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GLENN SCHLEEDE  
Wednesday, February 25, 1976  
9:15 a.m.

THE WHITE HOUSE  
WASHINGTON

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OFFICE OF THE VICE PRESIDENT  
WASHINGTON

January 28, 1975

MEMORANDUM TO:

DICK ALLISON

FROM:

ZANDY GABRIELS *Zandy*

RE:

NAVAL PETROLEUM RESERVES

This memorandum is prepared pursuant to your conversation with Spoff on Tuesday afternoon requesting a summary report on the Naval Petroleum Reserves legislation, H.R. 49 and S. 2173.

The measures were reported to conference in early October and the conferees have been meeting since December. Prior to adjournment it was anticipated that a compromise would be quickly agreed to during the opening weeks of this session. However, despite some agreement on issues indicated below, there has been no estimate when final action will be taken. Even meetings at this time are difficult to schedule. Presumably, problems at the staff level are causing the delay.

According to the most recent draft by the Senate Armed Services Committee, the following issues have been resolved:

- 1) Departmental control of the Naval Petroleum Reserves.  
Dept. of Interior will assume control of NPR 4 located in Alaska which will be renamed the National Petroleum Reserve. The Dept. of the Navy will retain control of NPR 1,2,3.



Naval Petroleum Reserves

- 2) Mandated production of oil from NPR 1,2,3 at the maximum efficient rate of production over a period of years.

The following issues have yet to be resolved:

- 3) Common carrier status of pipelines. FEA wants pipelines carrying oil produced from NPR to transport the oil as if the pipeline was a common carrier for purposes of the NPR oil rather than requiring that any pipeline shipping NPR oil actually be considered a common carrier for all oil shipped. Industry objects to the latter possibility.
- 4) Handling of the funds received from the sale of NPR oil. It is agreed that the funds will be placed in a special account, however, the prorating of the funds among FEA, the Navy and the Interior has not been agreed upon.
- 5) An FEA study of NPR 4. The pending legislation repeals a provision of the energy bill, the ECOP Act, which mandated the FEA to conduct a study of NPR 4. Interior would be given the authority to conduct this study, but would be allowed more time to complete it.

