There is ample time remaining in this session of Congress to pass a separate bill and we urge the Congress to do so. We will be pleased to work with you to achieve this objective.

After years of intensive work and research, the Department of the Interior has now implemented a comprehensive new coal program designed to achieve stringent environmental protection while still providing access to the Nation's most abundant fossil fuel energy resource. We believe the Department has adequate authority to fully implement this coal development program. S. 391 would not add to that authority; indeed, we are concerned that it would seriously interfere with the present program and significantly increase the opportunities for litigation. Instead of facilitating coal production, S. 391 would inhibit production, contribute to our growing reliance on foreign oil, probably raise prices for consumers (particularly of electricity), and delay the achievement of greater energy self sufficiency.

It is very important that the Congress recognize the serious deficiencies in the provisions of S. 391 which deal with coal leasing. For example:

1. The rigid 10-year limit to achieve commercial coal production from a lease could prevent the use of Federally-leased coal by major electric utility and synthetic fuel projects. Even with maximum effort, experience has shown that more than 10 years is commonly needed to obtain equipment and support facilities, to build rail and other transportation facilities, and to construct associated generating facilities and coal conversion plants.

2. The requirement that a minimum royalty of 12 1/2 percent be paid on all Federal coal leases (a) would mean that large acreages which might otherwise be developed may become uneconomic to mine, and (b) may mean higher costs passed on to consumers. This figure is unnecessarily high. Latitude must be preserved to set either lower or higher royalties based on economic conditions and the value of the resource.

3. The Federal exploration program contemplated in the bill could be extremely costly (potentially billions of dollars), and would unnecessarily involve the Federal Government in an activity that can be handled better by the private sector. In addition, completion of the studies called for could result in substantial delays in new leasing and production.

4. The requirement for public hearings, or opportunity for public comment at five separate stages in the leasing process is unreasonable and will cause major delays without any material benefit. Department of the Interior regulations now provide appropriate opportunity for public involvement and NEPA and other laws already assure public participation.

5. The required Justice Department anti-trust review for each lease -no matter how small- would cause unnecessary delays and costs. The Attorney General already has authority to review leases that he believes may have significant anti-competitive effects. A full anti-trust review of single leases would be time-consuming and represent a major increase in workload for the Department of Justice. Furthermore, it would generally be impractical or impossible to make a meaningful anti-trust judgment on the basis of single leases.

6. The requirement that 50 percent of the total acreage offered must be leased under a deferred bonus payment system is unduly rigid and may result in diminished development and production. Authority is already available to use a deferred bonus system when appropriate to increase competition in leasing and give smaller firms a better opportunity to participate when this approach can be justified by the economics of the situation and the degree of interest in leasing Federal coal.

7. It would be impossible in many instances to comply with the requirement to prepare a detailed mining and development plan within three years after issuance of a lease. Lessees must obtain suitable markets, analyze reserves, arrange transportation, complete baseline data programs, and plan environmental protection efforts before they can complete the development and submission of mining plans which describe proposed operations in the detail and specificity which the Interior Department already requires in order to assure attainment of environmental and production goals.

8. The 25,000 acre limitation including both Federal and non-Federal lands for consolidated mining units would preclude the development of some large scale electric utility and synthetic fuels projects. This acreage is insufficient to amortize the huge capital investment required to develop many of these projects.

There are other provisions of S. 391 which would adversely affect development of the Nation's coal reserves, add administrative complexity and delay, provide the potential for lengthy litigation, and add to costs of energy and costs of government.

We should, instead, be seeking ways to avoid unnecessary governmental requirements and costs and to increase the production and utilization of our domestic coal resources where this can be done in an environmentally and economically acceptable manner. The alternatives are greater use of our rapidly diminishing oil and gas reserves or greater reliance on imports.

For these reasons, S. 391 should not become law and the Congress should proceed with a separate bill providing for an increase in States' share of leasing revenues without further delay.

Sincerely yours,

Secretary of the Interior

Honorable Carl B. Albert
Speaker of the
House of Representatives
Washington, D.C. 20515

8/3/76

FACT SHEET

THE FEDERAL COAL LEASING AMENDMENTS ACT OF 1975, S. 391

S. 391 deals with two major issues: the form of Federal assistance for communities affected by development of Federally-owned minerals, and Federal procedures for leasing coal.

Assistance to States and Communities

In his July 3 veto message, the President agreed with the need for assistance and concurred in the form of assistance adopted by the Congress in S. 391. He pledged support for increasing the State share of Federal leasing revenues covered by the bill from 37-1/2 percent to 50 percent and indicated if S. 391 had been limited to that increased assistance, he would have signed it.

Unacceptable Changes in Coal Leasing

S. 391 would seriously interfere with the present coal leasing program and significantly increase the opportunities for litigation. Instead of facilitating coal production, it would inhibit production, contribute to our growing reliance on foreign oil, probably raise prices for consumers (particularly of electricity), and delay the achievement of greater energy self sufficiency. For example:

- The rigid 10-year limit to achieve commercial coal production from a lease could prevent the use of Federally-leased coal by major electric utility and synthetic fuel projects.

- The requirement that a minimum royalty of 12-1/2 percent be paid on all Federal coal leases (a) would mean that large acreages which might otherwise be developed may become uneconomic to mine, and (b) may mean higher costs passed on to consumers.

- The Federal exploration program contemplated in the bill could be extremely costly (potentially billions of dollars), and would unnecessarily involve the Federal Government in an activity that can be handled better by the private sector. In addition, completion of the studies called for could result in substantial delays in new leasing and production.

- The requirement for public hearings, or opportunity for public comment at five separate stages in the leasing process is unreasonable and will cause major delays without any material benefit.

- The required Justice Department anti-trust review for each least -- no matter how small -- would cause unnecessary delays and costs. The Attorney General already has authority to review leases that he believes may have significant anti-competitive effects.

- The requirement that 50 percent of the total acreage offered must be leased under a deferred bonus payment system is unduly rigid and may result in diminished development and production. Authority is already available to use a deferred bonus system when appropriate.

- It would be impossible in many instances to comply with the requirement to prepare a detailed mining and development plan within three years after issuance of a lease.

- The 25,000 acre limitation including both Federal and non-Federal lands for consolidated mining units would preclude the development of some large scale electric utility and synthetic fuels projects.

There are other provisions of S. 391 which would adversely affect development of the Nation's coal reserves, add administrative complexity and delay, provide the potential for lengthy litigation, and add to costs of energy and costs of government.

8/3/76

FACT SHEET

THE FEDERAL COAL LEASING AMENDMENTS ACT OF 1975, S. 391

S. 391 deals with two major issues: the form of Federal assistance for communities affected by development of Federally-owned minerals, and Federal procedures for leasing coal.

Assistance to States and Communities

In his July 3 veto message, the President agreed with the need for assistance and concurred in the form of assistance adopted by the Congress in S. 391. He pledged support for increasing the State share of Federal leasing revenues covered by the bill from 37-1/2 percent to 50 percent and indicated if S. 391 had been limited to that increased assistance, he would have signed it.

Unacceptable Changes in Coal Leasing

S. 391 would seriously interfere with the present coal leasing program and significantly increase the opportunities for litigation. Instead of facilitating coal production, it would inhibit production, contribute to our growing reliance on foreign oil, probably raise prices for consumers (particularly of electricity), and delay the achievement of greater energy self sufficiency. For example:

- The rigid 10-year limit to achieve commercial coal production from a lease could prevent the use of Federally-leased coal by major electric utility and synthetic fuel projects.

- The requirement that a minimum royalty of 12-1/2 percent be paid on all Federal coal leases (a) would mean that large acreages which might otherwise be developed may become uneconomic to mine, and (b) may mean higher costs passed on to consumers.

- The Federal exploration program contemplated in the bill could be extremely costly (potentially billions of dollars), and would unnecessarily involve the Federal Government in an activity that can be handled better by the private sector. In addition, completion of the studies called for could result in substantial delays in new leasing and production.

- The requirement for public hearings, or opportunity for public comment at five separate stages in the leasing process is unreasonable and will cause major delays without any material benefit.

- The required Justice Department anti-trust review for each least -- no matter how small -- would cause unnecessary delays and costs. The Attorney General already has authority to review leases that he believes may have significant anti-competitive effects.

- The requirement that 50 percent of the total acreage offered must be leased under a deferred bonus payment system is unduly rigid and may result in diminished development and production. Authority is already available to use a deferred bonus system when appropriate.

- It would be impossible in many instances to comply with the requirement to prepare a detailed mining and development plan within three years after issuance of a lease.

- The 25,000 acre limitation including both Federal and non-Federal lands for consolidated mining units would preclude the development of some large scale electric utility and synthetic fuels projects.

There are other provisions of S. 391 which would adversely affect development of the Nation's coal reserves, add administrative complexity and delay, provide the potential for lengthy litigation, and add to costs of energy and costs of government.