U.S. Department of Energy
Washington, D.C. 20585

November 9, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
November 5 - 9, 1979

1. Emergency response: Beginning Tuesday, November 13, the Department will conduct an exercise of its emergency response capability and a test of the Strategic Petroleum Reserve (SPR). The exercise, designated FUELEX 79, will involve major elements of the Department in the planning and execution of a SPR response to a hypothetical crude oil supply interruption. During the week of December 10, the exercise will involve actual movement of some SPR crude oil from storage caverns to distribution facilities.

2. Meeting with oil companies: Secretary Miller and I chaired a meeting yesterday with 10 major oil companies, also attended by Messrs. Eizenstat, Schultze and Kahn. The meeting was called to discuss opportunities for government action and industry cooperation in connection with the deteriorating structure of the international oil market. I was particularly concerned about the ability of the major oil companies, which control less oil than ever before, to manage any shortages which might result from a major supply interruption such as that threatened by Iran. They assured me that they would be able to allocate supplies equitably. We did not discuss details because of antitrust considerations, but discussed in broad terms the types of actions that might increase supply or reduce domestic demand. I have scheduled follow-up meetings with these companies individually. A key point is that the companies would support the imposition of a substantial excise tax on motor gasoline to curb consumption. Charlie Schultze and Fred Kahn raised several concerns and questions they had with regard to oil company prices and profits, but postponed detailed discussion for individual meetings.

3. Implementation of S. 1030: We have assigned tasks and set tight timetables for implementing S. 1030, both with respect to rationing and state conservation plans. This effort is within a broader contingency planning operation under SCC auspices.

We are working with four categories of possible actions: those that can be implemented now by executive action; those where we would seek voluntary action by the private sector; new actions under S. 1030; and possible additional emergency legislative authority.

4. Key appointments under new energy legislation: The appointments that will be made to positions on the Energy Security Corporation and the Energy Mobilization Board, when the legislation passes, are enormously important. I would like to present suggestions for candidates and to urge that we meet before the appointments are made.

5. Progress in Energy Coordinating Committee activities: The ECC has dealt with the following subjects since my last report on October 12, 1979:

- target dates, level of grant funds and treatment of natural gas in the utility oil backout legislation
- Administration positions on rates, exemptions, phase-out proposals and minimum tax questions that arose during the Senate Finance Committee's consideration of the windfall profits tax
- conference strategy and floor strategy for the Energy Committee bill
- the grant program, income cutoff and proposed revolving fund for the conservation legislation
- the Kemeny Commission report (a special subcommittee was established chaired by John Deutch and Frank Press; a special ECC meeting has been scheduled for Wednesday to decide issues raised by the subcommittee)
- Administration position and strategy on Senator Johnston's import quota amendment
- options with respect to decontrol of heavy crude further than the 16-degree API standard announced on August 17.

CW Duncan Jr

Department of Energy
Washington, D.C. 20585

November 2, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
October 29 - November 2, 1979

1. Gasohol: We have issued a rule providing for entitlement to producers of alcohol for gasohol which should enhance near term production.

2. Mid-West Governors: Secretary Duncan met with 14 Governors from the mid-west to discuss their energy concerns. He also visited farms in Illinois and Iowa to review developments in the use of energy efficient farming techniques and progress in small scale and large scale gasohol production facilities.

3. International Situation: In coordination with the SCC Interagency Task Force, we are developing a series of domestic initiatives to respond to a possible oil supply interruption.

4. Alaska Gas Pipeline: Deputy Secretary Sawhill met with Canadian officials to discuss pipeline financing. The pipeline sponsors, the major gas producers and the State of Alaska have been briefed on the Exxon financing proposal. Next week we will meet with Governor Hammond of Alaska, and Mr. McMillian, who represents the pipeline sponsors.

5. <u>Kemeny Commission Report</u>: The ECC has established a working group, chaired by Under Secretary of Energy John Deutch and Frank Press, Director (OSTP), to review and provide guidance on the Kemeny Commission Report.

6. <u>Utility Oil Backout</u>: Final decisions are being made on the utility oil backout legislation and we hope to have the legislation drafted within ten days to two weeks.

Department of Energy
Washington, D.C. 20585

August 29, 1979

MEMORANDUM FOR THE PRESIDENT

FROM CHARLES DUNCAN
STU EIZENSTAT

CWD

SUBJECT: Extension of $5 Entitlement

On Friday the Administration's special $5 entitlement to encourage greater importation of home heating oil will expire. We need a decision as to whether the entitlement should be allowed to expire or should be extended to either October 31 (when 240 million barrel target should have been reached) or March 31 (when the home heating season is over). If you decide to extend the entitlement, we will need a decision today so that we can properly notify the countries represented at the Tokyo Summit.

The entitlement was initially put into effect to increase imports of distillates at a time when U.S. supplies were precariously low. It has worked in bringing in more home heating oil; we estimate about 2 to 3 million barrels through the end of July had been added to our stockpile as a result of the entitlement. If continued between now and October 31, the distillate entitlement would result in increased distillate imports of 1-5 million barrels, with a best estimate of around 2 million barrels. However, in DOE's judgment, that additional amount of home heating oil will not be needed to meet the 240 million barrel target. DOE believes that target can be met without any extension of the entitlement. For that reason, and particularly because of the foreign concerns over the entitlement, all of your advisors would recommend not extending the entitlement if the issue could be decided on the merits alone.

However, all of your advisors believe that political factors exist which require a decision by you on more than just the substantive merits. Those factors include:

- The wide perception in the Northeast that we will not meet the 240 million barrel target;

- o The lingering distrust in the Northeast over the Administration's concern for that region's energy problems;
- o The clamor created in the Northeast over the sale of fuel to Iran - seen by many in the region as taking away home heating oil that is needed in the Northeast.
- o The importance of the Northeastern Congressional delegations and the Governors in helping us pass your energy program, particularly a tough windfall profits tax.

Again, these factors do not go to the substance of the decision, but they are vital in illustrating the context in which the decision must be made.

If you decide not to extend the entitlement, we believe you will be criticized in the Northeast for taking actions which will impede our ability to meet the 240 barrel target and to ensure adequate heating oil supplies. Our claims to the contrary are likely to get lost in the press, which can be expected to point out less home heating oil will not be available as a result of the decision. In light of that news, it will be difficult to avoid a great deal of criticism from political leaders in the Northeast.

To date, the Northeast has been largely silent on the issue. Secretary Duncan met with the Northeast Governors yesterday and none raised this issue to him. Subsequent to that meeting, however, Governor Gallen called and expressed his concern over this issue. Very few members of Congress from the Northeast have called about the issue. We suspect that is because few know the entitlement is about to expire. There have been no press stories, and we have not engaged in overt consultations with the Governors and Congress.

Stu did quietly talk to the Speaker's Chief Staff person, who thought the Northeast's silence should not be taken as acquiescence. They were said to be unaware that the entitlement expires Friday. He indicated virtually every Member from the Northeast would sign a letter to you within 24 hours seeking its extension.

On the international side, the issue is equally one of perception, or misperception. The predicted adverse impact on Europe has not occurred; spot prices have not increased

(except for the two week period immediately after the initial announcement), and heating oil stocks have been built on schedule. If the entitlement were to be extended, DOE does not believe there would be a measurable effect in either European spot prices for home heating oil or on Europe's ability to meet its stockpile targets.

The effect of extending the entitlement, therefore, would be one of having the Europeans <u>believe</u> that our action will continue higher prices and adversely affect their stocks. That perception will produce adverse comments from European leaders, who feel the U.S. fully intended to end the entitlement on August 31 and would be unjustifiedly reducing earlier pledges. In fact, there has never been a formal commitment to allow the entitlement to expire, though that impression may have taken hold in Europe and not been actively rebuted by us in previous meetings.

Aside from the public criticism any extension would receive from Europe, it is possible that European leaders may use the fact of the extension to our detriment. Henry Owen believes, for example, that European attitudes toward effective follow-up on Summit energy agreements may be harmed. But, out of desire to avoid giving a possibly misleading signal, Henry and State have not been in touch with European leaders over the possibility of an extension, so their position and substantive reaction cannot be known at this time.

The basic options available include:

<u>Option 1: Renew the entitlement through October 31</u>. This option would keep the incentive to accelerate imports in effect up to the target date of achieving stocks of 240 million barrels. It would thus allow us to indicate we are continuing to take every action available to meet the 240 barrel target. Once it has been met, the entitlement could be lifted in an atmosphere of greater security in the Northeast about the winter's supply of heating oil.

<u>Option 2: Renew the entitlement through March 31</u>. This option would keep the entitlement in effect through the winter heating season, and would thus represent the maximum effort we could take to increase heating oil supplies. If the 240 target is met, we are still not guaranteed that all portions of the Northeast will have adequate supplies of fuel. You thus might be faced with this same decision in two months if Option 1 is chosen. However, Option 2 would create the greater international criticism.

<u>Option 3: Allow the entitlement to expire</u>. This option would not create international problems. It would, however, create concern in New England that the administration was not fully committed to assuring that home heating oil needs for this winter would be met.

<u>Recommendation</u>: We recommend Option 2. Northeastern interests will view extension of the entitlement to March 31 as a firm commitment by the Administration to meet their home heating oil needs over the entire course of the winter. Unlike extension of the entitlement to October 31, Option 2 avoids the need to reconsider extension of the entitlement in the event the 240 million barrel target is not met at that time. The international community should immediately be informed of a decision to extend the entitlement.

THE SECRETARY OF ENERGY
WASHINGTON, D.C.

November 30, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
November 26-30, 1979

1. Response to Iran situation: The State conservation targets have been completed; a series of consultative meetings with the States will begin next week. Technical assistance teams have been formed to assist the States in the formulation of their conservation plans. The notice of proposed rule-making on gasoline rationing is ready to be published. After consultation with Messrs. Jordan and Eizenstat, the announcement has been set for the end of next week.

2. International Energy Agency: I met with Ulf Lantzke, the IEA Executive Director, when he was in Washington this week. The Agenda for the IEA ministerial meeting (set for December 9-10) includes: (1) world energy market outlook for 1980 and 1985; (2) demand restraint measures in 1980; (3) stock management; and (4) the changing oil market structure, with an emphasis on the spot market. The principal issue is whether the member nations will commit to a system which will reduce demand and share available supply; specifically the level of each country's 1980 oil import target, the measures to achieve their obligation, the establishment of a quarterly review and adjustment mechanism, and an enforcement system.

The necessary legislation was enacted providing an exemption until March 1981 for oil company participation in IEA activities.

3. Paid advertising: Three parts of the paid advertising program are underway:

a. Immediate: This campaign will put print and radio ads into 60 major cities before Christmas. It will promote awareness of the shortage caused by dependence on foreign oil imports and will also promote simple conservation measures. We intend to do this campaign with a sole source procurement to a single ad agency with significant experience. It will cost about $3.0 million which will be met by funds reprogrammed from current Conservation and Solar appropriations after consultations with the Appropriations Committees. OMB has approved a $7.0 million supplemental to the FY 1980 budget to cover this program (repaying the reprogrammed funds); the short-term program described below; and the start-up of the FY 1981 program also described below.

b. Short-term: This campaign will put television, radio, and print ads into six cities beginning in February, 1980. It will focus on transportation conservation (driver habits, car maintenance, use of public transportation) and the six target cities are those with the highest gasoline consumption. Two ad agencies now under contract are handling this work. This campaign will cost about $2.8 million.

c. FY 1981: This campaign will provide nation-wide coverage and will provide several series of television, radio and print ads. This is a major procurement expected to cost about $40 million and to involve a number of contracts and regional subcontracts. The procurement documents will be ready by January. We will accelerate the procurement process as much as possible. Unfortunately, the procurement regulations are tedious and compliance with them requires time.

4. Interim funding for ESC projects: We have underway an implementation effort for the $2.2 billion for commercial-scale development of alternative fuels. We will meet the 90-day deadline on issuing a request for proposals for feasibility studies.

5. National League of Cities: When I spoke to the mayors at the National League of Cities convention I emphasized the seriousness of the supply situation, the necessity for local action, and the legislative measures we are prepared to back in the Congress as soon as the EMB, ESC and WPT legislation is enacted. The reception was good. At a press conference I elaborated on the weaknesses of Senator Kennedy's proposals.

I met with the Indian tribes on this trip and we are making substantial progress with their energy-related projects.

I also spoke at a Carter-Mondale fundraising event in Albuquerque on this trip. The response was very good.

6. Utility oil backout: John Sawhill delivered our proposed utility oil backout legislation to OMB and briefed key House and Senate members. More detailed technical and economic briefing materials will be made available to these members next week.

7. Thatcher meeting: We are developing briefing materials for your meeting with Prime Minister Thatcher. The nuclear issues are particularly important.

C W Duncan

THE SECRETARY OF ENERGY
WASHINGTON, D.C.

November 23, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
November 19 - 23, 1979

1. Iran situation: Work to set state conservation targets, to provide technical assistance to states in devising their conservation plans, and to implement the gasoline rationing authority is proceeding on schedule. We are scheduling a series of meetings with the chief executives of major energy consuming industries, utility executives, and state utility regulatory commission officials for the purpose of urging specific voluntary actions that would contribute to the conservation effort. The paid advertising program with respect to conservation is in place and the first ads will be appearing before Christmas.

2. International Energy Agency: At the Board of Governors meeting on November 16, the members agreed, at the urging of the United States, to hold a Ministerial meeting involving both energy secretaries and foreign ministers on December 10 in Paris for the purpose of unveiling a major new demand restraint program. The United States put forth a proposal whereby all IEA nations would adopt 1980 import targets, and then those targets would be adopted quarterly on a pro rata basis to take into account the actual availability of world oil supplies. Each nation would also present those policies which it would be firmly committed to adopting to ensure that such targets were met.

A working group has been established which is meeting in Paris this weekend, will meet again next weekend to be followed by another governing board meeting on December 3, all in preparation for the December 10 ministerial.

3. Jet fuel: There may be some substantial difficulties with the supply of jet fuel in the coming weeks. The Defense Fuel Supply Center has had difficulty in getting contract coverage for

JP-4 and JP-5. Last week we contacted 27 refiners to find additional supplies and Defense will be following up on that effort in the coming week. Fuel supply is inadequate to support expanded airline service to Guam. We are working with the Guam Energy Office to resolve the problem. We will also issue a Notice of Inquiry regarding the availability of jet fuel for new entrants in the airline industry generally. Shell has raised the price of jet fuel at Kennedy Airport very substantially; we will hold a public hearing to give adversely affected parties an opportunity to comment on whether the Department should take action with respect to these price increases.

4. Decontrol: The Economic Regulatory Administration will shortly issue the final rule to deregulate butane and natural gasoline. Our proposal to deregulate motor gasoline is under discussion within the EPG.

5. Gasoline Stocks: The last two weeks' figures indicate that crude oil stocks have increased, while both gasoline and middle distillate stocks have decreased. Despite the decrease, middle distillate stocks remain above last year's supply, and significantly above our minimum acceptable levels. However, motor gasoline stocks are below last year's level by about two percent, and below our minimum acceptable level. We are contacting the refiners and will be prepared to take appropriate action should the trend continue.

THE SECRETARY OF ENERGY
WASHINGTON, D.C.

November 16, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
November 12 - 16, 1979

1. Iran situation: This was the focal point of the Department's activities during the past week.

Congressional briefings: We briefed large meetings with 300 House and 80 Senate members on Tuesday afternoon.

Governors briefings: We have been in touch with the staffs of governors by phone this week. The White House briefing for governors today was a net plus although some governors had the impression they were convened for political purposes.

Industry meetings: I spoke before the API on Tuesday and met with a group representing the small independent refiners on Wednesday. We have had telephone consultations with most of the major refiners during the week. A meeting with Messrs. Cliff Garvin, Chairman of EXXON and Randall Meyer, President of EXXON USA is scheduled for Saturday morning.

Press briefings: We have done six press briefings this week in which the main topic was Iran. In each case our main emphasis was on conservation. One of these was done at the opening of the Consolidated Edison Conservation Center in Manhattan which provided a particularly good opportunity.

Contingency preparations: Work continues on our 28-item list of contingency preparations. We expect to have proposed allocation regulations out for public comment early next week. The contingency effort has been directed out of this Department and is being coordinated through both the SCC and ECC. Of necessity, the effort is moving rapidly, but we will keep appropriate White House staff fully informed as we go along.

International actions: DOE and State representatives are meeting today with the International Energy Agency Governing Board. There will be initial consultations with other

IEA members on further import reductions and on a possible Energy Ministers meeting in mid-December.

2. Decontrol: The final rule was issued this week implementing the decision to remove price controls from domestic upper tier crude beginning January 1, 1980. We are preparing a draft Executive Order to decontrol heavy crude between 16 and 20 API gravity.

3. Electricity Shortfalls: There is a problem developing in the Pacific Northwest. A combination of low water levels for hydro plants, nuclear plant outages and delays in completions of new plants may result in electricity shortfalls during the coming winter peak. The utilities are trying to identify additional power supplies from other western states and Canada and are developing plans for allocation in event of a shortfall. We are working with them.

4. Coal Transportation Conference: Governor Judge of Montana will chair a DOE and DOT jointly sponsored conference in mid-December to examine with the governors the key issues in coal transportation: railroad rates, particularly to captive utilities; coal haul roads; railroad crossings; abandonment of rail lines; funding mechanisms such as the severance tax; and federal assistance to state efforts to assess tradeoffs in coal transportation. This is a consultative step before bringing recommendations to you for executive action and possibly for legislation.

CW Duncan Jr

Department of Energy
Washington, D.C. 20585

November 2, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
October 29 - November 2, 1979

1. Gasohol: We have issued a rule providing for entitlement to producers of alcohol for gasohol which should enhance near term production.

2. Mid-West Governors: Secretary Duncan met with 14 Governors from the mid-west to discuss their energy concerns. He also visited farms in Illinois and Iowa to review developments in the use of energy efficient farming techniques and progress in small scale and large scale gasohol production facilities.

3. International Situation: In coordination with the SCC Interagency Task Force, we are developing a series of domestic initiatives to respond to a possible oil supply interruption.

4. Alaska Gas Pipeline: Deputy Secretary Sawhill met with Canadian officials to discuss pipeline financing. The pipeline sponsors, the major gas producers and the State of Alaska have been briefed on the Exxon financing proposal. Next week we will meet with Governor Hammond of Alaska, and Mr. McMillian, who represents the pipeline sponsors.

5. Kemeny Commission Report: The ECC has established a working group, chaired by Under Secretary of Energy John Deutch and Frank Press, Director (OSTP), to review and provide guidance on the Kemeny Commission Report.

6. Utility Oil Backout: Final decisions are being made on the utility oil backout legislation and we hope to have the legislation drafted within ten days to two weeks.

Department of Energy
Washington, D.C. 20585

October 26, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
October 22 - 26, 1979

1. International situation: I am very concerned about the deteriorating international situation on oil prices. Average spot market prices approach $40/bbl, and contracts as high as $45/bbl have been reported. At my request, Dr. Brzezinski convened an SCC meeting and appropriate interagency actions are underway.

2. Oil shale: I was in Colorado Monday inspecting oil shale developments. It is my view that above-ground recovery methods are commercially viable now, but that much development work remains on underground (in situ) methods. Industry sources report that some shale projects will get underway immediately with the $3/bbl tax credit.

3. Mid West Governors: I will be in St. Louis next week for a meeting with 14 governors from the Mid West to discuss their energy concerns.

4. Gasohol: We are accelerating the Department's involvement in the commercialization of gasohol. This involves short-term benefits, is not capital or technology intensive insofar as ethanol is concerned, is labor-intensive, and involves relatively small investments. All the components seem right. Gasohol from methanol is not commercially ready and won't be for several years. In connection with the trip to meet with the Mid West governors, I will be travelling to Iowa and Illinois to visit small scale and large scale alcohol production facilities.

5. Use of coal by utilities: We are making substantial progress on both coal conversion and oil backout efforts. The Coal Commission's list of 117 coal-capable generating

stations has been reviewed to determine which stations can be most easily converted and which conversions will provide the most substantial oil savings. Environmental, transportation, regulatory and financial factors have been considered. We will be able to issue 30 proposed prohibition orders to utilities within our proposed fiscal year 1980 budget. If that budget is augmented, as the Senate has undertaken to do, 30 additional prohibition orders can be initiated.

Our new oil backout legislative proposal has raised a number of important issues that need interagency coordination. OMB is now doing the interagency consultations, and the issues will be brought to the Energy Coordinating Committee for resolution on November 2.

6. Public power rate increases: There will be a number of rate increases proposed in the next few months by the public power administrations within DOE. We will give careful attention to the justifications offered, but rate increases to cover costs are mandated by legislation, and it is likely that at least some very substantial increases will go into effect some time next year.

Department of Energy
Washington, D.C. 20585

October 19, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
October 15-19, 1979

1. Home heating oil: This week's data show that primary stocks of home heating oil were 239.6 million barrels on October 12. I sent a telegram to each of the major refiners thanking them for their cooperation in building stocks and notifying them that our first priority is to assure distribution of these stocks.

2. Oil shale: Next week I will travel to Colorado to visit eight oil shale development sites. I will also visit the Solar Energy Research Institute and the Western Area Power Administration.

3. Spot market: There are increasing indications that more crude will be moving through the spot market next year. Currently the spot market accommodates about 5% of crude sales. Estimates for next year range up to 25%. This will increase pressure on prices and highlights the importance of implementing the mechanism we discussed in Paris for making the spot market more transparent.

4. Yamani meetings: I had a long luncheon meeting on Tuesday with Sheik Yamani this week and saw him again on Thursday at dinner. The Saudi position, as explained by Yamani, is encouraging on both price and supply.

5. Alaska gas pipeline: We met with Randall Meyer, the Chief Executive Officer of Exxon to discuss their new proposal with respect to the pipeline. John Sawhill is reviewing this proposal with the Justice Department and the other producers. Substantial progress is being made. The financing still presents difficult problems.

U.S. Department of Energy
Washington, D.C. 20585

October 5, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
October 1 - 5, 1979

1. Home heating oil: There were 227 million barrels of middle distillate in primary storage as of last Friday. The secondary and tertiary storage picture is difficult to determine, but does not appear to be substantially below last year's levels. We should meet the 240 million barrel target next week (although the data will not reflect that until the following week). Our achievement of the target should be emphasized to the public as some believe the target has impeded movement of product to secondary and tertiary storage.

2. Emergency management: The Middle Distillate Management Group is organized and underway. The Group is operated and staffed by DoE under my direction, and includes representatives of other agencies. Readiness meetings with state and local officials have been held in the Mid-West (Kansas City) and the Northeast (Boston). The Far West (San Francisco) is scheduled for mid-October. We are in a reasonably good position to manage spot shortages but this mechanism cannot handle major supply disruptions.

3. Southern governors meeting. I met on Tuesday with 14 governors to discuss energy issues. They were concerned primarily with energy regulatory issues and the substantial problems caused by what they perceive to be a regulatory morass. In my judgment the governors and the public are unclear as to the division of responsibility between DoE and the regulatory agencies. They are equally unclear as to the substantive accomplishments of DoE components not in the regulatory field. We will be including more material in our public statements and public information activities designed to improve the understanding of DoE's role and its achievements.

4. Utility coal conversion and oil backout: We are completing work on an initial list of near-term conversions of major utilities to coal. My objective is to maximize DoE activity in this area. I will have a proposal on utility oil backout legislation (a longer term solution) for your approval shortly. We are consulting widely with the utility and coal industries, with the Department of Transportation, EPA, with other sources before making our recommendation. Careful preparation is essential in this area.

5. Transportation-Energy cooperation: I met this week with Secretary Goldschmidt to discuss better cooperative efforts between DoE and DoT. There are a number of kinds of projects, particularly in conservation and coal conversion, where we can multiply our effectiveness if we work closely together. We have an agenda for the near-term.

6. Conservation legislation: I am working through the Executive Council of the Energy Coordinating Committee to get a legislative compromise on the various weatherization proposals that have emerged from the Congress. We have set a $6 billion funding limit over 10 years and I have appointed a single manager for the negotiations with Congressional staff.

7. International meetings. I have had the following meetings:

(10/1)	David Howell, Secretary of Energy, United Kingdom
(10/1)	Carlos Bustelo, Industry and Energy Minister, Spain
(10/3)	Premier Lougheed, Alberta, Canada
(10/4)	Fernand Spaak, Head of Delegation of the Commission of the European Communities
(10/4)	Volker Hauff, Federal Minister for Research and Technology, Federal Republic of Germany

CW Duncan Jr

Department of Energy
Washington, D.C. 20585

October 12, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
October 8 - 12, 1979

1. Home heating oil: We will follow up with refiners to be sure that the movement of middle distillate from primary to secondary storage proceeds at a rate equal to or better than the rate achieved last year.

2. Gasoline shortage: There have been a number of press reports during the past week speculating about gasoline shortages either in the next few months or next summer. Gasoline production is down about 5% (which is normal for this time of year), but gasoline demand is down about 8%. Assuming no interruption in the supply in crude, and assuming that demand remains low, there should be no shortage in the next several months. But speculation about shortage tends to be a self-fulfilling prophecy. We will counter the current reports to the full extent supported by hard data. We are also working on a predictive capability so that we will be able to anticipate problems better and improve responses.

3. Energy Coordinating Committee Executive Council: The E.C.C. seems to have become a reasonably effective mechanism for coordinating positions and resolving policy questions. The following items have been brought to the Executive Council during the past two weeks and resolved:

- the dollar ceiling on the new conservation initiatives ($6 billion over 10 years); income limitations on eligibility to participate in new conservation programs

- Administration positions on a number of legislative problems with the windfall profits tax, the Energy Security Corporation and the Energy Mobilization Board

- the Administration's position on a proposed severance tax. Secretary Miller and I met with Senator Long to inform him of our position

- the strategy for dealing with the rationing bill on the floor

- the Administration's position on regional energy corporations

- the Administration's position on proposed amendments to the DOE authorization bill to re-control heating oil and crude. This position was set out in a letter from me to Speaker O'Neill.

We currently have under consideration policy decisions with respect to the following:

- the Administration's position with respect to various conservation initiatives being considered in the Congress

- the Administration's program for conversion of utilities from oil to coal, along with the utility oil backout legislation (not yet sent to the Congress)

- implementation of the Energy Security Corporation (including DOE interim actions on the Corporation's behalf while it is getting organized)

- the Administration's position on an amendment to S.932 to take away the President's power to impose import quotas without Congressional approval

- organizing to respond to the Kemeny Commission report.

4. Meeting with the Secretary of Agriculture: I met with Secretary Bergland today to discuss the general outlook on energy matters for the next year and to consider ways that the Agriculture Department's delivery systems can be used for energy programs run by DOE.

5. Congressional slide show: Shortly after we returned from Atlanta you asked me to put together a slide show on energy technology that could be used with various audiences to emphasize the importance of enacting your program. That slide show is completed and has been reviewed by State, the Domestic Policy Staff, the National Security Council staff, Anne Wexler's staff and Jack Watson's staff.

Cwd to Presidency

U.S. Department of Energy
Washington, D.C. 20585

August 29, 1979

NOTE TO ROBERT LINDER

Pursuant to our discussion attached is the letter to the President from Secretary Charles Duncan which asks that John F. O'Leary the incumbent Deputy Secretary of Energy continue to serve in this capacity until September 30, 1979.

Please provide me with a copy of whatever is prepared.

Call me and I will pick it up.

Many thanks.

Frank.
Frank R. Pagnotta
Director
Office of The Secretary

Attachment

Department of Energy
Washington, D.C. 20585

August 29, 1979

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

By letter dated July 9, 1979, John F. O'Leary requested that you accept his resignation as Deputy Secretary of the Department of Energy to be effective September 4, 1979. You honored his request by letter dated July 20, 1979.

Having just assumed the role of Secretary and pending the nomination and Senate confirmation proceedings for the new Deputy Secretary, I have asked John to continue serving as Deputy through September 30. He has agreed, provided this is acceptable and convenient to you.

Respectfully,

CW Duncan Jr

Charles W. Duncan, Jr.
Secretary

Department of Energy
Washington, D.C. 20585

August 31, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: Weekly Activity Report
August 27 - 31, 1979

1. Home heating oil stocks: As of last week, distillate oil (home heating oil and diesel fuel) stocks were building at a rate slightly ahead of what is necessary to meet the Administration's target of 240 million barrels by the end of October.

2. Extension of the home heating oil entitlement: The extension of the $5 per barrel entitlement for home heating oil (due to expire today) through October 31 has been effected and announced. Per your request, I called Governors Grasso and Gallen; the Energy Secretaries of all other concerned Governors were called by my associates in my name, as were concerned Congressmen.

3. Conference with New England Governors: I met with nine North Eastern Governors on August 28, 1979 to discuss the home heating oil supply situation and other subjects of regional interest. They were sufficiently worried about distribution of stocks to urge that the 240 million barrel target be abandoned in order to move heating oil stocks from primary to secondary and tertiary storage. They also urged use of existing welfare programs to distribute low income assistance to meet fuel bills this winter; cutting through federal regulations hampering the weatherization of homes; federal "jawboning" with oil companies on credit policies with respect to jobbers; and beginning the planning process now for next summer's gas crunch. I will be meeting with the Southern Governors on October 1 and the Midwest Governors on November 1. We are putting improved liaison mechanisms in place.

CWDuncan

THE SECRETARY OF ENERGY
WASHINGTON, D.C.

September 21, 1979

MEMORANDUM: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR.

SUBJECT: WEEKLY ACTIVITY REPORT

1. Home heating oil: I have met with the Chief Executive Officers of nine major oil companies to discuss moderation in heating oil prices and credit terms. The results have been quite favorable. We have commitments from six of the nine companies and I believe more will follow. We will continue efforts until all 27 refiners have been covered.

The build-up of supply toward the 240 million barrel target has been very good. We now have over 210 million barrels in primary storage and we added 7.7 million barrels last week.

2. Paid advertising: We are formulating an advertising program to sell specific methods of energy conservation. We have yet to resolve the funding problems and will be working on those with Jim McIntyre. I have appointed an Assistant to the Secretary of Energy (Public Affairs) who has extensive experience with advertising in the private sector. If we resolve the funding problems quickly, we hope to have an advertising program targeted to particular regional situations in operation by Christmas.

3. North Slope gas pipeline: I am considering a special negotiator for this project. I believe this will facilitate progress. The financing of this project is very complex and will require your involvement. I expect to have a decision memorandum for you in a few weeks.

4. Watson memorandum: About two weeks ago Jack Watson sent you a memorandum outlining a non-legislative energy action agenda. That memorandum has recently been made available to the press and has generated considerable reaction, both on the Hill and in industry. My staff has met with Jack's staff, Stuart Eizenstat's staff, and Anne Wexler's staff to discuss implementation of the items Jack collected in his memorandum. I will report back to you shortly on the items that fall within DoE's responsibility.

5. Meeting of Energy Ministers: As a follow-up to the Tokyo Summit, I will be leaving on Monday afternoon for Paris for a meeting of Energy Ministers. I expect to return around 1:00 p.m. Thursday.

CWDuncan Jr

THE SECRETARY OF ENERGY
WASHINGTON, D.C.

September 24, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR. CWD

SUBJECT: Extension of Governors' Authority to Adopt Odd/Even and Minimum Purchase Plans

Attached for your approval is a draft Executive Order that would extend indefinitely the authority you delegated by Executive Order 12140 on May 29, 1979 to the Governors to implement odd/even license plate plans, minimum gasoline purchase requirements, and regulations on the hours of operation of retail stations. Under the terms of Executive Order 12140, the authority expires on September 30, 1979 unless extended.

Ten States exercised authority delegated under the Order. Most of these States are rescinding their odd/even plans by September 30 but intend to continue minimum purchase requirements. An extension of the Order would continue the authority to impose such plans on a standby basis in order that Governors can respond more quickly than they were able to this past summer to gasoline shortages that might develop in the future.

The Governors of the states in which this authority was used are agreed that the Order should be extended.

Also attached is a draft fact sheet which could be issued with the extension.

Attachments

EXECUTIVE ORDER

Amendment to Executive Order 12140

By virtue of the authority vested in me by the Constitution and statutes of the United States of America, including the Emergency Petroleum Allocation Act of 1973, as amended, and as President of the United States of America, notwithstanding the delegations to the Secretary of Energy in Executive Order 11790, as amended by Executive Order 12038, it is hereby ordered that:

Section 1-101. Executive Order 12140 is amended by deleting the first sentence in Sec. 1-105.

FOR IMMEDIATE RELEASE September , 1979

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET
ON EXTENSION OF DELEGATION
OF EMERGENCY END-USER GASOLINE
ALLOCATION AUTHORITY

The President today signed an Executive Order extending for an indefinite period the authority he originally delegated to the governors on May 29, 1979, to:

- Set minimum gasoline purchase requirements at retail outlets;
- Institute odd/even license plate plans for gasoline purchases; and
- Regulate the hours of operation of gasoline pumps.

The authority was due to expire on September 30, 1979.

Nine states used the authority delegated in the initial Executive Order to put odd/even plans in effect, and ten states used it to establish minimum purchase requirements. In addition, two other states issued odd/even plans and adopted minimum purchase requirements under authority of state law.

Although most of these states have rescinded or plan to rescind their odd/even plans in light of the present supply situation, several states intend to retain minimum purchase requirements beyond September 30.

Implementation of these plans this past summer has been helpful to limit gasoline lines and encourage conservation in times of shortage. Extension of the delegation authority will provide governors with continuing standby authority to accomplish these purposes quickly if gasoline shortages should reappear.

Gasoline supplies are still below last year's levels, but the public has responded by reducing its consumption by an equivalent amount. Gasoline stocks are high for this time of year and, barring another supply interruption and a resumption of pre-1979 driving habits, it is expected that supplies will be adequate over the next several months.

Extension of the governors' delegated authority will serve as a remainder to the public of the continuing need to conserve gasoline and will provide governors with the means to respond quickly if spot shortages should develop.

Federal Register
Vol. 44, No. 106
Thursday, May 31, 1979

Presidential Documents

Title 3—

The President

Executive Order 12140 of May 29, 1979

Delegation of Authorities Relating To Motor Gasoline End-User Allocation

By virtue of the authority vested in me by the Constitution and the statutes of the United States of America, including the Emergency Petroleum Allocation Act of 1973, as amended (P.L. 93–159), and as President of the United States of America, notwithstanding the delegations to the Secretary of Energy in Executive Order 11790 as amended by Executive Order 12038, it is hereby ordered:

Section 1–101. Each Governor is hereby delegated the authority to establish a system of end-user allocation for motor gasoline, subject to the terms and conditions as set forth below.

Sec. 1–102. When a Governor determines that his State, or any locality therein is experiencing a shortage of motor gasoline available for retail distribution, such that the public health, safety, or welfare is endangered, he may require motor gasoline retail sales outlets in that State or locality to:

(a) Supply with gasoline (including gasohol) vehicles:

(1) which have a license plate number, the last digit of which is an even number, or where there are only letters on the license plate, the last letter of which is a letter in the first half of the alphabet (A–M), only on even days of the month;

(2) which have a license plate number, the last digit of which is an odd number, or where there are only letters on the license plate, the last letter of which is a letter in the last half of the alphabet (N–Z), only on odd days of the month; and

(3) which have individually or as a class been designated by the Governor of that State as eligible to purchase gasoline on any day in order to assure adequate supplies for such vehicles to protect the public health, safety, or welfare, or to assure necessary governmental services (including local, State and Federal).

(b) Require purchasers to purchase a specified minimum amount of gasoline (including gasohol), expressed in either gallons, fractions of gas tanks, or dollars, as determined by the Governor; and

(c) Supply gasoline at specified times of day or on specified days, as determined by the Governor to be necessary to reduce the length of or prevent lines of purchasers.

Sec. 1–103. A Governor may adopt such additional rules or regulations not inconsistent with Department of Energy policies and regulations and subdelegate this authority as he deems necessary to implement and enforce the provisions of section 1–102 above.

Sec. 1-104. For purposes of this Order, the term "Governor" includes the Governors of the 50 States, the Chief Executive Officer of the District of Columbia, Puerto Rico, and the territories and possessions of the United States, other than the Panama Canal Zone.

Sec. 1-105. This Order shall terminate, unless extended, at midnight on September 30, 1979. The Secretary of Energy may at any time revoke this delegation in whole or in part and with respect to any State.

Jimmy Carter

THE WHITE HOUSE,
May 29, 1979.

[FR Doc. 79-17158
Filed 5-30-79; 10:28 am]
Billing code 3195-01-M

FOR IMMEDIATE RELEASE May 29, 1979

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET
ON DELEGATION OF EMERGENCY
END-USER GASOLINE ALLOCATION AUTHORITY

The President today signed an Executive Order delegating to the Governors of the 50 States and the chief executives of the District of Columbia and U.S. possessions and territories, certain authorities he now has under the Emergency Petroleum Allocation Act of 1973 (15 U.S.C. § 751 et. seq.). Under this delegated authority, any combination of the following mandatory measures may be adopted to prevent or reduce gasoline lines:

1. A minimum gasoline purchase requirement;

2. An odd/even license plate plan for gasoline purchases; or

3. Regulation of the hours of operation of gasoline pumps.

The minimum purchase requirement may be expressed, at the option of the Governor, in gallons or dollars, or as a fraction of the capacity of a gas tank (for example a tank must be less than half full before gas can be bought.)

Under an odd/even plan, motorists with license plates ending in an even digit or a letter in the first half of the alphabet will be able to refuel on even numbered days of the month, and those with odd digits or letters in the last half of the alphabet will be able to refuel on odd numbered days. Governors are being encouraged not to adopt the odd/even license plate plan except in combination with a minimum purchase requirement, since experience has shown that use of an odd/even plan without an effective anti-tank topping measure may add to rather than reduce the length of gasoline lines.

The Governors' authority under the delegation to regulate the hours of operation of retail stations' gasoline pumps is limited to those restrictions necessary to reduce or prevent gasoline lines. Thus, a Governor may, for example, require the staggering of hours among retail stations in the same locality in order to assure motorists that gasoline will be available at various times of the day and therefore reduce the length of lines. But the authority being delegated does not include the authority to order the closing of stations on specified days, such as weekends, in order to prevent discretionary driving, since the principal function of such a measure would be to conserve gasoline, rather than reduce the length of lines. The authority to regulate hours also applies only to the hours of operation of gasoline pumps; it does not allow a Governor to regulate the non-gasoline sales of a retail station.

The Office of Legal Counsel of the Department of Justice has determined that the Governors can exercise the authority delegated by the President even if they have not been provided that authority by their State legislatures. Governors who choose to exercise the authority delegated to them will be acting as Federal officers, administering and enforcing Federal law.

This delegation of authority will expire on September 30, 1979, unless extended.

The states which do not currently have Specific Energy Emergency Powers of the kind being delegated by the President are:

Alabama
Alaska
Arizona
Arkansas
Colorado
Georgia
Indiana
Massachusetts
Michigan
Mississippi
Missouri
New Mexico
Pennsylvania
Rhode Island
South Carolina
Texas
Utah
Wisconsin
Wyoming

EXECUTIVE ORDER

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DELEGATION OF AUTHORITIES RELATING TO MOTOR GASOLINE END-USER ALLOCATION

By virtue of the authority vested in me by the Constitution and the statutes of the United States of America, including the Emergency Petroleum Allocation Act of 1973, as amended (P.L. 93-159), and as President of the United States of America, notwithstanding the delegations to the Secretary of Energy in Executive Order 11790 as amended by Executive Order 12038, it is hereby ordered:

Section 1-101. Each Governor is hereby delegated the authority to establish a system of end-user allocation for motor gasoline, subject to the terms and conditions as set forth below.

Sec. 1-102. When a Governor determines that his State, or any locality therein, is experiencing a shortage of motor gasoline available for retail distribution, such that the public health, safety, or welfare is endangered, he may require motor gasoline retail sales outlets in that State or locality to:

(a) Supply with gasoline (including gasohol) vehicles:

(1) which have a license plate number, the last digit of which is an even number, or where there are only letters on the license plate, the last letter of which is a letter in the first half of the alphabet (A-M), only on even days of the month;

(2) which have a license plate number, the last digit of which is an odd number, or where there are only letters on the license plate, the last letter of which is a letter in the last half of the alphabet (N-Z), only on odd days of the month; and

(3) which have individually or as a class been designated by the Governor of that State as eligible to purchase gasoline on any day in order to assure adequate supplies for such vehicles to protect the public health, safety, or welfare, or to assure necessary governmental services (including local, State and Federal).

(b) Require purchasers to purchase a specified minimum amount of gasoline (including gasohol), expressed in either gallons, fractions of gas tanks, or dollars, as determined by the Governor; and

(c) Supply gasoline at specified times of day or on specified days, as determined by the Governor to be necessary to reduce the length of or prevent lines of purchasers.

Sec. 1-103. A Governor may adopt such additional rules or regulations not inconsistent with Department of Energy policies and regulations and subdelegate this authority as he deems necessary to implement and enforce the provisions of section 1-102 above.

Sec. 1-104. For purposes of this Order, the term "Governor" includes the Governors of the 50 States, the Chief Executive Officer of the District of Columbia, Puerto Rico, and the territories and possessions of the United States, other than the Panama Canal Zone.

Sec. 1-105. This Order shall terminate, unless extended, at midnight on September 30, 1979. The Secretary of Energy may at any time revoke this delegation in whole or in part and with respect to any State.

Jimmy Carter

THE WHITE HOUSE,

Department of Energy
Washington, D.C. 20585

September 29, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR. CWD

SUBJECT: Weekly Activity Report
September 24 - 28, 1979

1. Energy Ministers Meeting: The meeting was held in Paris on Tuesday and Wednesday of this week. You have received a detailed trip report by separate memo.

2. Energy Policy Coordination: The Executive Council of the Energy Coordinating Committee has been meeting regularly every Friday to plan legislative strategy and to make decisions on policy questions. I will meet with Secretary Harris and CSA Director Olivarez on Monday to discuss low income assistance. I will meet with EPA Administrator Costle and CEQ Chairman Speth, also on Monday, to discuss their views with respect to several conservation initiatives that the ECC Executive Council is considering and the possible acceleration of oil to coal conversions.

3. Home heating oil: The supply situation remains quite good. We should achieve the 240 million barrel target by mid-October. I have attached a more detailed report.

4. State Governors: I will be meeting with 17 governors at a meeting of the Southern Governors Association in New Orleans on Tuesday of next week. I will also be touring some energy conservation projects there and visiting the regional office of the Strategic Petroleum Reserve located there.

5. Import Quota Implementation: On Wednesday, October 3, DOE will publish the proposed alternatives for implementing the crude oil import quota. It is likely that there will be adverse reactions from consumer interests. Prior to publication we will notify the Senate and House members of the energy committees and the state governors. Stu Eizenstat's staff will coordinate notification of other organizations and interest groups. Secretary Miller and I would like to discuss this issue with you at an early opportunity. I am endeavoring to arrange this.

6. <u>Nominees</u>: I have eight nominees awaiting White House staff clearance (Messrs. Curtis, Lewis, Fumich, Frieman, Stelson and Cunningham, Dr. Davis and Ms. Rollins). I am very anxious to get these nominations sent forward because the Senate Energy Committee has tentatively agreed to one hearing for all nominees. This would permit me to get the new organization on stream more quickly.

The Secretary

September 14, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR. CWD

SUBJECT: Home heating oil

Attached is the latest situation report with respect to the home heating oil supply situation. This report is based on data that became available on Wednesday of this week.

SEP 14 1979

MIDDLE DISTILLATE SITUATION REPORT

The purpose of this Situation Report is to provide the most recent overview of the middle distillate market. Based upon preliminary data, primary heating oil stocks were 202.7 million barrels on September 7, 1979. This is 2.9 million barrels above last year's stock levels at the same point in time and is consistent with the Department's inventory buildup schedule to reach 240 million barrels in October.

From an agricultural standpoint, diesel supplies continued to improve gradually throughout the Nation. 79% of the agricultural reporting districts indicated adequate diesel supplies. However, supplies remained tight in Montana, North Dakota, Kansas and Texas. The percentage of crop reporting districts reporting very tight or tight supplies for harvest related gasoline has also declined. Except for North Dakota and one district in Kansas the Northern Plains are no longer showing supply shortages. Gasoline supplies also improved in the Southcentral Region.

Harvesting has progressed well through the week. Only one state, Minnesota is more than 10 percent behind on harvesting of the major crops. Minnesota has completed 80 percent of its oats harvest and 84 percent of its barley harvest. Oats is 94 percent complete. Barley harvest and spring wheat harvest are 86 percent and 79 percent completed, respectively. Table 1 presents the percent of harvest completed as of September 9. Table 2 presents by agricultural reporting districts the status of diesel supplies.

Truck stop diesel supply appears to be tight but adequate throughout the midwestern States of Michigan, Wisconsin, Ohio, Minnesota, Indiana, and Illinois with no significant problems. The fuel availability situation sees to have stabilized in Montana, Nebraska, and Wyoming with temporary spot shortages occurring only infrequently. These have not interfered with truck movements. No problems have been reported from the rest of the States.

The rail industry has made no complaints about diesel fuel shortages over the past few days. Striking Rock Island Railroad employees set up picket lines affecting the Santa Fe Railroad at Topeka and Wichita, Kansas; Kansas City, Missouri; Amarillo, Texas; and Enid, Oklahoma. Rock Island employees also struck the Kansas City Terminal on September 10, bringing to a halt all transfers of rail cars between trains in

Kansas City. Kansas City Terminal officials have asked a Federal Judge to issue a restraining order. The strike at Duluth/Superior and of the Chicago, Rock Island and Pacific Railroads continues. These labor difficulties are compounded by a strike at the port of Rotterdam, Holland, a major grain import/transhipment point.

Distillate Prices and Credit

The DOE is monitoring refiner, wholesaler and residential heating oil prices. DOE will also fund 15 states to monitor, on a bi-weekly basis, residential heating oil prices. 1/ As of the middle of August, the average national residential price of home heating oil from a survey conducted by several states in cooperation with DOE was 80 cents per gallon, an increase of approximately 27 cents or 51 percent over the December 1978 price.

The results of a telephone survey conducted by DOE (for the period August 13-17, 1979) showed that average posted rack prices for No. 2 heating oil were 65.4 cents per gallon in Boston, 63.6 cents per gallon in Nassau and Suffolk Counties in New York and 62.7 cents per gallon in New Brunswick-Perth Amboy, New Jersey. During August of 1978, rack prices in New England, New York and New Jersey were under 38 cents per gallon. It is clear that there has been a significant increase in heating oil prices over last winter's level.

We are continuing to assess and monitor middle distillate supplies and prices to determine whether supplies will be adequate to maintain price competition. We will also examine, at a public hearing to be conducted September 26, the most effective means to monitor the reasonableness of home heating oil prices and the conclusions of an updated analysis of large refiners' No. 2 distillate costs and revenues. Many of you will attend or be represented at that hearing and I look forward to hearing from you. We will continue to monitor refiner costs and revenues throughout the winter and plan to expand the coverage of that effort.

1/ The states to be funded are the six New England states, New York, New Jersey, Pennsylvania, Minnesota, Wisconsin, Michigan, Indiana, Illinois and Ohio.

We will also shortly schedule a mid-October meeting to review the credit terms offered for sales of heating oil this winter. The forum will be the next meeting of our Fuel Oil Marketing Advisory Committee with appropriate input from all sectors of industry, government and the public.

Our assessment of distillate prices recognizes the escalation in crude oil prices and purchased product costs. But as these costs stabilize there is every reason for refiners to review their prices and margins in light of economic factors for each product as well as the overall Wage-Price Guidelines.

Our on-going dialogue with several refiners indicates that they are evolving price and credit programs comparable to the program announced by Texaco, Inc. Such programs may include measures to assure adequate deliveries to the dealers and consumers at stabilized prices, with at least 30-day net credit. The distillate spot market has moderated in recent weeks and continuing high levels of distillate production and imports and the buildup of stocks give us reason to look for price moderation. The Department of Energy will continue to look for appropriate refiner response.

State governments have similarly begun to talk with dealer associations, individual retail dealers and local jobbers to assure continued margin restraint at their level of commerce throughout the heating season. Such efforts are important to achieve price restraint at every level of recontrolling without sustaining the burdens and regidities of recontrolling prices at the Federal level or, by delegation, at the state level.

The attached action timetable is a listing in chronological order of the actions to be taken by DOE from August through October 1, 1979, regarding middle distillates.

Table 1

PERCENT OF HARVEST COMPLETED FOR OATS AS OF SEPTEMBER 9, 1979

STATE	ACTUAL	NORMAL	PERCENT OF NORMAL
Illinois	100	100	100
Iowa	100	100	100
Michigan	95	100	95
Minnesota	80	97	82
North Dakota	95	97	98
Ohio	100	100	100
Pennslyvania	98	NA	NA
South Dakota	100	100	100
Wisconsin	90	99	91
9 State Average	94	99	95

PERCENT OF HARVEST COMPLETED FOR BARLEY AS OF SEPTEMBER 9, 1979

Colorado	NA	NA	NA
Idaho	80	75	107
Minnesota	84	93	90
Montana	65	70	93
North Dakota	96	98	98
South Dakota	100	100	100
Wyoming	75	NA	NA
7 State Average	86	87	99

PERCENT OF HARVEST COMPLETED FOR SPRING WHEAT AS OF SEPTEMBER 9, 1979

Idaho	75	75	100
Minnesota	57	86	66
Montana	65	70	93
North Dakota	88	94	94
South Dakota	96	100	96
5 State Average	79	88	99

Table 2

PERCENTAGES OF REPORTERS INDICATING THAT DIESEL FUEL SUPPLIES WERE:

STATES	DEFICIT	TIGHT	ADEQUATE	SURPLUS
			PERCENT	
ALABAMA	0.0	23.9	73.9	2.2
ARIZONA	0.0	33.3	66.7	0.0
ARKANSAS	1.8	14.5	81.8	1.8
CALIFORNIA	0.0	23.5	76.5	0.0
COLORADO	2.2	33.3	64.4	0.0
CONNECTICUT	0.0	0.0	100.0	0.0
DELAWARE	0.0	0.0	100.0	0.0
FLORIDA	5.6	16.7	77.8	0.0
GEORGIA	0.9	10.5	87.7	0.9
IDAHO	2.3	39.5	58.1	0.0
ILLINOIS	0.0	4.5	95.5	0.0
INDIANA	0.0	6.1	93.9	0.0
IOWA	0.0	22.1	76.6	1.3
KANSAS	5.4	35.1	59.5	0.0
KENTUCKY	0.0	6.7	91.6	1.7
LOUISIANA	0.0	16.3	83.7	0.0
MAINE	0.0	0.0	100.0	0.0
MARYLAND	0.0	0.0	100.0	0.0
MASSACHUSETTS	0.0	0.0	100.0	0.0
MICHIGAN	0.0	2.7	96.4	0.9
MINNESOTA	0.4	20.2	78.9	0.4
MISSISSIPPI	1.7	26.7	71.7	0.0
MISSOURI	3.0	21.3	75.7	0.0
MONTANA	10.8	56.9	32.3	0.0
NEBRASKA	0.0	14.9	85.1	0.0
NEW HAMPSHIRE	0.0	0.0	100.0	0.0
NEW JERSEY	0.0	0.0	100.0	0.0
NEW MEXICO	0.0	0.0	100.0	0.0
NEW YORK	4.2	16.7	79.2	0.0
NORTH CAROLINA	0.0	2.5	97.5	0.0
NORTH DAKOTA	5.9	66.7	27.5	0.0
OHIO	0.0	1.2	96.3	2.5
OKLAHOMA	2.1	27.7	70.2	0.0
OREGON	0.0	31.8	68.2	0.0
PENNSYLVANIA	0.0	13.8	84.5	1.7
RHODE ISLAND	0.0	0.0	100.0	0.0
SOUTH CAROLINA	0.0	30.2	69.8	0.0
SOUTH DAKOTA	0.0	15.5	83.6	0.9
TENNESSEE	0.0	18.3	81.7	0.0
TEXAS	2.6	38.7	58.1	0.6
UTAH	0.0	24.0	76.0	0.0
VERMONT	0.0	0.0	100.0	0.0
VIRGINIA	0.0	10.8	89.2	0.0
WASHINGTON	0.0	38.9	61.1	0.0
WEST VIRGINIA	3.4	22.0	74.6	0.0
WISCONSIN	0.0	8.4	91.6	0.0

ACTION TIMETABLE

The following is a listing in chronological order of the actions to be taken by DOE from August 1 through October 1, 1979.

DATE	ACTION
August 2	Issued Proposed Rule for Refiner Production Orders - ERA proposes to require refiners to increase distillate production levels equalling the highest three months in 1978. Preliminary ERA analysis indicates that results from this rulemaking could increase distillate production to an industry-wide average yield of 25 percent.
August 3	Began Evaluation of Individual Refiner Progress Towards Goal - ERA is evaluating each of the 32 refiners' distillate inventory levels, production, and imports as a basis for issuing production orders. The review is expected to be completed by August 31.
August 5	ERA and EIA Established Heating Oil Task Forces in Chicago, Boston, and Seattle - Task Forces will evaluate data from DOE state energy offices and trade associations and respond to individual supply problems in their regions.
August 15-16	Hearing on Proposed Refiner Production Rule - Refiners expressed their views with respect to the impact of production targets. These comments are being reviewed and will be taken into account in ERA's study of production orders.
August 22	ERA Begins Second Series of Meetings with Each of the 32 Largest Refiners - ERA will assess their crude runs, production levels, inventory levels, contract status, and progress toward meeting ERA's targets. Candidates for production orders, if any are required, will be determined during this period.

DATE	ACTION
August 30	EIA Compiles Results from Homeowner Stock Survey - EIA is visiting a sample of 600 homes to determine the status of homeowner fuel oil levels. This data will help assess the status of homeowner fuel oil storage.
August 31	ERA Refiner Assessment Study Completion - This study, along with comments from the public hearing and results of refiner meetings are intended to assist ERA in issuing production orders, if necessary.
August 31	Decision on Extension of Distillate Entitlements
September 1	DOE/DOT/USDA Heating Oil and Diesel Fuel Task Force and Clearinghouse is Created - The Task Force and Clearinghouse will redirect surplus product; evaluate price and supply demand data; and, serve as a liaison on low-income energy assistance initiatives.
September 1	DOE Makes Decisions with Respect to the Need For Production Orders - This will ensure adequate middle distillate production and stock levels.
September 15	EIA Compiles Data from State Energy Offices on Secondary Stock - Fifteen state energy offices are collecting data on secondary stocks in their states. These data will be used to assess degree of shortfall at secondary stock level.
September 25	EIA Compiles Data from Utility Stocks Survey - DOE does not currently have data on distillate stocks held at utilities. EIA is surveying utilities for this information and will have data available by August 25. These data will be helpful in evaluating the option of allocating distillate to utilities.

CWD to President

U.S. Department of Energy
Washington, D.C. 20585

September 14, 1979

MEMORANDUM FOR: Rick Hutcheson

FROM: Frank R. Pagnotta

SUBJECT: Mexican Gas Imports

Attached is a memorandum from Secretary Duncan and Secretary Christopher to the President regarding the Mexican Gas Imports which he would appreciate you getting to the President at the earliest possible time.

Many thanks.

Attachment

~~CONFIDENTIAL~~

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure subject to Administrative and Criminal Sanctions.

Department of Energy
Washington, D.C. 20585

September 13, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN CWD
WARREN CHRISTOPHER W.C.

SUBJECT: Mexican Gas Imports

The Departments of Energy and State, the Domestic Policy Staff, and the NSC staff are in agreement that we should try to reach a framework agreement with Mexico for importation of natural gas. Negotiation of a specific contract within this framework would be left for the pipeline companies and would be subject to final regulatory approval. The government-to-government agreement would be as follows:

<u>Price:</u> Approximately $3.625 per million British Thermal Units (mmbtu).

<u>Term:</u> Six years, with a six year renewal option.

<u>Starting Date:</u> The companies would be authorized to negotiate a starting date at any time in the first quarter of 1980.

<u>Termination:</u> We would seek to persuade the Mexican's to drop their requirement for a three month termination provision in favor of the provision in the 1977 draft contract. That provision recognized that the gas being supplied by Mexico is surplus gas and contained the customary force majeure clause dealing with changed circumstances.

<u>Escalator:</u> The companies would be authorized to negotiate an escalator clause based upon an appropriate fuel oil indicator.

<u>Main Factors</u>

Since our last meeting with the Mexicans, we have carefully reviewed several factors that bear on a decision. First, prices for competing fuels in the U.S. (No. 6 and No. 2 fuel oil) have escalated further in the past two weeks so as to

~~CONFIDENTIAL~~

☑ DECLASSIFY or ☐ REVIEW on: 9-85 (date or event) provide a justification, based on a reasonable mix of these fuels in representative U.S. cities, for the $3.625 price sought by the Mexicans.

Second, while the price for Canadian gas (which presently represents ten times the volume we expect to obtain initially from Mexico) will tend to move up to match the Mexican price, the overall impact is less severe than earlier anticipated. It now appears that on October 1 the Canadians will be recommending a new price for U.S. sales based upon a formula yielding $3.45/mmbtu. This is $.15/mmbtu higher than the price we had been led to expect as recently as a week ago.

Third, we met earlier in the week with representatives of the six company consortium that will be purchasing the Mexican gas. They all stated that the Mexican price was within the range of anticipated year-end prices for deregulated natural gas and for alternative fuels. They strongly favored resumption of negotiations with Mexico as soon as possible.

Fourth, we have polled a number of other pipeline companies which are buyers of Canadian gas. In varying degrees they believe that the impact of the Mexican agreement on Canadian prices would affect them adversely, but they all favor proceeding with the Mexican agreement. Pacific Northwest pipeline companies, in particular, are concerned that increased gas prices will cause them to lose customers to cheap hydroelectric power. To alleviate this problem, they favor a differential or regional pricing system that would allow them to receive Canadian gas at a lower price than other regions of the country with higher substitute fuel costs. Senator Jackson and other Senators and Congresmen from the Pacific Northwest are insisting that the Administration take the lead in obtaining such a differential pricing arrangement from the Canadians. However, interests in Northern California, Wisconsin, Minnesota and Michigan, who would pay higher prices than otherwise under differential pricing, will oppose such differential treatment on the grounds that they would be discriminated against. This conflict of views over Canadian pricing policy caries with it the potential for a strong regional confrontation. As Canadian gas prices continue to rise, however, it is a problem the Administration is likely to face in the near future whether or not a deal is concluded with Mexico.

Advantages

There are a number of reasons for our recommending acceptance of the latest Mexican offer.

- The $3.625 price proposed for January 1 would be roughly in line with the likely average of an 80%/20% mix of No. 6 and No. 2 fuel oil prices in representative U.S. cities. A ten-city mix broadly representative of the U.S. market shows a September 7 average of $3.60 per mmbtu and the likely fourth quarter average would run slightly above that. Such price comparisons, however, do not include the cost of moving Mexican gas from the border to the city gate, an additional cost of at least $.20 per mmbtu.

- Given the continuing rise in the domestic alternate fuel market, the $3.625 offer might be withdrawn or increased as the weeks go by.

- Access to Mexican gas supplies opens up a potentially important and growing source of gas for the U.S. Although the volumes presently contemplated are relatively small, the Mexicans will have the capability to export very large volumes in future years if they choose.

- An agreement on gas imports will be perceived as a critical political symbol helpful to U.S.-Mexican relations.

Disadvantages

There are a number of negative factors that ought to be taken into account.

- The Mexican border price under consideration means that U.S. consumers of Mexican gas will be paying a premium approximately equal to the cost of transporting Mexican gas from the border to the cities where it will be consumed (at least $.20 per mmbtu for incremental volumes).

- If the Canadians continue their present price-setting formula (which is uncertain), there will be some impact on Canadian prices although it is difficult to be sure exactly how much. The Canadians have told us that they will be under strong pressure to match whatever price is agreed to with Mexico. Absent a Mexican agreement, or a change in the Canadian pricing system, the Canadian price on January 1, 1980 would be 17.5 cents less than the $3.625/ mmbtu Mexican starting price, exposing us for some period of time to an extra price increase up to that amount on a much larger volume of gas.

- Some people may criticize you for bowing to the Mexican position at the expense of the American consumer.

Recommendation

That U.S. representatives be authorized to resume discussions and reach a framework agreement with the Mexicans as described above.

APPROVE __________. DISAPPROVE __________.

Department of Energy
Washington, D.C. 20585

September 14, 1979

MEMORANDUM: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR. CWD

SUBJECT: Weekly Activity Report
September 10 - 14, 1979

1. Home heating oil: I have attached a separate detailed report on the heating oil supply situation based on the most recent data we have. The situation looks quite good.

Throughout next week I am meeting with the Chief Executive Officers of various heating oil refiners as a follow up to your telegram concerning the Texaco announcement. I am hopeful that additional refiners will respond with encouraging announcements as to price, credit and emergency supply.

Over the weekend or early next week, DoE will issue a draft study of "Refiners No. 2 Distillate Cost and Revenues between July 1976 - June 1979". This study will be followed by opportunity for public comment and a public hearing on September 26. The subject of the study is extremely complicated, but the basic conclusion is that refiners' revenues from heating oil sales between January and June of 1979 have exceeded revenues which would have been realized if controls had not been lifted in July 1976. The report points out that on a full year basis there may not be net revenues greater than costs. During the spring and summer months covered by the report, refiners are drawing down older, lower priced stocks. In the fall and winter months when they are working off current higher priced stocks, the profit margins will fall. However, for the most recent six months, the conclusion is that refiners have charged more for home heating oil that can be justified based on cost increases in this period. The public hearing is intended to allow refiners and other interested parties to react to this draft study so that a final report can later be issued.

2. Mexican natural gas: We met with the pipeline companies who will be purchasing the Mexican gas if an agreement can be reached, and with Executive Branch components

concerned with the substance of the negotiations. We have completed the necessary Congressional liaison. There is an agreed position and a decision memorandum has been forwarded to you.

3. DoE budget: I have completed my review of the DoE budget and it went to OMB today. There may be some problems in folding into the budget new initiatives now developing, but we have worked out an expedited system for getting these through the OMB process.

4. Energy policy: The Executive Council of the Energy Coordinating Committee met twice this week. We are making good progress in bringing all of our diverse action teams into a single coordination process. I have been urged by Hamilton Jordan, Anne Wexler, and Jim McIntyre not to transfer existing legislative tracking efforts to DoE. I have agreed to leave this operation in the White House.

Department of Energy
Washington, D.C. 20585

September 7, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: CHARLES W. DUNCAN, JR. CWD Jr

SUBJECT: Weekly Activity Report
September 3 - 7, 1979

1. Taking control of energy policy matters: I have made a detailed pragmatic assessment of what it will take for me to take charge on energy policy matters. I am developing a list of simple, straight-forward requirements that are necessary for us to move energy matters through the Congress and through the Administration with dispatch. I will be meeting with Bill Miller, Hamilton Jordan, Jim McIntyre and others early next week to put these requirements in place. Any remaining issues will be brought to you promptly. The Executive Council of the Energy Coordinating Committee will meet next week to put a consolidated management system in place.

2. Congressional presentation: As requested, we are putting together a presentation involving you, Bill Miller and me on the precarious state of the oil supply situation, some of the technology developments, and the need for the Administration's overall program. The presentation will draw on the materials we saw presented in Atlanta. I would like to give this a dry run before we set a date, but I expect it will be ready shortly.

3. Home heating oil: The supply situation still looks reasonably good. We will use two approaches to the problem of high prices and spot shortages. Fred Kahn and I believe a "jawboning" effort has promise. That could be done by you or by Kahn and me jointly. We are putting that effort together now and have cleared this with the Department of Justice. We are also forming an interagency distillate management team to serve as an action control center this winter in dealing with shortages and temporary allocation problems.

4. Organizational changes: I have made some organizational changes at the Department of Energy to meet some short term needs. I have met with key Congressmen and Senators and will be announcing these changes next week. We have five appointments now being processed by the White House. I am hopeful these nominations can be announced by the end of next week.

Carolyn/ 8/30/79
Due File

copies 2 were given to [illegible] Powell.
1530

Department of Energy
Washington, D.C. 20585

August 29, 1979

MEMORANDUM FOR THE PRESIDENT

FROM CHARLES DUNCAN
STU EIZENSTAT

SUBJECT: Extension of $5 Entitlement

On Friday the Administration's special $5 entitlement to encourage greater importation of home heating oil will expire. We need a decision as to whether the entitlement should be allowed to expire or should be extended to either October 31 (when 240 million barrel target should have been reached) or March 31 (when the home heating season is over). If you decide to extend the entitlement, we will need a decision today so that we can properly notify the countries represented at the Tokyo Summit.

The entitlement was initially put into effect to increase imports of distillates at a time when U.S. supplies were precariously low. It has worked in bringing in more home heating oil; we estimate about 2 to 3 million barrels through the end of July had been added to our stockpile as a result of the entitlement. If continued between now and October 31, the distillate entitlement would result in increased distillate imports of 1-5 million barrels, with a best estimate of around 2 million barrels. However, in DOE's judgment, that additional amount of home heating oil will not be needed to meet the 240 million barrel target. DOE believes that target can be met without any extension of the entitlement. For that reason, and particularly because of the foreign concerns over the entitlement, all of your advisors would recommend not extending the entitlement if the issue could be decided on the merits alone.

However, all of your advisors believe that political factors exist which require a decision by you on more than just the substantive merits. Those factors include:

- The wide perception in the Northeast that we will not meet the 240 million barrel target;

- o The lingering distrust in the Northeast over the Administration's concern for that region's energy problems;

- o The clamor created in the Northeast over the sale of fuel to Iran - seen by many in the region as taking away home heating oil that is needed in the Northeast.

- o The importance of the Northeastern Congressional delegations and the Governors in helping us pass your energy program, particularly a tough windfall profits tax.

Again, these factors do not go to the substance of the decision, but they are vital in illustrating the context in which the decision must be made.

If you decide not to extend the entitlement, we believe you will be criticized in the Northeast for taking actions which will impede our ability to meet the 240 barrel target and to ensure adequate heating oil supplies. Our claims to the contrary are likely to get lost in the press, which can be expected to point out less home heating oil will be available as a result of the decision. In light of that news, it will be difficult to avoid a great deal of criticism from political leaders in the Northeast.

To date, the Northeast has been largely silent on the issue. Secretary Duncan met with the Northeast Governors yesterday and none raised this issue to him. Subsequent to that meeting, however, Governor Gallen called and expressed his concern over this issue. Very few members of Congress from the Northeast have called about the issue. We suspect that is because few know the entitlement is about to expire. There have been no press stories, and we have not engaged in overt consultations with the Governors and Congress.

Stu did quietly talk to the Speaker's Chief Staff person, who thought the Northeast's silence should not be taken as acquiescence. They were said to be unaware that the entitlement expires Friday. He indicated virtually every Member from the Northeast would sign a letter to you within 24 hours seeking its extension.

On the international side, the issue is equally one of perception, or misperception. The predicted adverse impact on Europe has not occurred; spot prices have not increased

(except for the two week period immediately after the initial announcement), and heating oil stocks have been built on schedule. If the entitlement were to be extended, DOE does not believe there would be a measurable effect in either European spot prices for home heating oil or on Europe's ability to meet its stockpile targets.

The effect of extending the entitlement, therefore, would be one of having the Europeans believe that our action will continue higher prices and adversely affect their stocks. That perception will produce adverse comments from European leaders, who feel the U.S. fully intended to end the entitlement on August 31 and would be unjustifiedly reducing earlier pledges. In fact, there has never been a formal commitment to allow the entitlement to expire, though that impression may have taken hold in Europe and not been actively rebuted by us in previous meetings.

Aside from the public criticism any extension would receive from Europe, it is possible that European leaders may use the fact of the extension to our detriment. Henry Owen believes, for example, that European attitudes toward effective follow-up on Summit energy agreements may be harmed. But, out of desire to avoid giving a possibly misleading signal, Henry and State have not been in touch with European leaders over the possibility of an extension, so their position and substantive reaction cannot be known at this time.

The basic options available include:

Option 1: Renew the entitlement through October 31. This option would keep the incentive to accelerate imports in effect up to the target date of achieving stocks of 240 million barrels. It would thus allow us to indicate we are continuing to take every action available to meet the 240 barrel target. Once it has been met, the entitlement could be lifted in an atmosphere of greater security in the Northeast about the winter's supply of heating oil.

Option 2: Renew the entitlement through March 31. This option would keep the entitlement in effect through the winter heating season, and would thus represent the maximum effort we could take to increase heating oil supplies. If the 240 target is met, we are still not guaranteed that all portions of the Northeast will have adequate supplies of fuel. You thus might be faced with this same decision in two months if Option 1 is chosen. However, Option 2 would create the greater international criticism.

Option 3: Allow the entitlement to expire. This option would not create international problems. It would, however, create concern in New England that the administration was not fully committed to assuring that home heating oil needs for this winter would be met.

Recommendation: We recommend Option 2. Northeastern interests will view extension of the entitlement to March 31 as a firm commitment by the Administration to meet their home heating oil needs over the entire course of the winter. Unlike extension of the entitlement to October 31, Option 2 avoids the need to reconsider extension of the entitlement in the event the 240 million barrel target is not met at that time. The international community should immediately be informed of a decision to extend the entitlement.

DOE and DPS favor Option 2 -- renewable through March 31. State, Treasury, NSC, CEA and EPA favor Option 3 -- no renewal.

OMB favors Option 1 -- extension through October 31. If the entitlement is to be extended, State, Treasury and NSC believe it should be extended only through October 31. EPA could live with extension to October 31 as a fall-back.

Stu believes that if you decide in favor of extension, you should not call Giscard and Schmidt, but should have them notified through normal diplomatic channels. If you decide to extend the entitlement, Stu believes you should call Governors Gallen and Grasso.

THE WHITE HOUSE

WASHINGTON

August 29, 1979

Mr. President,

I believe, as does State, that this memo substantially understates the disadvantages of extending the U.S. distillate charge.

Schmidt and Giscard personally protested the earlier imposition of this charge. When Francois-Poncet conveyed Giscard's concern to you, you said that "this was a temporary activity"; he clearly took this as meaning that it would not be renewed. Similarly, the European countries at the Summit assumed that the distillate charge would not be renewed, if they accepted the U.S. proposal for national import ceilings. (Indeed, Jim Schlesinger indicated in U.S. Government meetings before the Summit that he would find non-renewal in this circumstance acceptable, although he did not want to convey any assurance in this point to the Europeans.)

Given this feeling, the Europeans will feel doubly aggrieved -- both because we extended the charge and because this violated what they took to be an implicit understanding. This is not surmise; it is based on reports from our missions in Brussels and Paris.

Those in the German government who argue for new measures to restrain oil consumption, on the ground that this was pledged at Tokyo, will be weakened; those who argue that these pledges can be evaded will be strengthened. In this and other ways the gains registered at the Summit, which are important from the standpoint of the U.S. national interest in stabilizing the oil market, will be placed in jeopardy. Our mission in Brussels adds that the resulting "perception of Western confusion would amost certainly contribute to upward pressure on crude prices."

State (Cy Vance and Dick Cooper), Treasury (Bill Miller and Fred Bergsten), and I recommend, for the reasons indicated above, against extension of the charge.

If the charge is to be extended, we recommend extension until October 31 -- but only if this can be accompanied by a firm decision not to extend it thereafter, which seems unlikely in light of the attached memo.

Given the shortness of time and the criticism we got last time for lack of consultation, State and I recommend that you phone Giscard and Schmidt if you decide in favor of extension. Notification through our missions one day before the decision could not plausibly be represented as consultation.

HO

Henry Owen

Department of Energy
Washington, D.C. 20585

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Henry Owen