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MAR 5 1975



## EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAR 5 1975

MEMORANDUM

TO:           Messrs. Morton           Marsh  
                   Zarb                       Seidman  
                   Seamans               Nessen  
                   Greenspan           Friedersdorf  
                   Duval

Subject: Energy Chronology

Attached is an historical review of significant energy events and Presidential actions which have occurred during the Nixon and Ford Administrations.

Tab A presents a general chronology of events and actions.

Tab B contains more detailed chronologies covering four major areas:

1. Energy Organization;
2. Oil imports;
3. Energy research and development; and
4. Natural gas regulation.

I hope you will find this useful in placing our current energy situation in perspective.

John A. Hill  
 Acting Associate Director

Attachment





CHRONOLOGY OF SIGNIFICANT EVENTS IN ENERGY

1970

December OPEC adopts resolution calling for uniform general increase in oil prices and threatening concerted and simultaneous action if oil companies refuse to renegotiate contracts.

1971

February Electrical Facilities Siting Act and Mined Area Protection Act submitted to Congress by Administration.

March President proposes legislation to establish Department of Natural Resources, which would consolidate major energy programs.

June 4 First Energy Message by an American President; sense of urgency lacking. General proposals to accelerate Federal leasing of OCS, shale, and geothermal resources. Urges efforts with private industry to achieve commercial demonstration of fast breeder reactor, sulfur oxides control technology, and coal gasification, and urges increased energy R&D on selected technologies. Urges establishing Department of Natural Resources. Mentions need for higher prices and improved consumer awareness to encourage energy conservation. Urges passage of Administration's Electric Facilities Siting Act.

August 15 Petroleum prices frozen as part of economy-wide price freeze under Economic Stabilization Program.

October Mineral Leasing Act Amendments proposed to Congress.

1971-73

Late 1971 thru early 1973 Two countries, Libya and Iraq, nationalize some portions of oil company operations. Joint ownership ("participation") accords are signed by companies and governments of Saudi Arabia, Abu Dhabi, Qatar, and Kuwait; participation negotiations begun by Iraq, Libya, and Nigeria.

1973

February President again proposes Electrical Facilities Siting Act, Mined Area Protection Act, and Mineral Leasing Act Amendments to Congress, two years after original submission.

March Natural gas curtailment problem begins to emerge. Federal Power Commission sets forth nine orders of priority for allocation of natural gas.

1973

- March Petroleum price controls are extended through Phase III of Economic Stabilization Program, while controls on other industries are loosened.
- April 18 Second Presidential Energy Message; sense of urgency heightened. Administration is getting more specific. Proposes legislation to deregulate new natural gas and license deepwater ports. Proposes tripling OCS leasing by 1979. Establishes Office of Energy Conservation in Interior. Proposes investment credits for exploratory drilling for new oil and gas. Stresses increased budget emphasis on non-nuclear R&D, especially coal. Urges States to delay enforcement of secondary standards under Clean Air Act to allow wider use of coal.
- Mandatory Oil Import Program, based on quota limitations, ended by Presidential proclamation after long debate within the Administration. Strong pressures to take advantage of lower cost foreign oil exerted by Treasury Secretary Shultz, as well as New England interests.
- President signs E.O. 11712 creating National Energy Office (headed by Charles DiBona) and Special Committee on Energy.
- May Voluntary crude oil and petroleum product allocation program begins. Administered by Interior Department.
- June 29 Presidential Energy Statement; recapitulates progress by Congress and Executive Branch since 4/18/73. Proposes legislation to create Department of Energy and Natural Resources, Energy Research and Development Administration, and Nuclear Energy Commission. Announces initiation of \$10 billion, five-year R&D program. Announces extensive Federal government conservation program. Broadens voluntary energy conservation program; announces expanded efforts with industry and State and local governments.
- Summer President signs E.O. 11776 creating Energy Policy Office, headed by Governor John Love of Colorado, and abolishing Special Committee on Energy and National Energy Office.
- Pressure for mandatory petroleum allocation builds.
- September Two tier price system established for domestic crude oil by Cost of Living Council; price and profit margin rules on other sectors of the petroleum industry are extended although wage and price control program is being phased out.
- Mandatory propane allocation begins.
- September 10 Presidential Energy Message to the Congress. Urges action on major energy legislation: Alaskan Pipeline, Natural Gas, Mined Area Protection, Deepwater Ports, DENR, ERDA, NEC, Electric Facilities Siting, and Santa Barbara Energy Reserve.

1973

- October Middle East War breaks out. Arab Oil Embargo imposed.
- For the first time, Persian Gulf governments unilaterally raise oil taxes and other charges, from \$1.80 to \$2.43 per barrel.
- October 11 Presidential Energy R&D Statement; largely a response to the embargo. Announces details of increase in FY74 energy R&D budget of \$115M. Brings FY74 funding to about \$1 billion, in preparation for \$10 billion, five-year program to start in FY75.
- November Separate Office of Petroleum Allocation established in Department of Interior to handle worsening petroleum situation. Previous supplemental request increased from \$1,100,000 to \$22,981,000.
- November 7 Presidential Address on the Energy Emergency; reflects crisis caused by Arab embargo. Announces action to be taken by President, primarily under the authority of the Economic Stabilization Act (ESA) of 1970 and the Defense Production Act (DPA) of 1950 to reduce residential oil, jet fuel, and gasoline consumption. Orders Administration officials to work with Congress to develop emergency energy legislation. Urges again that Congress act on bills mentioned on September 10, 1973. President announces Project Independence.
- November 16 Alaskan Pipeline bill signed by President; preempts further delays caused by environmental law suits.
- November 17 Cabinet-level Energy Emergency Action Group (EEAG), headed by Governor Love, established to develop plans to meet the emergency.
- November 25 Presidential Address on National Energy Policy. Announces emergency actions to be taken, as a result of EEAG recommendations, under ESA and DPA authority: mandatory allocation of middle distillate fuels to end users; gasoline allocation; reduced jet fuel allocations; preventing coal to oil switching. Announces actions to be taken when Congress provides authority: ban on Sunday gasoline sales, lower speed limits, ban on ornamental and promotional lighting; general aviation fuel cutback.
- November 27 President signs Emergency Petroleum Allocation Act. Directs President to establish full mandatory allocation program effective until June 30, 1975.
- December 1 AEC Chairman Ray presents long range energy R&D program to the President. Had been requested on June 29.
- December 4 Federal Energy Office established in Executive Office. William Simon named Administrator. FEO takes over petroleum allocation program, Office of Energy Conservation and Office of Energy Data and Analysis from Interior, and assumes price control authority over crude oil and petroleum products.

1973

- December 15 President signs bill creating year-round daylight savings time.
- Winter 1973-1974 Natural gas curtailments increase; shortages total 7% of commitments made by interstate pipelines under firm contracts.

1974

- January Persian Gulf oil taxes and other charges reach level of \$9.24 per barrel.
- January 23 Presidential Energy Message; President maintains energy offensive. Proposes creation of Federal Energy Administration, (FEA), passage of Special Energy Act to provide standby energy emergency authorities, and windfall profits tax. Urges Congress to act on previously submitted natural gas, Naval Petroleum Reserve, surface mining, deepwater ports, and drilling investment credit legislation. Also new legislation to accelerate nuclear facilities construction, and modify Clean Air Act. Announces \$2.0 billion energy R&D program in FY75.
- February Washington Energy Conference held. Attended by 13 major consumer nations to discuss embargo and oil price increases.
- March 4 President transmits Special Energy Act to Congress. Contains standby rationing and other emergency provisions. Anticipates veto of Senator Jackson's bill.
- March 6 President vetoes Senator Jackson's Standby Energy Authorities bill. Contains objectionable oil price rollback and unemployment compensation provisions.
- March 8 Nuclear facilities construction legislation submitted to Congress. Goal is to reduce delays and encourage plant standardization.
- May 7 President signs FEA Act.
- June 22 President signs Energy Supply and Environmental Coordination Act. Includes coal conversion authorities.
- June 27 FEA activated; John Sawhill named first Administrator.
- October Persian Gulf oil taxes and other charges reach \$9.74 per barrel.
- October 5 President signs bill reducing period for daylight savings time from the last Sunday in February to the last Sunday in October (P.L. 93-434).

1974

- October 8 President's Economic Address to the Congress. Includes President Ford's first energy message. Calls for accelerated voluntary conservation program. Urges passage of legislation already submitted to the Congress. Calls for million barrel per day reduction in oil imports by end of 1975.
- October 11 President signs legislation creating ERDA and Nuclear Regulatory Commission (NRC).  
President signs E.O. 11814 activating the Energy Resources Council to coordinate his energy policy; names Rogers Morton as Chairman, and Frank Zarb as Executive Director.
- November 16 International Energy Agreement provisionally signed. Creates International Energy Agency.
- December 5 President signs extension of Emergency Petroleum Allocation Act--for two months to August 31, 1975.
- December 16 Martinique Communiqué (Presidents Ford and Giscard d'Estaing) announces agreement to attend oil producer-consumer nation conference on the basis of adequate Western preparation.
- December 30 President pocket-vetoes Surface Mining bill (surrogate for Mined Area Protection Act). Has adverse impact on coal production.

1975

- January Persian Gulf oil taxes and other charges reach \$10.12 per barrel.
- January 3 President signs Deepwater Port Facilities Act. Accepts compromise between Administration and congressional versions.
- January 15 State of the Union Address. Comprehensive energy program to meet near, mid, and long-term policy goals. Includes energy tax, energy supply, and energy conservation proposals. Culminates intensive, month-long efforts by Energy Resources Council, including meetings at Camp David and Vail, Colorado, to develop broad based program.
- January 19 ERDA and NRC activated. Robert Seamans and William Anders named Administrator and Chairman, respectively.
- January 30 Energy Independence Act of 1975 to Congress. Consolidates legislative aspects (non-tax) of President's program in 13 titles, many of which are new proposals, some of which have been proposed previously.
- February 1 President raises oil import fees by \$1 per barrel.
- February 6 President resubmits Surface Mining Act to Congress.





Chronology of Significant Events  
Energy Organization

<u>Date</u>	<u>Events</u>
Fall 1970	Energy Subcommittee of Domestic Council created. Headed by Paul McCracken, Chairman of CEA. Staff support provided by Office of Science and Technology (David Freeman, Fred Weinhold) and CEA (Ed Mitchell). Did much of background work for first Presidential Energy Message on June 4, 1971. Task Forces established by Energy Subcommittee did basic work for second Energy Message on April 18, 1973.
March 1971	President proposes legislation to establish Department of Natural Resources, including a consolidation of several major energy programs.
April 18, 1973	National Energy Office (under Director Charles DiBona) and Special Energy Committee (Kissinger, Shultz, Ehrlichman) created by Executive order.  Office of Energy Conservation established in Department of the Interior.
June 29, 1973	President proposes legislation to establish Energy Research and Development Administration, Nuclear Energy Commission, and Department of Energy and Natural Resources.  Executive order creates Energy Policy Office (EPO) under Governor John Love of Colorado, and abolishes National Energy Office and Special Energy Committee.
October 1973	Governor Love, as Director of EPO, named as head of Oil Policy Committee. Takes charge of oil import program.
November 1973	Office of Petroleum Allocation created in Department of the Interior.  Cabinet-level Energy Emergency Action Group, headed by Governor Love, established to develop plans to meet the emergency.
December 4, 1973	Federal Energy Office established in the Executive Office. Takes over Offices of Petroleum Allocation, Energy Conservation, and Energy Data and Analysis from Interior. William Simon named Administrator.

<u>Date</u>	<u>Events</u>
March 1974	Energy Policy Office is abolished.
May 7, 1974	Federal Energy Administration Act is signed.
June 27, 1974	FEA is activated, and FEO abolished; John Sawhill named Administrator.
October 11, 1974	President signs legislation creating the Energy Resources Council (ERC), ERDA and Nuclear Regulatory Commission (NRC), and abolishing AEC.
October 16, 1974	Executive order activates ERC; Rogers Morton named Chairman; Frank Zarb named Executive Director.
January 19, 1975	ERDA and NRC activated by Executive order. Robert Seamans and William Anders named Administrator and Chairman, respectively.

Chronology of Significant Events  
Oil Imports

<u>Date</u>	<u>Events</u>
March 1959	Mandatory Oil Import Program, imposing import quotas, takes effect. Limits imports of low-cost foreign crude to protect domestic oil production industry.
June 1967	Arab-Israeli war erupts, closing Suez Canal. Several Arab states impose petroleum embargo on Great Britain and U.S. European embargo vulnerability underlined.
Spring 1970	Libyan government cuts back production and serially escalates demands for higher revenues.
December 1970	OPEC adopts resolution calling for uniform general increase in oil prices and threatening concerted and simultaneous action if oil companies refuse to renegotiate contracts.
February 1971	Meeting in Teheran between Persian Gulf countries and Anglo-American oil companies (Japan, France, and Italy representatives absent). No general agreement on taxes or prices; settlement only on Persian Gulf oil questions.
Spring 1971	Negotiations with individual producer countries continues, yielding the Tripoli agreement of April, which raised Libyan prices and profit share.
August 1971 to January 1972	OPEC countries begin to press for dollar devaluation compensation payments. 8.5% increase in posted price agreed to in Geneva in January.
Late 1971 thru early 1973	Libya and Iraq nationalize some portions of oil company operations. Joint ownership ("participation") accords are signed by companies and governments of Saudi Arabia, Abu Dhabi, Qatar, and Kuwait; participation negotiations begun by Iraq, Libya, and Nigeria.
April 18, 1973	Mandatory Oil Import Program, based on quota limitations, ended by President after long debate within Administration. Strong pressure to take advantage of low-cost foreign oil exerted by Secretary Shultz, and also by New England interests. System of license fees escalating over time to encourage domestic production and refining is established instead.

<u>Date</u>	<u>Events</u>
October 1973 thru March 1974	New Arab-Israeli war begins and results in concerted production cutbacks by Arab countries. Production cutback by Arabs results in a supply shortfall of 2.7 million barrels per day (bbl/day) (about 15% of total U.S. oil consumption) by early 1974.  During embargo, OPEC increases prices four-fold. Cohesion and monopoly power of OPEC demonstrated.
Summer/Fall 1973	President initiates voluntary and mandatory oil allocation programs to deal with the embargo.
January 23, 1974	Presidential Energy Message urges congressional action on legislative proposals designed to mitigate effects of the embargo, reduce national energy consumption growth rate, and stimulate domestic energy production.
October 8, 1974	President Ford sets goal of voluntarily reducing oil imports by 1 million barrels per day by the end of 1975.
December 16, 1974	Presidents Ford and Giscard d'Estaing agree at Martinique to prepare for a conference of oil producing and consuming nations.
January 1975	President Ford acts to meet goals of reducing imports by 1 million bbl/day by end of 1975 and 2 million bbl/day by end of 1977, by proposing a coordinated set of energy measures.
February 1, 1975	President raises oil import fee by \$1/bbl as part of plan to raise fee by \$3/bbl by April 1.

Chronology of Significant Events  
Energy R&D

<u>Date</u>	<u>Events</u>
June 4, 1971	President Nixon's first Energy Message calls for demonstration of breeder reactors by 1980 and acceleration of programs in coal gasification, sulfur oxide scrubbers, fusion and other energy R&D.
March 16, 1972	In Science and Technology Message, announces increase of \$88 million in FY 1973 budget for energy R&D to \$480 million. Emphasis again on technologies accelerated in June 1971.
April 18, 1973	Energy R&D program of \$772 million for FY 1974 emphasized. No new announcements.
June 29, 1973	ERDA legislation proposed as Title II of DENR bill.  \$10 billion, five-year energy R&D commitment made. Also, intention to add \$100 million to FY 1974 budget announced.  Announcement of intention to create Energy R&D Advisory Council.
October 11, 1973	Specifics of \$115 million FY 1974 and add-on for energy R&D announced.  Energy R&D Advisory Council (of outside experts) created and membership announced. H. Guyford Stever (Science Advisor) named chairman.
November 7, 1973	President asks Congress to give priority attention to ERDA legislation and separate it from DENR package.
January 23, 1974	FY 1975 Budget for energy R&D of \$2.0 billion announced.
October 11, 1974	ERDA legislation signed into law by President.
January 19, 1975	ERDA activated. Robert Seamans becomes Administrator.
February 2, 1975	FY 1976 Energy R&D budget of \$2.3 billion for energy R&D announced.

Chronology of Significant Events  
Natural Gas Regulation

<u>Date</u>	<u>Events</u>
June 1938	Natural Gas Act authorizes the Federal Power Commission (FPC) to regulate the transportation and sale of natural gas for resale in interstate commerce.
June 1954	Supreme Court rules that the FPC has authority to assume jurisdiction over wellhead prices at which natural gas producers sell gas to interstate pipeline companies. Called the "Phillips decision."
February 1956	President Eisenhower vetoes "Harris Bill" which would have required total deregulation of wellhead prices of natural gas.
September 1960	The FPC abandons cost-of-service regulation of <u>individual</u> companies and shifts to an area rate regulation procedure, where the maximum price for gas is based on the average cost of production in each of the producing areas of the country.
January 1971	Congressman John M. Murphy (D-N.Y.) introduces a bill, supported by the Nixon Administration, to amend the Natural Gas Act providing that natural gas wellhead prices, once set by the FPC, would not be lowered thereafter. Bill was not reported and the proposal died.
March 1973	Natural gas curtailment problem begins to emerge. FPC sets forth nine orders of priority for allocation of natural gas; curtailments would be determined on a basis of "end use" priorities of gas, rather than on a pro rata reduction basis to all gas users.
April 1973	S. 2048, a Nixon Administration bill, introduced by Senator Cotton to end controls on "new" natural gas and to simplify regulatory procedures.
Winter 1973-74	Natural gas shortages total 425 billion cubic feet or about 7% of commitments made by interstate pipelines under firm contracts.

<u>Date</u>	<u>Events</u>
June 1974	The FPC establishes a national rate of 42¢ per thousand cubic feet for sales of wellhead gas initiated on or after Jan. 1, 1973, and for new dedications of gas on or after Jan. 1, 1973.
June 1974	The FPC forecasts natural gas deficiencies between November 1974 and March 1975 to be 770 billion cubic feet or 11% of commitments under firm contracts.
September 1974	The Administration supports an Amendment No. 1937 by Senator Buckley to H.R. 10710 which would have ended controls on "new" gas wellhead prices and not have included a three-year period of standby price ceiling authority previously backed by the Administration in S. 2048.
December 1974	The FPC increases the national base rate for gas sales by producers to 50¢ per thousand cubic feet, up from the 42¢ rate set in June 1974.
December 1974	Senator Talmadge introduces legislation (S. 4216) to allocate natural gas for agricultural purposes.
January 1975	President proposes Energy Independence Act. Title III would deregulate new natural gas. In addition, the President proposes as part of his comprehensive energy tax program an excise tax on natural gas of 37¢ per thousand cubic feet.