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**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Backup Files  
**Subseries:** Chron File, 1989-1993

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**OA/ID Number:** 13679  
**Folder ID Number:** 13679-001

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**Folder Title:**  
Natural Gas Bill Signing Ceremony 7/26/89 [OA 6266]

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Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>26</b>	<b>19</b>	<b>2</b>	<b>6</b>

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(McNally/Simon)  
July 21, 1989, 5:00 p.m.  
Draft Four (GAS)

PRESIDENTIAL REMARKS: NATURAL GAS BILL SIGNING CEREMONY  
THE EAST ROOM  
WEDNESDAY, JULY 26, 1989, 2:05 P.M.

Thank you. Thanks all of you. And thanks also to my friend Jim Watkins, who is off to such an outstanding start at Energy. To Martha Hesse [[hess-SEE]], for her good efforts at FERC. And to the forward-looking leaders from both sides of the aisle -- leaders like [[my friends Jim McClure and Bennett Johnston, Norm Lent and John Dingell]] -- leaders whose commitment to safeguarding America's energy and environment have made this landmark legislation possible.

Natural gas -- methane -- is one of the best fuels on the world's energy menu. It is clean. It is efficient. It is abundant.

But for 35 years, consumers and producers of natural gas have struggled under a bureaucracy of oppressive price regulations. This was largely responsible for the damaging natural gas shortages of the 1970's -- and for gas market distortions that exist to this day.

And so today's legislation represents the bipartisan attainment of the Administration's first major energy initiative -- the elimination of an entire system of artificial price controls for one of America's cleanest energy resources.

It ends on January 1, 1993 -- starting us on a path to a more stable energy future.

This measure reflects a strong bipartisan belief that eliminating price controls will help this nation take full advantage of our plentiful domestic resources. Even at today's prices -- it is estimated that the United States has natural gas reserves that will take us to the year 2025 and beyond.

And industry and the Department of Energy are responding to this opportunity with imagination -- seeking to tap new sources of clean-burning natural gas in places like Prudhoe Bay, and developing new uses -- like powering cars and airplanes. With prices set by market forces, and improvements in gas production from unconventional sources, natural gas can help power this nation for decades to come.

It may be said by some that this legislation could only have happened when energy prices are relatively low. I disagree. Legislation like this -- creating new incentives to produce domestic energy -- can help keep prices low. It will help consumers receive an adequate and reliable supply of clean energy at the lowest reasonable price.

And this is not just economical legislation -- it is environmental legislation. Gas burns much more cleanly than other fossil fuels -- and produces little air or water pollution. And it can play a larger role in our efforts to clean up our air and water.

The environmental opportunities can be global. By exporting plentiful, clean-burning American natural gas -- we can help both our nation's economy and the world's environment. For example,

at the recent economic summit we were encouraged by Japan's new interest in clean energy sources. Today's legislation means that, ultimately, new U.S. sources of clean natural gas will be available to Japanese and other international markets -- and at market prices.

With a free market for this fuel, we can foresee America and the world using more of it. America and her allies must work together now to expand the infrastructure to use this fuel. On this continent -- across the Atlantic -- across the Pacific -- these are opportunities for cooperation that can be helped by a freer market.

Where we can add diversity, flexibility, and security to the world's energy picture -- we should do it. And natural gas is an important element.

But despite today's good news, this is no time for complacency. On other fronts, conservation achievements are levelling off. Domestic oil production is down. Petroleum imports are increasing. And our need for a cleaner environment is obvious to all.

And so today I have another announcement -- which, like the deregulation of natural gas -- means good news for America's energy future.

I am directing the Secretary of Energy to take the lead in developing a comprehensive National Energy Strategy -- the first such plan in the history of our Nation.

We cannot and will not wait for the next energy crisis -- or even the next smog alert -- to force us to respond. Today we don't have a crisis. We have an opportunity.

I have asked Admiral Watkins to craft this strategy in close consultation with the Cabinet and the Congress, with our cities and our states. Our task -- our bi-partisan task -- is to build the national consensus necessary to support this strategy. And to make the strategy a living and dynamic document, responsive to new knowledge and new ideas, and changes in global climate.

This task will not be easy. America must balance: Our increasing need for energy at reasonable prices. Our commitment to a safer, healthier environment. Our obligation to maintain an economy that is second to none. And our goal to reduce reliance on insecure energy supplies.

I am confident that America's can-do attitude, scientific know-how, and old-fashioned common sense will prevail. By acting now -- we can bequeath a legacy to the next century of a cleaner, more prosperous and secure America.

Today's legislation is a good start down that path. Domestically, natural gas can now reach its fullest potential as a competitive alternative to imports of oil from unreliable sources. I congratulate those of you in Congress who have worked so hard and so long to bring this legislation to my desk.

And with that -- it is with great pride that I now sign the Natural Gas Wellhead Decontrol Act into law.

# # #

THE WHITE HOUSE  
WASHINGTON

7/19

5:30

Per Juanita Duggan, Cab. Affairs  
Gov. Sumner approved  
tasking Watkins with  
developing nat'l. energy  
strategy. Language to  
come from Kay Woodward  
in Watkins office (586-6210)

THE WHITE HOUSE  
WASHINGTON

Mike McCreath  
586-6660

DOE

Martha  
[[Hessy]] (R)

F

586-6598  
Kay Post

(McNally/Simon)  
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more stable energy future.

*Becky  
Anderson*

*Fred  
McClure*

*Rep. Phil Sharp + Carlos Moorhead in the committees  
and many other leaders here today*

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Linda  
Stuntz  
586-5316  
Do Energy Policy  
Office

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20E talking points from Watkins

Sununu via Juanita Duggan and Adm. Watkins

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*Watkins*  
X

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*Watkins talking points*  
X

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*Exec. Clerk's office*

# # #

# Putting the Heat on Japan

*Accused of ravaging the world's forests and seas, Tokyo starts to clean up its act*

BY EUGENE LINDEN TOKYO



The Penan, an aboriginal tribe of hunters and gatherers on the island of Borneo, are a people under siege. They have watched in horror as logging companies inexorably cut down the forests that supply the tribe with food, medicines and even the poison for blowgun darts used to kill monkeys and hornbill. Outraged at seeing their way of life destroyed, the Penan have periodically blockaded roads leading into the forest in a losing effort to keep the loggers out. Says Penan headman Asik Nyelit, who has twice been arrested by Malaysian authorities for his role in the blockades: "If we just sit, we are going to die."

While the Penan are fighting the local loggers, the tribe's real antagonists are some 2,600 miles away, in Japan. Most of the trees cut in the Malaysian part of Borneo (the rest of the island is controlled by Indonesia and Brunei) are shipped to Japan, where the lumber is most often made into throwaway plywood construction forms used to mold concrete. Nor is the situation in Borneo unusual. Japan's heavy demand for wood has led to the deforestation of vast tracts in Thailand, Indonesia, the Philippines and Papua New Guinea. Last April the Japan Tropical Forest Action Network, a small but feisty environmental group based in Tokyo, presented the giant Marubeni Corp., one of the world's largest importers of tropical hardwoods, with a mock award: a cardboard chain saw for winning the Grand Prix for Tropical Forest Destruction.

The lumber business is only one of many Japanese industries that have had far-reaching impact on the global environment. A combination of traditional crafts and consumer tastes for the exotic makes Japan the world's largest market for many threatened species and the products created from them. Over the years, elephants by the thousands have been slaughtered so that their ivory can be used, for example, in Japanese signature seals, and wedding ornaments are fashioned from the shells of endangered hawksbill turtles. Japanese fishermen have drawn impassioned criticism for their use of huge drift nets across vast expanses of the Pacific. The nets, which are up to 40 miles wide, are intended to catch squid and tuna, but also entangle

many other kinds of fish as well as seabirds and marine mammals. Roger McManus, president of the Washington-based Center for Marine Conservation, has gone so far as to call the Japanese "environmental terrorists."

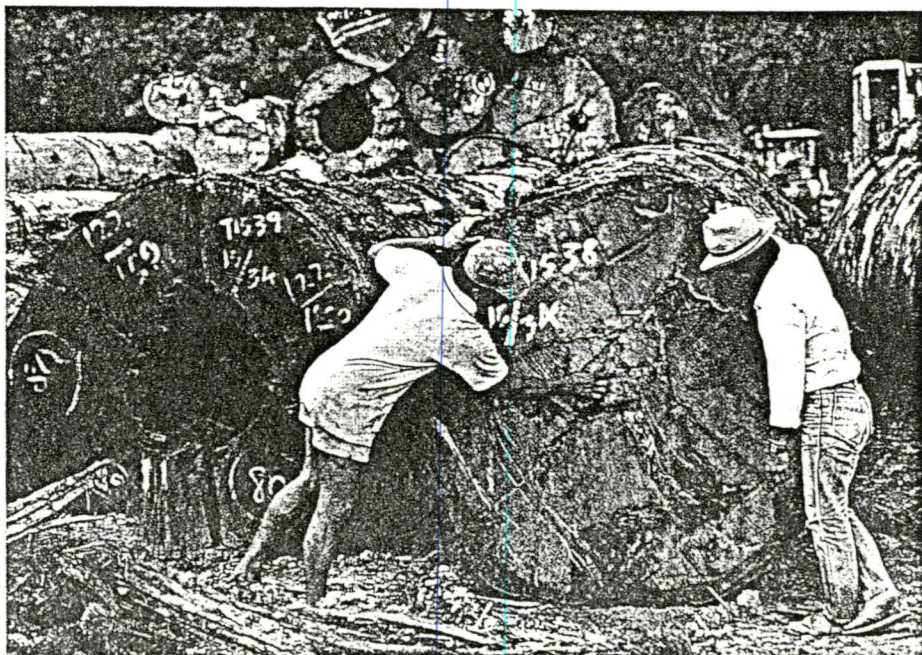
That charge may be unfair, but it indicates the rising anger toward the Japanese. Until recently, environmentalists focused most of their attention on the U.S. and Western Europe, which are far and away the biggest polluters in the free world. But as Japan has developed into a leading economic power, its impact on the global environment has come under more intense scrutiny. While Japan has begun to clean up domestic pollution problems, it has not shown the same regard for nature outside the home islands.

The country, however, is now beginning to respond to complaints from abroad, even though its own environmental movement is still tiny by Western standards. Last month the Japanese government imposed new curbs on ivory imports, surprising and delighting environmentalists worldwide, who fear that the African elephant faces extinction in the wild. Japan is also preparing a new multibillion-yen program of environmental aid for developing countries. Government insiders promise the new emphasis

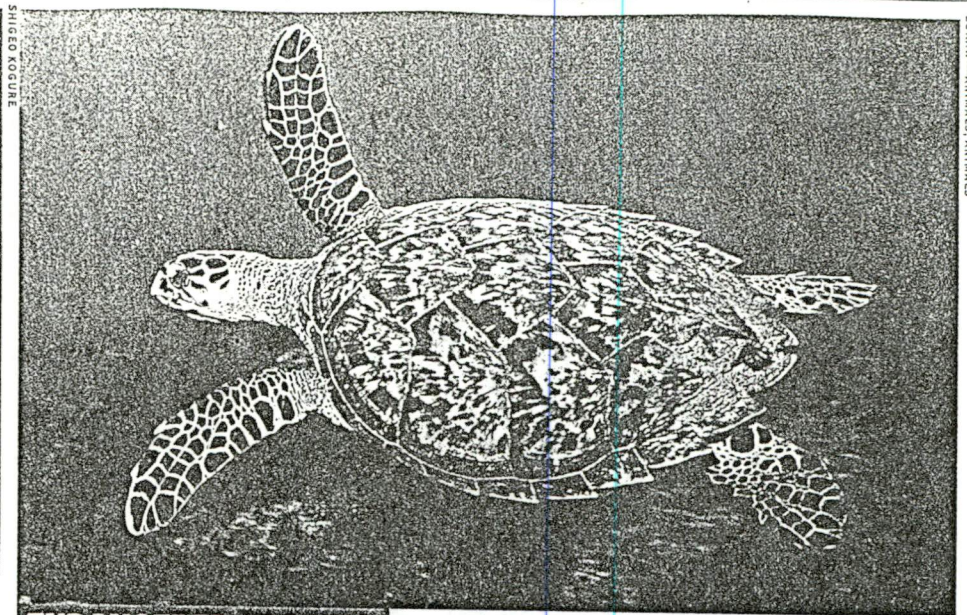
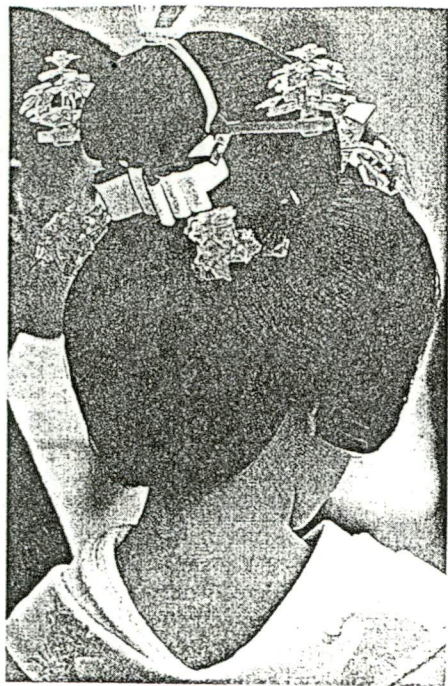
on the environment will bring results. "Once Japan decides to do something, it can move very quickly," says Takashi Koguchi, a Diet member and the leading environmentalist in the ruling Liberal Democratic Party.

The question is whether the policy shifts signify genuine change or skillful public relations. Tom Milliken, who heads TRAFFIC (Japan), part of the international organization that monitors the wildlife trade, gives Japan measured praise for its attempts to control commerce in endangered species. Says he: "Japan has gone from being the worst of the worst to being on a par with the worst of the European countries—Italy and France." But on the issues of tropical logging and drift-net fishing, environmentalists are much more skeptical. Observes Japan's Yoichi Kuroda, co-author of a study titled *Timber from the South Seas*: "The government is simply talking about the rain forests. There is no plan and no thought to regulate the timber trade."

Tropical-forest destruction has become an urgent international issue because, as scientists point out, if the trees go, millions of different animal and plant species will become extinct, and the information encoded in their genes will be lost forever. Moreover, deforestation can lead



**TROPICAL TIMBER** This logging camp in the rain forest of Sarawak, a Malaysian state on Borneo, helps supply Japan's construction industry. Such forests could be stripped of commercial timber in as little as seven years.



## ENDANGERED SPECIES

During the 1980s, Japan has been the largest importer of many threatened species. It is by far the biggest consumer of hawksbill turtles, whose carapaces are carved into ornamental hair combs.

to local disruptions of rainfall patterns and possibly even global climate changes because there would be fewer trees to absorb carbon dioxide from the air.

Logging is only one cause of deforestation, but in Southeast Asia it is an important one. And Japan is the world's largest consumer of tropical timber: in 1986 it imported 15.7 million cubic meters, approximately equal to the imports of the entire European Community. Tokyo has begun to finance programs aimed at replanting trees in Southeast Asia but has not yet tried to limit wood imports.

Nearly 90% of the lumber now comes from Sarawak and Sabah, the two Malaysian states on Borneo. On paper at least, Malaysia, a well-off country with a relatively small population (17.4 million), has a model plan for the "sustainable development" of its forests. The reality is that neither the overall plan nor specific regulations have had much impact, and logging operations continue essentially uncontrolled. "In theory everything is fine," says S.C. Chin, a Malaysian forestry expert. "But 20 years ago, Thailand and the Philippines said everything was fine too, and now they have largely been stripped."

Environmentalists fear that the same thing will happen in Sarawak and Sabah, which contain some of the oldest rain forests on earth. Chin estimates that careless, wholesale cutting will denude the remaining forests of their commercial timber within as little as seven years. Local officials have given loggers access to an estimated 95% of Sarawak's forests that are outside existing or proposed parks and protected areas. Even those tracts are coveted by corrupt politicians. According to Harrison Ngau, a Sarawak native being held under house arrest for taking part in antilogging protests, some forests have been excised from protected

lands to open them up to the lumbermen.

Many of the tribal blockades have been set up on the Limbang road, which is one of the main logging arteries in Sarawak. Construction of the road during the mid-1980s was partly financed with a 200 million yen (\$842,000) low-interest loan from the Japan International Cooperation Agency ostensibly to benefit the very people who are today fighting the logging traffic. Since JICA is not supposed to give funds to support Japanese commercial ventures abroad, the road has provided ammunition for those who argue that increased foreign aid by the Japanese will only further jeopardize the global environment. Kiyoshi Kato, director of JICA's Institute for International Cooperation, admits that his agency has learned a lesson from the Limbang road: "We must survey local opinion more thoroughly before starting future projects."

**M**any conservationists are worried that Japan will try to hide its financing of projects that damage the environment. One method would be to make unrestricted loans to foreign banks. The banks could then lend money to controversial projects, but Japan would not be blamed. One fear is that Japan will use such "two-step" loans to fund a major road that would open up the western Amazon to logging. Says Alex Hittle, international coordinator of Friends of the Earth, U.S.: "It's in general loans that disturbing things might be lurking."

Environmentalists give Japan its highest marks for its turnaround on trade in endangered species, but they question whether the new reforms are too little and too late. While Japan has greatly reduced its whaling, whale lovers are concerned that the country still kills hundreds of minke whales for "scientific research." The Japa-

nese feel maligned by the West on the whaling issue, since they view cetaceans as food the way Americans see cattle.

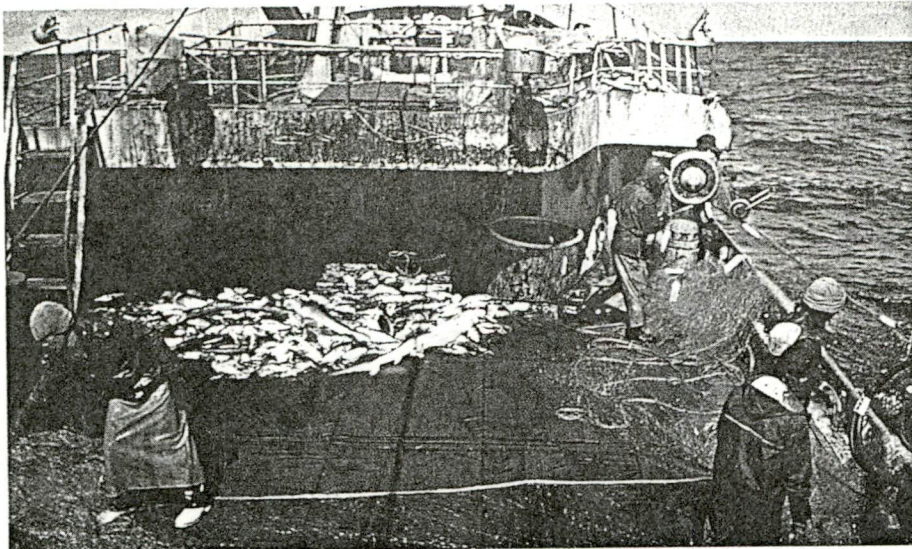
For the moment, the slaughter of African elephants by poachers has pushed the whales' plight from the headlines, and in the case of the ivory trade, Japan has a better record of reform. In the mid-1980s, Japan accounted for as much as 70% of the final market for ivory products. In 1983 and 1984 alone, more than 135,000 elephant tusks were imported, mostly to be carved into signature seals called *han-ko*. Then, as international complaints about the ivory trade mounted, Japan's dealers reversed their aggressive import policies. By 1988 ivory imports had been reduced by 75% from the peak years.

Unfortunately, the Japanese ivory traders delayed too long. Unrelenting poaching has cut Africa's wild elephant population by more than half in the past decade, to an estimated 625,000. In October the 102 nations that subscribe to the Convention on International Trade in Endangered Species are expected to declare the African elephant endangered, which would make the ivory trade illegal in those countries. Not waiting for a worldwide ban, the U.S. and the E.C. decided last month to stop ivory imports immediately. Japan followed suit with a partial ban that would reduce its ivory imports to a trickle.

This action shows how much Japan has changed its policies concerning threatened animals. As recently as 1987, the country had partly exempted itself from the CITES treaty in order to maintain imports of 14 endangered species, more than any other nation. Since then, Japan has reduced this number to eleven by agreeing to ban trade in the green sea turtle, musk deer and desert monitor lizard.

Such changes have been slow in com-

## Environment



SAMUEL LABUDE

**DRIFT NETS** Japanese, Taiwanese and South Korean fishing trawlers in the Pacific set thousands of miles of these nylon-mesh nets, which trap fish and squid—as well as dolphins, seals, sea turtles and birds.

ing, in part because responsibility for controlling the trade in endangered species rests with the Ministry of International Trade and Industry, which is also charged with protecting and promoting Japanese commercial interests. For instance, MITI delayed limiting imports of endangered hawksbill turtles because the agency did not want to allocate quotas among different industries that used the shells. Finally, with both the turtles and the turtle-consuming industries facing extinction, MITI has taken the small step of limiting imports to traditional craftsmen who carve the carapaces into traditional hair combs. Says Toru Takimoto, MITI's point man on endangered species: "There is a dawning realization that we must protect these animals for the industries to survive."

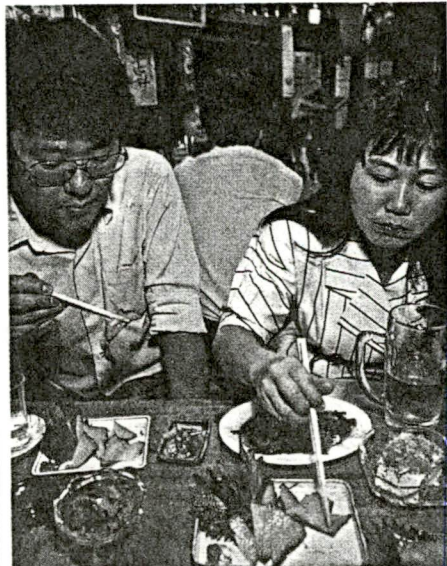
Japanese timidity about interfering with domestic industries is perhaps most pronounced when it comes to fishing, which provides a staple of the country's diet. Japan is currently embroiled in a dispute with the U.S. and several Pacific nations about the charge that the Japanese squid fishermen inflict untold damage on marine life with their drift nets. Taiwan and South Korea also have extensive drift-net operations, but Japan's are the largest. And though U.S. fishermen, as the Japanese are quick to point out, use drift nets, they tend to be much smaller than the Asian variety.

Sam LaBudde, a biologist with Earthtrust, a Honolulu-based wildlife protection group, describes drift nets as "the single most destructive fishing technology ever devised by man." Drift nets work by entangling sea life in their nylon mesh. Ships later reel in the nets, taking out the squid or fish and discarding unlucky marine bystanders. It is like hunting for deer by poisoning every animal in the forest.

In addition to enraging environmen-

talists, the drift netters have drawn protests from commercial fishermen around the world. Americans and Soviets complain that the nets kill large numbers of sea trout and salmon, a charge the Japanese deny. Australia and New Zealand, concerned that Japanese and other Asian fishermen were catching too many albacore tuna in the South Pacific, recently outlawed drift nets within 200 miles of their shores. The two countries have offered the services of their navies to smaller Pacific nations that support the ban.

Given their history, it is surprising that the Japanese should be branded environmental outlaws. Although the nation embraced Western materialism in this century, one of the strongest threads in its more than 2,000 years of cultural tradi-



SHIGEO YOSURE

**EXOTIC TASTES** Japan is one of the few places in the world where whale-meat dishes can still be found on restaurant menus.

tions has always been a deep love of nature. Typical is the story of the monk Ryōkan who slept under mosquito netting in the summer not to prevent being bitten by an insect but to avoid squashing one inadvertently while he slept. The Japanese, though, have never been passive conservationists. Consider the bonsai, the tiny trees that are shaped over generations into living pieces of sculpture. The bonsai represent the landscape architect's respect for nature, but also the notion that nature is at its best when shaped by the hand of man.

Perhaps indicative of modern Japanese attitudes is a question posed by a member of the Japanese contingent to a Smithsonian Institution symposium on the ethics of whaling. The representative asked how a whale differed from a mosquito, not to argue that both should receive protection but that both are expendable. "The Japanese don't seem to accept the concept of sustainable development," contends conservationist McManus, "[the idea] that there can be a middle ground between total exploitation or total protection."

Still, there are many heartening signs of change in Japan. Miwako Kurosaka, a longtime environmental activist, says with some awe that she has been invited to address a prestigious Keizaikai study group for senior executives that ordinarily devotes its sessions to business and politics. Diet member Kosugi points out that meetings of his environmental subcommittee, which used to draw five or six legislators to a small room, now draw 40 or more, forcing a move to larger quarters.

If anything will hold back progress, it will be Japan's lack of environmental activists and experts. Only about 15,000 Japanese—most of them bird watchers—belong to conservation groups, and the country does not have an extensive network of environmentalists, like those who monitor policies in the U.S. and Western Europe. The government's foreign aid programs, which can have a major effect on the global environment, are administered by roughly the same number of people who ran them when they were giving out one-tenth as much money.

Yet Japan has shown the capacity to deal forcefully with problems when the national will is clear and strong. When the people became alarmed in the 1970s about the dangers that air pollution and toxic wastes pose to human health, Japan developed antipollution policies and technologies that in many cases surpass U.S. standards. The country's extensive program of garbage recycling is a model for all industrial nations. If Japan decides to guard the environment around the world with this kind of care, then the island nation might turn its critics into admirers. ■

(McNally/Simon)  
July 20, 1989, 3:00 p.m.  
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And its effect is global. For example, we were encouraged by the new commitment to clean energy sources that Japan brought to this month's economic summit. And today's legislation is a

signal that America is ready to match such a commitment with one of its own -- through the export of clean burning natural gas, we can help both our nation's economy and the world's environment.

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~~TUESDAY~~, JULY ~~25~~, 1989, <sup>26</sup> 2:05 p.m.  
*wed.*

Thank you [Signature]. And thanks also to my friend Jim  
Watkins, who is off to such an outstanding start at Energy. To  
Martha Hesse <sup>to</sup> ~~[[hess-SEE]]~~, for her good efforts at FERC. And to  
the forward-looking leaders from both sides of the aisle --  
leaders like [Sen. Johnston & McClure], and Congressman Dingell  
+ Lent -- whose commitment to safeguarding America's energy  
and environment have made this landmark legislation possible.

Natural gas -- methane -- is one of the best fuels on the  
world's energy menu. It is clean. It is efficient. It is  
abundant.

But for 35 years, consumers and producers of natural gas  
have struggled under a bureaucracy of oppressive price  
regulations. This was largely responsible for the damaging  
natural gas shortages of the 1970's -- and for gas market  
distortions that exist to this day.

And so today's legislation represents the bipartisan  
attainment of the Administration's first major energy initiative  
-- the elimination of an entire system of artificial price  
controls for one of America's cleanest energy resources.

It ends on January 1, 1993 -- starting us on a path to a  
more stable domestic energy future.

*Becky  
Anderson*

*Letter  
from  
Hanson  
Moore  
+ Doe Draft*

*DOE  
draft*

*Letter  
from  
Sec. Watkins  
+ Doe draft*

This measure reflects a strong bipartisan belief that eliminating price controls will help this nation take maximum advantage of our plentiful reserves of clean-burning natural gas. Even at today's prices -- it is estimated that the United States has natural gas reserves that will take us to the year 2025 and beyond. With prices set by market forces, and improvements in gas production from unconventional sources, natural gas can help power this nation for decades to come.

DOE  
draft

It may be said by some that this legislation could only have occurred when energy prices are relatively low. I disagree. Legislation like this -- creating new incentives to produce domestic energy -- can help keep prices low. It will help consumers receive an adequate and reliable supply of clean energy at the lowest reasonable price.

And this is not just economical legislation -- it is environmental legislation. Gas burns much more cleanly than other fossil fuels -- and produces little air or water pollution. Natural gas can play a larger role in our efforts to clean up our air and water.

letter from  
Sec. Watkins  
DoE draft

And its effect is global. For example, in Japan -- long criticized for appearing to be concerned only about its own environment -- there is a new commitment to clean energy sources. And today's legislation is a signal that America is ready to match such a commitment with one of its own -- through the export of clean burning natural gas, we can help both our nation's economy and the world's environment.

X

Time Inc - July  
Cover - Japan

With a free market for this fuel, we can foresee America and the world using more of it. We call upon America and her allies to work together now to expand the infrastructure to use this fuel. On this continent -- across the Atlantic -- across the Pacific -- these are opportunities for cooperation that can be helped by a freer market.

Where we can add diversity, flexibility, and security to the world's energy picture -- we should do it. And natural gas is part of the means.

Over thirty years ago President Eisenhower had an opportunity to sign a bill which would have accomplished the same effect as today's legislation. But the bill was vetoed because of ethical concerns in the lobbying that surrounded its passage.

veto message  
2-17-56

I'm happy to sign this bill today because it is clean in two ways: It is an open and clean consensus that can result in cleaner air. And that's good news for all Americans.

Natural gas will now reach its fullest potential as a competitive, domestic alternative to imports of oil from unreliable sources. This legislation is long overdue -- and an important step in enhancing America's domestic energy supplies. I congratulate those of you in Congress who have worked so hard to bring this legislation to my desk.

And with that -- it is with great pride that I now sign the Natural Gas Decontrol Act into law.

Exec. Clerk  
# 2226

[Wellhead]

# # #

PERMIAN BASIN PETROLEUM MUSEUM  
Midland Texas  
October 6, 1988

The foremost responsibility of any President is the national security of the United States. And I know -- from conviction and personal experience -- that a strong domestic oil industry is vital to our national security.

Oil imports climbing to 10 million barrels a day by 1995 -- 60 percent of our consumption -- because we aren't finding and producing enough at home: That's not an acceptable energy policy for this country.

Lines at gas stations or thousands of energy-state families out of work and out of hope: That's not acceptable, either.

An energy policy for America must rely on many sources.

In the years ahead we will use more coal. We must move ahead with the safe use of nuclear power and be willing to look at the more exotic energy sources. But a strong America will, for a long time, depend on oil and gas.

An oil and gas policy for America must do three things:

- o find more and conserve more;
- o apply our best technology and ingenuity to our energy problems; and,
- o protect the environment in the process.

Here's what I support to get the oil and gas business back on track:

First, greater use of natural gas. It's clean, and it's abundant. We should fully decontrol natural gas and find ways to move it to the customer more competitively.

I am proud that our Administration decontrolled oil prices. We have urged the Democrat Congress to decontrol natural gas. But we have so far been unable to overcome the liberals in Congress on natural gas.

I believe it's as simple as this: Price controls should go. That's what would be best for both the industry and the American people.

We must also expand the market for natural gas. Last year we finally repealed the Carter-era Fuel Use Act, opening up additional markets to gas. That's good for consumers and good for the environment. I've also been a leader of the effort to encourage the development of alternative fuels for cars -- compressed natural gas, methanol, and ethanol.

I'm pleased to say that Congress recently passed legislation to encourage the production of alternative-fuel cars. There has been a chicken-and-egg problem here -- there's no market for such cars if the fuel's not widely available, and the fuel won't be widely available until the cars are on the road.

But new dual-fuel cars -- cars that can run on any combination of methanol, for example, and gasoline -- have been developed and could break that impasse. Where air pollution is heavy -- Southern California, Denver, and Phoenix, for example -- greater use of these alternative fuels is just about the only answer that doesn't put extraordinary limits on how much people can drive their cars.

Natural gas is a key part of my energy policy for America. Another key involves oil.

The past few years have been tough ones in the oil fields. Now prices are falling again, and that is cause for serious concern.

The American oil industry is too important to our national security to have its economic underpinnings totally dependent on the political climate of the Middle East.

We must take decisive action to halt the deterioration of the oil reserve base in this country.

Almost 100,000 oil wells have been abandoned because they are not economic at low prices and high taxes. The rig count languishes at pre-World War II levels because independents can't afford to drill.

Now we should provide more stability to the industry by reducing the cost of domestic exploration and production for both oil and gas -- with the objective of saving marginal wells, stimulating exploration, and encouraging enhanced oil and gas recovery. I favor:

- o Tax incentives for stripper wells.
- o A 10 percent tax credit for oil and gas exploration -- up to \$10 million of costs, and 5 percent thereafter -- creditable to the alternative minimum tax. The cost of this will be offset by the revenues that flow to the government from increases in drilling, in production and in employment.
- o Clarification of the R&D tax credit to include enhanced recovery techniques.
- o Elimination of 80 percent of intangible drilling costs as an alternative minimum tax preference item for independent producers.
- o Repeal of the Transfer Rule prohibiting independents from using percentage depletion on acquired properties.

These incentives can keep our independents in business when times are tough; after all it's the independents who are out there taking most of the risks. The nation needs the men and women of its independent oil and gas industry, and it needs them fully employed in the oil fields of America. Again our national security is at stake.

My list used to include elimination of the windfall profits tax, but I'm proud to say we've moved that one from the "in" box to the "out" box this past month.

There's no security for the United States in foreign oil. We must encourage domestic production, we must turn to alternatives like natural gas, methanol, nuclear power and coal -- and we must continue our efforts to be more efficient in the Strategic Petroleum Reserve, with a goal of 740 million barrels by 1993. I will also encourage our allies to create similar reserves.

\* \* \*

#### NATIONAL ENERGY SECURITY

- Goals: o Abundant energy supplies at reasonable prices.
- o Reduced reliance on unstable foreign energy by encouraging greater domestic energy production and conservation through continued deregulation, tax incentives, and research and development, in order to:
- Increase competitiveness.
  - Strengthen national security.
  - Reduce the trade deficit by cutting oil imports and increasing U.S. energy exports.
  - Improve environmental quality.
- o Stimulate Domestic Production:
- Tax incentives for returning non-producing, temporarily abandoned stripper wells to production.
  - Encourage discovery of new energy sources with a 10% tax credit for oil and gas exploration. The exploration credit would be equal to 10% of the first \$10 million of costs and 5% of costs exceeding \$10 million. This tax credit would be fully creditable against alternative minimum tax liability to the extent of 80% of such minimum tax. The credit would be non-refundable and would be phased out as the domestic energy industry recovers.
  - Encourage research and development, in particular enhanced recovery of oil and gas, by expanding the R&D tax credit to include enhanced recovery techniques.

-- For independent producers, exempt intangible drilling costs as a preference item under the alternative minimum tax to the extent of 80% of such costs.

-- Repeal the "Transfer Rule" prohibiting independent producers from using percentage depletion on acquired properties.

o Deregulation:

-- Repeal the Windfall Profits Tax.

-- Continue Outer Continental Shelf leasing for oil drilling, contingent on environmental safeguards. Certain environmentally or aesthetically sensitive blocks,, such as #91 off California, should not be leased. We should consider the whole economy and environment when deciding on leasing contracts.

-- Encourage competition wherever feasible within the electric utility industry, allowing all users to benefit from rates that are as low as possible without sacrificing reliable service.

o Alternative Fuels/Conservation:

-- Encourage R&D for conservation and renewable energy resources such as geo-thermal, solar and wind-power. Pursue continued basic research in fusion, superconductivity, and particle acceleration with the Superconducting Supercollider.

-- Greater emphasis on alternative fuels including removing regulatory barriers to use of compressed natural gas, methanol from natural gas and ethanol from grain.

o Strategic Petroleum Reserve:

-- Increase the fill rate of the Strategic Petroleum Reserve with a goal of 750 million barrels by 1993.

-- Encourage U.S. allies to create comparable strategic reserves.

o Environment:

-- Strengthen international efforts to develop solutions to the global problems associated with energy use, including acid rain and increased CO2 levels.

o Natural Gas:

-- Comprehensive deregulation of natural gas including decontrol of natural gas prices and more competitive transportation of natural gas.

-- Encourage the development and use of compressed natural gas and methanol from natural gas (along with ethanol from grain) as alternative fuels at competitive prices to meet pollution standards.

-- Complete current deregulatory initiatives to encourage use of natural gas and deployment of clean coal technology to improve environmental quality and enhance energy security.

o Coal:

-- Support administration's \$2.5 billion Clean Coal demonstration project and deregulatory initiatives to encourage deployment of clean coal technologies.

-- Achieve a cleaner environment through greater implementation of clean coal technology as opposed to more stringent regulations on power plants.

-- Encourage coal exports by tough negotiating with our trading partners who subsidize coal and by promoting long-term contracts with U.S. suppliers.

-- Coordinate clean coal technology program with natural gas development under repeal of the Fuel Use Act to permit full competitive opportunity for combined cycle coal gasification projects.

o Nuclear Energy:

-- Support a uniform national approach to safe development and operation of facilities through the NRC working with state and local governments. As long as the highest safety standards are maintained, nuclear power must be a part of our energy mix.

o Oppose An Oil Import Tax:

-- Bogs the domestic industry down in endless red tape.

-- Costs jobs, causes inflation and hurts economic growth.

-- Amounts to a tax on all energy users.

-- Tax incentives give us the energy security benefits of an oil import tax without its extreme costs.

\* \* \*

- o Energy is essential to a vibrant and growing economy
  
- o We, as a Nation, have come a long way from the 1970's decade of energy crises
  - We use energy more efficiently
  - We are now buffered from extreme market disruptions by the Strategic Petroleum Reserve
  - We have diversified our mix of fuels and technology
  
- o But this is no time for complacency:
  - Conservation achievements have leveled off
  - Domestic production of oil is down
  - Imports of petroleum are increasing
  - Our need for a cleaner environment is evident.
  
- o I have directed the Secretary of Energy, Admiral Watkins, to develop a comprehensive National Energy Strategy for the Nation
  
- o I have asked him to craft this strategy in close consultation with other Federal Agencies, the Congress, State and local governments.

- o I have asked Admiral Watkins to build the national consensus necessary to support such a strategy, and to make the strategy a living and dynamic document responsive to unfolding new knowledge about global climate change.
- o This task will not be easy. We will need to reconcile:
  - Our increasing need for energy at reasonable prices
  - Our commitment to a safer, healthier environment
  - Our obligation to maintain a competitive economy
  - Our goal to reduce reliance on insecure energy supplies.
- o I am confident, however, that American common sense will prevail
- o I want to call on America's historical willingness to solve its problems:
  - on our ability to mobilize our science and technology to overcome natural resources limitations;
  - on our willingness to improve the energy system that drives our economic growth;
  - on our ability to learn from the lessons of the past.
- o Our record of achievement in the energy sector is good. Our legacy will need to be better.

- o I ask for bi-partisan Federal and local support in the development of the National Energy Strategy.



The Secretary of Energy  
Washington, DC 20585

June 2, 1989

To: Bob Simon  
X 7753  
Room 1114<sub>2</sub>

The Honorable Howell Heflin  
United States Senate  
Washington, D.C. 20510

Dear Senator Heflin:

The Congress and the Administration have a unique opportunity this year to forge a bipartisan consensus to eliminate unnecessary and burdensome regulation of the natural gas industry.

A natural gas wellhead decontrol measure, the Natural Gas Wellhead Decontrol Act of 1989, was reported by the Senate Energy Committee by a vote of 17-2, and is now moving to the Senate floor for a vote in early June. This measure essentially would eliminate remaining natural gas wellhead price controls as contracts expire or are renegotiated, with all wellhead price controls eliminated by January 1, 1993.

In the interest of relieving the natural gas industry and consumers of a continuing regulatory burden and in the interest of furthering competition in the industry, all remaining wellhead price controls on natural gas should be removed. In his first budget message to Congress, President Bush expressed the belief that "...at long last the Federal Government should fully decontrol natural gas."

Recent changes in the natural gas and oil markets have resulted in current natural gas prices that are significantly below most of the ceiling prices established in the Natural Gas Policy Act of 1978 (NGPA). Although about 40% of 1988 production was subject to NGPA price ceilings, the Energy Information Administration estimates that only about 6% of 1988 production was constrained by binding price ceilings below the market price.

After full decontrol takes effect on January 1, 1993, gas markets will function more efficiently and rationally in sending correct price signals to consumers and producers. Correct price signals are indispensable if natural gas is to play its appropriate role effectively in national energy policy. Natural gas provides a competitive, domestic alternative to imports of oil from insecure sources.

Natural gas decontrol can also be an integral part of our environmental policy. Natural gas burns much more cleanly than other fossil fuels. In addition, natural gas combustion produces

almost no solid waste, sludge or water pollution. By allowing gas markets to function more efficiently, we will allow natural gas to contribute towards our clean air goals.

The market is currently the predominant force setting prices of natural gas. It is sending fairly accurate signals to consumers on when to consume gas as opposed to when to consume oil, coal, or engage in conservation. It is sending fairly accurate signals to producers on when to produce. The experience of the last several years in the gas market shows that it has been very responsive to supply and demand conditions.

If natural gas prices are decontrolled, downward price pressure will be the result over the longer term. Thus, prices will be lower than they would otherwise be without decontrol. The downward pressure will result from two factors. First, lower cost reserves will be produced more efficiently under decontrol and thus postpone the production of higher cost reserves. This will result in prices lower than would otherwise be the case. Second, producers will be relieved from regulatory burdens which would otherwise add to their costs. In a highly competitive market such as the current gas market, lower production costs will result in lower prices, all other things being equal. Given that many of the benefits of decontrol already have been realized by lowered gas prices and recent Federal Energy Regulatory Commission actions, we would not expect the difference between decontrol and no decontrol to be dramatic.

The reported legislation represents a consensus of parties that have long been at odds on natural gas decontrol legislation. It is supported by the Natural Gas Supply Association and Independent Petroleum Association of America representing producers, the Interstate Natural Gas Association of America representing interstate natural gas pipelines, the American Gas Association representing natural gas pipelines and local distribution companies, and various organizations representing industrial consumers.

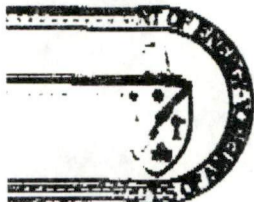
The Department of Energy has advocated immediate wellhead price decontrol. In the interest of keeping the consensus intact, however, the Department is supporting the January 1, 1993, date for total elimination of natural gas wellhead price controls.

It has come to my attention that amendments that address other gas issues may be offered on the Senate floor. The Administration strongly opposes amendments to the consensus bill and would prefer to see unrelated gas issues addressed in a context other than wellhead decontrol legislation. Amendments to the wellhead decontrol legislation could make it difficult to maintain this consensus. Thus, I urge you to support the Senate Energy Committee's gas wellhead decontrol legislation when it reaches the Senate floor.

**Thank you for your attention to this important issue.**

**Sincerely,**

**James D. Watkins  
Admiral, U.S. Navy (Retired)**



The Deputy Secretary of Energy  
Washington, DC 20585

July 10, 1989

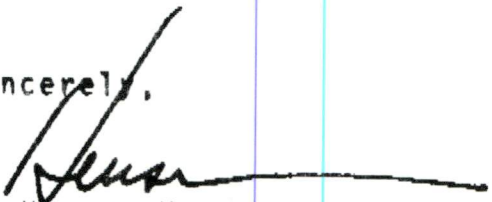
The Honorable Richard G. Darman  
Director  
Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Darman:

This responds to your request for Department of Energy views on H.R. 1722, an enrolled bill "[t]o amend the Natural Gas Policy Act of 1978 to eliminate wellhead price and nonprice controls on the first sale of natural gas."

In ending 35 years of natural gas wellhead price controls, this bill will accomplish one of the President's major energy policy objectives. By allowing market forces to set the price of natural gas at the wellhead, H.R. 1722 will enable producers to get a fair price for their gas. This, in turn, will help consumers receive an adequate and reliable supply of clean burning natural gas at the lowest reasonable price. We strongly recommend that the President approve this legislation.

Sincerely,

  
W. Henson Moore

STATEMENT ON SIGNING H.R. 1722 INTO LAW

Today I am very pleased to sign H.R. 1722 into law. This legislation represents the bipartisan achievement of this Administration's first major energy initiative - the elimination of natural gas price controls. Through bipartisan cooperation, we have moved forward toward our goal of a more stable domestic energy future.

*The Natural Gas  
Deregulation  
Act  
of  
1989*

For 35 years producers and consumers of natural gas have struggled under a pervasive scheme of wellhead price regulation. This regulation was largely responsible for the damaging natural gas shortages of the 1970s and for the gas market distortions that exist even today. H.R. 1722 will eliminate the remaining natural gas wellhead price controls by January 1, 1993.

This measure reflects a strong bipartisan belief that eliminating price controls on natural gas will help this nation take maximum advantage of our abundant reserves of clean burning natural gas. Even at today's depressed prices, the Department of Energy estimates that the United States has 35 years worth of natural gas supplies. With prices set by market forces and improvements in our ability to produce gas from unconventional sources, natural gas could help power this country for decades.

The complete deregulation of natural gas wellhead prices will allow natural gas to reach its fullest potential as a competitive, domestic alternative to imports of oil from insecure sources. Natural gas can also play a larger role in our efforts to clean up our air and water. It burns much more cleanly than other fossil fuels, and its combustion produces ~~little solid~~ ~~water, sludge,~~ or water pollution.

*little  
air*

This long overdue legislation is an important step in enhancing domestic energy supplies. I congratulate those of you in Congress, on both sides of the aisle, who have worked so hard to bring this legislation to my desk.

41 ¶ Veto of Bill To Amend the Natural Gas Act.  
*February 17, 1956*

*To the House of Representatives:*

I am unable to approve H. R. 6645 "To Amend the Natural Gas Act as Amended." This I regret because I am in accord with its basic objectives.

Since the passage of this Bill, a body of evidence has accumulated indicating that private persons, apparently representing only a very small segment of a great and vital industry, have been seeking to further their own interests by highly questionable activities. These include efforts that I deem to be so arrogant and so much in defiance of acceptable standards of propriety as to risk creating doubt among the American people concerning the integrity of governmental processes.

Legally constituted agencies of government are now engaged in investigating this situation. These investigations cannot be concluded before the expiration of the ten-day period within which the President must act upon the legislation under the Constitution.

I believe I would not be discharging my own duty were I to approve this legislation before the activities in question have been fully investigated by the Congress and the Department of Justice. To do so under such conditions could well create long-term apprehension in the minds of the American people. It would be a disservice both to the people and to their Congress. Accordingly, I return H. R. 6645 without my approval.

At the same time, I must make quite clear that legislation conforming to the basic objectives of H. R. 6645 is needed. It is needed because the type of regulation of producers of natural gas which is required under present law will discourage individual initiative and incentive to explore for and develop new sources of supply.

In the long run this will limit supplies of gas which is contrary

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not only to the national interest but especially to the interest of consumers.

I feel that any new legislation, in addition to furthering the long-term interest of consumers in plentiful supplies of gas, should include specific language protecting consumers in their right to fair prices.

DWIGHT D. EISENHOWER

42 ¶ Statement by the President Expressing  
Concern Over the Distress Caused by the Extreme  
Winter Weather in Europe. *February 19, 1956*

I HAVE OBSERVED with growing concern the reports that have come from Western European countries regarding the suffering and damage that has been caused by one of the worst winters in that area—possibly the worst in the past two or three decades.

I want to extend my country's deepfelt and sincere concern for the suffering peoples in the afflicted areas.

The United States stands ready to make supplies of agricultural commodities which we have in abundance available for relieving the distress of the people in these areas. I have consulted with the Secretary of Agriculture, and while it is now too early to assess the damage realistically, both for the present and the immediate future, there is every indication that there will be need for such supplies. It has been reported, for example, that France alone has lost about one-third of her current wheat crop.

I know that the people of the United States will deem it a real privilege to put these agricultural commodities to the great service of relieving the suffering of our Western European neighbors. Such commodities can be made available for this purpose under authorities which already exist, pursuant to past actions taken by the Congress.

NOTE: This statement was released at Thomasville, Ga.

BOB

REMARKS: NATURAL GAS BILL SIGNING CEREMONY  
THE EAST ROOM  
WEDNESDAY, JULY 26, 1989, 2:05 P.M.

THANK YOU. THANKS ALL OF YOU. AND THANKS ALSO TO  
MY FRIEND JIM WATKINS, WHO IS OFF TO SUCH AN  
OUTSTANDING START AT ENERGY. TO MARTHA HESSE  
[[HESS-SEE]], FOR HER GOOD EFFORTS AT THE FEDERAL  
ENERGY REGULATORY COMMISSION.

- 2 -

AND TO THE FORWARD-LOOKING LEADERS FROM BOTH SIDES OF  
THE AISLE -- LEADERS LIKE MY FRIENDS JIM McCLURE AND  
BENNETT JOHNSTON, NORM LENT AND JOHN DINGELL, PHIL  
SHARP AND CARLOS MOORHEAD -- AND MANY OTHER LEADERS  
HERE TODAY WHOSE COMMITMENT TO SAFEGUARDING AMERICA'S  
ENERGY AND ENVIRONMENT HAVE MADE THIS LANDMARK  
LEGISLATION POSSIBLE.

- 3 -

NATURAL GAS -- METHANE -- IS ONE OF THE BEST FUELS ON THE WORLD'S ENERGY MENU. IT IS CLEAN. IT IS EFFICIENT. IT IS ABUNDANT.

BUT FOR 35 YEARS, CONSUMERS AND PRODUCERS OF NATURAL GAS HAVE STRUGGLED UNDER THE BURDEN OF OPPRESSIVE PRICE REGULATIONS. THIS WAS DIRECTLY RESPONSIBLE FOR THE DAMAGING NATURAL GAS SHORTAGES OF THE 1970'S -- AND FOR GAS MARKET DISTORTIONS THAT EXIST TO THIS DAY.

- 4 -

IT IS INSTRUCTIVE TO LOOK AT WHAT NATURAL GAS PRICE CONTROLS BROUGHT US. THEY BROUGHT US SHORTAGES -- NOT INCREASED SUPPLIES. THEY BROUGHT US HIGHER GAS PRICES -- NOT THE LOWER CONSUMER PRICES THEIR SUPPORTERS PROMISED.

WHAT WAS TRUE FOR OIL DEREGULATION IN 1981 IS ALSO TRUE FOR GAS DEREGULATION IN 1989. EXPERIENCE SHOWS THAT DEREGULATION WORKS TO SERVE CONSUMERS AND AN EXPANDING ECONOMY.

- 5 -

IT IS A TRIBUTE TO THE AMERICAN POLITICAL SYSTEM THAT, AFTER DECADES OF DISAGREEMENT OVER THE MERITS OF GAS DECONTROL, WE CAN GATHER HERE TODAY TO STATE A CLEAR MESSAGE FOR ALL TO HEAR: WE HAVE LEARNED FROM THE PAST. WE ARE UNITED IN THE CONVICTION THAT THE BEST WAY TO DEAL WITH OUR ENERGY PROBLEMS AND SERVE THE AMERICAN PEOPLE IS TO LET OUR MARKET ECONOMY WORK.

- 6 -

AND SO TODAY'S LEGISLATION REPRESENTS THE BIPARTISAN ATTAINMENT OF THE ADMINISTRATION'S FIRST MAJOR ENERGY INITIATIVE -- THE ELIMINATION OF AN ENTIRE SYSTEM OF ARTIFICIAL PRICE CONTROLS FOR ONE OF AMERICA'S CLEANEST ENERGY RESOURCES.

THIS MEASURE REFLECTS A STRONG BIPARTISAN BELIEF THAT ELIMINATING PRICE CONTROLS WILL HELP THIS NATION TAKE FULL ADVANTAGE OF OUR PLENTIFUL DOMESTIC RESOURCES.

- 7 -

EVEN AT TODAY'S PRICES -- IT IS ESTIMATED THAT THE UNITED STATES HAS NATURAL GAS RESERVES THAT WILL TAKE US TO THE YEAR 2025 AND BEYOND.

INDUSTRY AND THE DEPARTMENT OF ENERGY ARE RESPONDING TO THIS OPPORTUNITY WITH IMAGINATION -- SEEKING TO TAP NEW SOURCES OF CLEAN-BURNING NATURAL GAS AND DEVELOPING NEW USES -- LIKE POWERING CARS AND BUSES.

- 8 -

WITH PRICES SET BY MARKET FORCES, AND IMPROVEMENTS IN GAS EXPLORATION PRODUCTION TECHNOLOGIES, NATURAL GAS CAN HELP POWER THIS NATION WELL INTO THE NEXT CENTURY.

IT MAY BE SAID BY SOME THAT THIS LEGISLATION COULD ONLY HAVE HAPPENED WHEN ENERGY PRICES ARE RELATIVELY LOW. NOT TRUE. LEGISLATION LIKE THIS -- RELYING ON MARKET INCENTIVES TO PRODUCE DOMESTIC ENERGY -- CAN HELP KEEP PRICES LOW.

- 9 -

IT IS THE BEST WAY TO ASSURE CONSUMERS OF ADEQUATE AND RELIABLE SUPPLIES OF CLEAN ENERGY AT THE LOWEST REASONABLE PRICE.

AND THIS IS NOT JUST ECONOMICAL LEGISLATION -- IT IS ENVIRONMENTAL LEGISLATION. NATURAL GAS BURNS MUCH MORE CLEANLY THAN OTHER FOSSIL FUELS -- AND PRODUCES LITTLE AIR OR WATER POLLUTION. AND IT CAN PLAY A LARGER ROLE IN OUR EFFORTS TO CLEAN UP OUR AIR AND WATER.

- 10 -

THE ENVIRONMENTAL OPPORTUNITIES CAN BE GLOBAL. WITH A FREE MARKET FOR THIS FUEL, WE CAN FORESEE AMERICA AND THE WORLD USING MORE OF IT. AMERICA AND HER ALLIES MUST WORK TOGETHER NOW TO EXPAND THE INFRASTRUCTURE TO USE THIS FUEL. ON THIS CONTINENT -- ACROSS THE ATLANTIC -- ACROSS THE PACIFIC -- THESE ARE OPPORTUNITIES FOR COOPERATION THAT CAN BE HELPED BY A FREER MARKET.

- 11 -

WHERE WE CAN ADD DIVERSITY, FLEXIBILITY, ECONOMY, AND SECURITY TO THE WORLD'S ENERGY PICTURE -- WE SHOULD DO IT. AND NATURAL GAS IS AN IMPORTANT ELEMENT.

BUT DESPITE TODAY'S GOOD NEWS, THIS IS NO TIME FOR COMPLACENCY. OUR ENERGY SECURITY PROBLEM CONTINUES. CONSERVATION ACHIEVEMENTS ARE LEVELLING OFF. DOMESTIC OIL PRODUCTION IS CONTINUING ITS DOWNWARD TREND. PETROLEUM IMPORTS ARE INCREASING. AND OUR NEED FOR A CLEANER ENVIRONMENT IS OBVIOUS TO ALL.

- 12 -

AND SO TODAY I HAVE ANOTHER ANNOUNCEMENT -- WHICH, LIKE THE DEREGULATION OF NATURAL GAS -- IS GOOD NEWS FOR AMERICA'S ENERGY FUTURE.

I AM DIRECTING THE SECRETARY OF ENERGY TO TAKE THE LEAD IN DEVELOPING A COMPREHENSIVE NATIONAL ENERGY STRATEGY.

WE CANNOT AND WILL NOT WAIT FOR THE NEXT ENERGY CRISIS TO FORCE US TO RESPOND.

- 13 -

I HAVE ASKED ADMIRAL WATKINS TO CRAFT THIS STRATEGY IN CLOSE CONSULTATION WITH THE CABINET AND THE CONGRESS, WITH OUR CITIES AND OUR STATES. OUR TASK -- OUR BI-PARTISAN TASK -- IS TO BUILD THE NATIONAL CONSENSUS NECESSARY TO SUPPORT THIS STRATEGY. AND TO MAKE THE STRATEGY A LIVING AND DYNAMIC DOCUMENT, RESPONSIVE TO NEW KNOWLEDGE AND NEW IDEAS, AND TO GLOBAL, ENVIRONMENTAL AND INTERNATIONAL CHANGES.

- 14 -

A KEYSTONE OF THIS STRATEGY WILL BE THE CONTINUATION OF THE SUCCESSFUL POLICY OF MARKET RELIANCE.

THIS TASK WILL NOT BE EASY. AMERICA MUST BALANCE: OUR INCREASING NEED FOR ENERGY AT REASONABLE PRICES. OUR COMMITMENT TO A SAFER, HEALTHIER ENVIRONMENT. OUR DETERMINATION TO MAINTAIN AN ECONOMY THAT IS SECOND TO NONE. AND OUR GOAL TO REDUCE DEPENDENCE, BY OURSELVES AND OUR FRIENDS AND ALLIES, ON POTENTIALLY UNRELIABLE ENERGY SUPPLIERS.

- 15 -

ONE IMPORTANT STEP TOWARDS PROTECTING AMERICA FROM FOREIGN ENERGY SUPPLY INTERRUPTIONS IS TO PROVIDE MORE INCENTIVES FOR DRILLING RIGHT HERE AT HOME. THOUGH IT IS UNLIKELY CONGRESS WILL ACT THIS YEAR -- I WILL CONTINUE TO WORK TO PUT MORE INCENTIVE INTO THE TAX CODE FOR DOMESTIC WILDCAT DRILLING. THE BOTTOM LINE IS: A STRONG DOMESTIC DRILLING AND PRODUCING BUSINESS IS ESSENTIAL TO OUR NATIONAL SECURITY.

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I AM CONFIDENT THAT AMERICA'S CAN-DO ATTITUDE, SCIENTIFIC KNOW-HOW, AND OLD-FASHIONED COMMON SENSE WILL PREVAIL. BY ACTING NOW -- WE CAN BEQUEATH A LEGACY TO THE NEXT CENTURY OF A CLEANER, MORE PROSPEROUS AND SECURE AMERICA.

TODAY'S LEGISLATION IS A GOOD START DOWN THAT PATH. DOMESTICALLY, NATURAL GAS CAN NOW REACH ITS FULLEST POTENTIAL AS AN ECONOMIC, CLEAN AND CONVENIENT ENERGY SOURCE.

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I CONGRATULATE THOSE OF YOU IN CONGRESS WHO HAVE WORKED SO HARD AND SO LONG TO BRING THIS LEGISLATION TO MY DESK.

AND WITH THAT -- IT IS WITH GREAT PRIDE THAT I NOW SIGN THE NATURAL GAS WELLHEAD DECONTROL ACT INTO LAW.

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