

**CONGRESSIONAL RECORD MAY 16, 1977**  
**Legislative History**

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Mr. HATCH. Mr. President, as we approach consideration of S. 7, the Surface Mining Control and Reclamation Act of 1977, I think it is crucial to keep in mind the President's declared policy of dramatically increasing production of coal as a keystone of his energy plan. The President's own figures show that our country must increase production of coal from the 665 million tons in 1976 to more than 1,200 million tons in 1985. In all the testimony on this bill the administration has never made clear how this increased production is to be achieved. All the obstacles to increased coal production have never been addressed in any of the President's speeches or in his detailed remarks. There is an assumption that since we will need and demand increased coal production that we will automatically get it. The administration is on record in favor of not only the version of S. 7 reported out of the Energy Committee, but it is also backing restrictive proposals to limit coal mining further on so-called alluvial valley floors and prime agricultural lands. I do not believe that this body should consider this legislation in a vacuum. The Senate must relate the impact of the Surface Management Act on coal production to the goals enunciated by the President in his energy message. I would strongly recommend that my colleagues read the excellent article in the May 16 Washington Post entitled "Balancing the 1985 Energy Accounts" by Dr. Hans H. Landsberg, an economist and senior research fellow at Resources for the Future. His incisive analysis reveals the gap between the wish of the President's energy proposals and the realities of likely production, not only in coal, but in all of our major energy sources. I ask unanimous consent to have the article printed in the RECORD and urge every Member of this body to read it before we take up and consider this year's strip mining bill.

S7674 There being no objection, the article was ordered to be printed in the RECORD, as follows:

S7674 BALANCING THE 1985 ENERGY ACCOUNTS

S7674 (By Hans H. Landsberg)

S7674 Only now that the government has released its pamphlet entitled "The National Energy Plan" is it possible to learn how the energy accounts are to come into balance by 1985. While it is a highly readable booklet, those in a hurry can go to the 96th of its 103 pages and find it all spelled out in a handy little statistical table. What they will discover is not quite what the government presentations, beginning with the President's April 18 television address, had led them to expect.

S7674 Three noteworthy findings emerge. First, while widely proclaimed as relying mainly on conservation, the plan is not all that conserving. Without it, energy consumption by 1985 would rise by 31 per cent; with it, by 25 per cent. The difference could be made good by importing an extra 2 million barrels of oil per day.

S7674 Second, the soul of the plan is not so much to shift from using more to using less energy, as from burning oil and gas to burning coal.

S7674 Third, while one would expect it to stress measures to boost coal production, the plan contents itself with the statement that coal production is principally demand-limited and directs most of its effort at reducing oil and gas use.

S7674 Now let us dig a little deeper. The administration's statistics show energy demand to rise from 74 quadrillion Btu's, or "Quads," to 98 Quads in 1985 - an average annual rate of growth of just over 25 per cent. That's not an implausible figure, given long-term historic growth rates around 3.5 per cent, though in exponential growth, given enough time, even fractions of 1 per cent have quite a kick. Thus small differences in assumptions can have large consequences, especially when so much turns on hitting the plan's 1985 bull's eye: oil imports held down to 7, or hopefully 6, million barrels per day.

{S7675} On the supply side, the plan's center ring is occupied by coal. Between 1976 and 1985 production is expected to increase to about 1,225 million tons, up from 665 million tons in 1976; probably by more, if, as is likely, the share of low-Btu Western coal increases substantially. Raising

coal output in the next nine years by 560 million tons will require more than ordering utilities and industry generally to burn coal or making it costly for them not to do so.

S7675 Similar past efforts have come to naught in the fact of the companies' resistance, based on environmental, technological, and economic grounds. The plan hopes to cope with this by reversing the burden of proof; that is, the utilities must show cause why they cannot shift to coal. It is easy to foresee that enough of them will engage in prolonged and quite possible successful efforts to show such cause as to frustrate the objective.

S7675 It is worth noting that in its long history the bituminous coal industry has never produced more than it did in 1976. Its previous peak output year was 1947 when it mined 631 million tons of coal. Now every added ton produced sets a new record. Consequently, not only must mining companies grow, but all facilities associated with coal, including, prominently, transportation and manpower, must grow apace. State/federal conflicts must be resolved, the aspirations of the Indian tribes controlling large amounts of Western coal have to be reconciled, land use and restoration practices must be established, and so on.

S7675 That in this context the coal industry can raise output by an annual average of 60 million tons is highly unlikely, if not outright impossible. That the energy plan fails to even address these issues is a major flaw. That its success rides on achieving something close to the announced goal is certain.

S7675 Three more domestic supply items are specified to help meet 1985 demand. Domestic oil production, in decline since reaching a peak in 1970, must rise by 12 percent; natural gas production, in decline since 1974, must not dip by more than 7.5 per cent; and nuclear energy must nearly quadruple. What are the chances of all this coming true?

S7675 For oil, the hopes are pinned on output from Alaska, from the Outer Continental Shelf, and from so-called enhanced recovery, that is, squeezing out oil from old reservoirs. The top Alaskan oil supply cannot be more than the pipeline can carry, that is, 2 million barrels per day. Net additions from Outer Continental Shelf reservoirs will depend on the pace and volume of leasing in the next two or three years. Leasing beyond that time will not produce much by 1985. Expectations from enhanced recovery have traditionally been high and achievements low. There are some 300 billion

barrels of oil left over in old reservoirs, but technology has for decades failed to come to their rescue.

S7675 For natural gas, the principal source to supplement depleting gas reservoirs is the Outer Continental Shelf. Therefore, the postulated decline of less than 8 percent appears optimistic. We will do well to slip to faster.

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\*3\*President Carter's  
Energy Plan in Numbers

	1976 Quads *	1985 Quads *
Demand	74.0	92.8
Supply		
Domestic:		
Oil, including NGL	19.4	21.2
Natural gas	19.0	17.6
Coal	15.8	29.0
Nuclear	2.0	7.6
Hydro, refinery gain, etc.	3.8	4.6
Total	60.0	80.0
Imports (net):		
Oil	14.6	14.0
Natural gas	1.0	1.2
Coal	-1.6	-2.4
Total	14.0	12.8

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S7675 \* 1 Quad=1 quadrillion British Thermal Units. Converted from million barrels of oil per day as in "The National Energy Plan," p. 96.

S7675 The plan's nuclear objective is not within reach. It takes 10 years or more to get a nuclear power plant on the line. Thus, no plant not now at least on the order books of the equipment manufacturer can be counted into the 1985 capacity. At most, 130,000 megawatts (up from 42,000 at the end of 1976) is a reasonable guess. The plan figure is high by 20 to 25 per cent, or about 1.5 Quads.

S7675 In summary, the chances of achieving domestic targets so that the account can be balanced by oil importation of no more than 14 Quads - 7 or, if demand can be further compressed, 6 million barrels per day - are about nil. Coal and nuclear are bound to fall short of their targets perhaps by as much as a combined 6 Quads, and lagging oil production is almost sure to raise that figure by another Quad or two. Thus, the plan will easily need an extra 7 to 8 Quads. Barring much more

drastic conservation measures, such as import quotas and/or rationing, they can come only from additional oil imports: 3.5 to 4 million barrels per day of oil above and beyond the target, or total 1985 oil import volume of 10.5 to 11 million barrels - if we are lucky, that is.

S7675 Once the proposed 1 billion barrels of oil have been placed into strategic storage, this is not a "wrong" outcome. Rather, what is wrong is not to face the near certainty that the target cannot be reached within the plan's time frame and with the measures proposed.

S7675 If Congress can stop staring at the gasoline tax, it might usefully focus on the demand/supply balance sheet of 1985. In the process it might decide that 7 million barrels a day is not an immutable objective and, equally important, that 1985 is awfully close, especially since much of 1977 will be consumed in writing legislation. Though curbing demand might get tougher after the mid-80s when the short-term conservation measures have been put in place, supply expansion calls for a longer time perspective.

S7675 The 1985 time frame coupled to the 7 million barrel import target is a self-imposed straitjacket. Loosening it could lead to a more realistic assessment.