

Attachment D.

Analysis of S. 740

"The National Energy Production Board Act of 1975"

ANALYSIS OF S. 740, THE "NATIONAL ENERGY PRODUCTION BOARD ACT OF 1975"

S. 740 recognizes a need to overcome dependence of the United States on foreign energy supplies that are essential to national security, commerce, and full-employment economy, and thereby establishes a National Energy Production Board.

Findings

This section expresses the policy and goal of the United States to end dependence on foreign energy supplies in order to insure independence of foreign policy, improve balance of payments stability, and maintain national security without damaging the environment or the quality of life of the American people. S. 740 recognizes shortcomings in private energy programs and stipulates that new Federal programs to develop the vast, untapped energy resources on the public domain, Federal lands, and the outer continental shelf (OCS) could stimulate the economy and overcome unemployment in the United States. In order to realize this goal, S. 740 promotes accelerated conservation efforts and Federal authority over programs designed to monitor and identify constraints on energy production.

Purpose

S. 740 seeks an effective commitment from both the Federal Government and private enterprise in maximizing domestic energy exploration, development, and production, and aspires to create needed employment and stimulate the economy through its programs.

Definitions

This section gives definitions for terms including; among others: public domain and other Federal lands, Indian lands, outer continental shelf lands,

and Naval Petroleum Reserves. This section designates public domain and other Federal lands, as well as all lands including mineral interests owned by the United States except Indian lands, outer continental shelf lands, and components of the National Park, Wilderness Preservation, Wild and Scenic Rivers, and Trails Systems as well as rivers and lands being considered therefor.

NATIONAL ENERGY PRODUCTION BOARD

S. 740 establishes a National Energy Production Board consisting of a Chairman and four members appointed by the President and approved by the Senate, who are well qualified to direct plans to increase the exploration for, and production of, energy resources on Federal lands and the outer continental shelf (OCS). This section stipulates requirements for the appointment, compensation, and employment of the Chairman and members of the Board. It also makes provisions for vacancies, selection of a Vice Chairman, appointment of a General Counsel and executive director, and meetings of the Board. S. 740 authorizes designated administrative procedures for the Board to carry out the purposes of this act, and to monitor and report to Congress on its activities.

Oil and Gas Exploration Program

This section directs the Board to immediately implement a Federal oil and gas exploration program to supplement activities of the private sector, provide necessary information regarding oil and gas resources to the Government, potential developers, and the public, and to increase competition among producers. The Board is authorized, among other things, to purchase, conduct or contract for surveys of resource lands, and perform or contract for exploratory drilling. The Board is also directed to consult with affected

State and local governments regarding coastal zone management programs, and with the Administrator of the Environmental Protection Agency regarding the exploration program.

PROGRAMS FOR CONGRESSIONAL REVIEW WITH RIGHT OF DISAPPROVAL

Naval Petroleum Reserves Development and Production Program

- S. 740 directs the Board to prepare and carry out a Naval Petroleum Reserves Development and Production Program for Naval Petroleum Reserves Numbers 1, 2, and 3 located in California and Wyoming to provide for immediate development of the reserves. This section authorizes the Board to prepare a report specifying its plans for this program and the designated 'lead agency'; the development, location, and procurement of needed facilities for the program; the anticipated social and economic impacts; and procedures for State and local consultation. This section directs the Board to transmit the program to Congress within 90 days, and, within the following 60 days and barring disapproval by Congress, to begin implementation of the program.

Alaska Naval Petroleum Reserve Exploration Program

S. 740 authorizes the Board to prepare and immediately carry out a Naval Petroleum Reserve Numbered 4 Exploration Program in Alaska to obtain resource information for devising an oil and gas development plan, improving the data regarding the values of the resources, providing the public with the information, and increasing competition among producers. This section requires that the Board prepare a Naval Petroleum Reserve Numbered 4 Exploration Program report designating, among other things, which agency will supervise the program, outlining a plan for conducting surveys and exploratory drilling, and assessing and making arrangements for procurement of

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necessary facilities and equipment for the program. The same stipulations for Congressional approval are made under this section as for the Naval Petroleum Reserves Development and Production Program outlined in the previous section.

Federal Facilities Energy Program

S. 740 authorizes the Board to prepare a Federal Facilities Energy Program to provide for the use of existing idle, underutilized, or surplus facilities and resources of the Federal Government to augment the Nation's manufacturing and industrial capacity. Under this section the Board will prepare a report for the implementation of the Federal Facilities Energy Program stipulating a timetable for its implementation and an inventory of federally owned and controlled industrial and manufacturing plants and installations; an inventory of the capacity of various agencies of the Federal Government; identification of idle, underutilized or surplus Federal facilities which could produce equipment used in the production of energy and fuel; estimates for a schedule, necessary manpower, equipment, and planning needed for conversion of Federal facilities for production of energy-related equipment; and other arrangements for leasing, procurements and consultation, related to this program and its social economic, and institutional impacts. The same stipulations for Congressional approval apply in this section as in the previous ones.

Expediting Government Action

This section authorizes the Board to review procedures of Federal agencies and instrumentalities to identify delays resulting from Federal requirements concerning energy related projects. The Board will also suggest lawful procedures which will expedite Federal action, and in certain cases submit such procedures for congressional review. Such recommendations will be in the form

of an Expedited Energy Project Procedure Report with specified requirements and will become law if, after a period of 60 days, neither House of Congress has disapproved it.

PROGRAMS REQUIRING EXPRESS LEGISLATIVE AUTHORIZATION

General

• S. 740 authorizes the Board to recommend to Congress legislative proposals, with accompanying reports, which focus on increasing domestic energy production and strengthening energy transportation systems.

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Coal Production

This section authorizes the Board to prepare a Federal Coal Production Program consisting of a legislative recommendation for accelerated exploration, development and production of coal under existing Federal leases and from the public domain and Federal lands, a timetable for such program, and an accompanying report. Under this section the report should specify in detail: the present and projected levels of domestic coal production; possibility of a direct Federal role in activities; specifications concerning resources; . present and needed facilities and locations; and procedures for State and local consultation.

Energy Transportation Systems

S. 740 directs the Board to prepare a Federal Energy Transportation System Improvement Program after consultation with the United States Railway Association and the Department of Transportation, which will consist of a legislative recommendation for Federal participation in programs to assure the development or improvement of coal transportation systems. The recommendations

should contain a timetable for development and an accompanying report which specifies deficiencies in, as well as present and future needs for, railroads and other energy transportation systems; possible Federal roles in activities; projects for improvement of old railroads and establishment of new ones; employment opportunities; and other designations.

Federal Oil and Gas Production Program

This section authorizes the Board to prepare a Federal Oil and Gas Production program in the form of a legislative recommendation and a plan for accelerated development and production of oil and natural gas from the public domain, Federal lands and the OCS and timetables for the execution thereof. The program will contain, among other things, provisions for: Federal management of development; joint Federal-private ventures; benefits for small or independent producers and cost sharing; employment opportunities; location, cost of developing, and estimates of resources; capacity of and need for facilities; and a statement of relationship of development with coastal zone management programs.

Transmittal of Programs for Congressional Authorization

S. 740 provides for Congressional authorization through legislation for all programs under this act. This section also stipulates that the Federal Coal Production Program, Federal Energy Transportation Improvement Program, and the Federal Oil and Gas Production Program and the Board's recommendations be submitted to the President for transmittal to the Congress not later than nine months after the effective date of this section.

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GUIDELINES AND ADMINISTRATION

Guidelines, Standard, and Report to Accompany Proposed Action Programs

S. 740 stipulates that every proposed action program to increase the production of energy submitted to Congress will be accompanied by an explanatory background report. This section directs that the Board, in developing the programs, consider the impact of the programs on: attaining self sufficiency; the environment; the revenues received by the Federal Government; employment, and economic vitality of the region; competition, small businesses, and the fiscal integrity of local and State governments and the vital industrial sectors of the economy. The report required by this section will evaluate the impact of the program; summarize the comments provided for; describe the proposed actions, estimated costs and revenues, organization and financing, anticipated impacts, and unusual conditions; and analyze pertinent Federal, State, and local statutes and regulations, regarding the proposed Federal organization.

Forma of Federal Involvement and Financial Assistance

This section provides that the Board, in recommending to Congress the proposed action programs, suggest direct utilization of Federal agencies; the designation of the lead agency; the role of private enterprise and forms of financial assistance.

Review and Comment

S. 740 provides that prior to transmittal to Congress, a preliminary draft of the proposed action program will be submitted to the Energy Resources Council, the Governor of affected State, and the governing bodies of affected political subdivisions. The Board will assure public disclosure of the

programs and reports and seek comments from private industry, industrial users, labor organizations, small businesses, environmental groups, consumer interests, as well as other interested parties. The Board is directed to prescribe time limits of not less than 30 days for review and comment.

NATIONAL ENERGY PRODUCTION TRUST FUND

Establishment of Fund

S. 740 establishes the National Energy Production Trust Fund in the U.S. Treasury, and between July 1, 1975 and June 30, 1985, there will be covered into the Fund \$1,000,000,000 annually for FY 1976, and \$2,000,000,000 annually thereafter from revenues under the OCS Lands Act.

Appropriations and Use of Revenues in the Fund

Expenditure of revenues in the Fund must be appropriated therefor by Congress, and will otherwise remain in the Fund.

Board's Authority

The Board will have availability of all appropriated revenues from the Fund for transfer to other Federal agencies to carry out the purposes of this Act.

ADVISORY COMMITTEES AND INTER-AGENCY COORDINATION

Special Energy Action Program Advisory Committees

S. 740 authorizes the Board to establish special program advisory committees to consult with and provide information to the Board concerning the programs. This section also directs the Board to provide for representation

of State and local governments, the energy industry, the transportation industry, the public utility industry, industrial energy users, labor, small business, environmental organizations, and consumer groups.

Inter-Agency Coordination

S. 740 provides for assistance to the Board by the Energy Resources Council to insure communication among the involved agencies of the Federal Government.

GENERAL PROVISIONS

S. 740 makes additional provisions for separability and for the effective date and termination date for the act.