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HEARING BEFORE THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS UNITED STATES SENATE NINETY-THIRD CONGRESS

FIRST SESSION

ON

THE NOMINATION OF STEPHEN A. WAKEFIELD OF TEXAS TO
BE ASSISTANT SECRETARY OF THE INTERIOR FOR ENERGY
AND MINERALS

MARCH 21, 1973

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NOMINATION OF STEPHEN A. WAKEFIELD OF TEXAS TO BE ASSISTANT SECRETARY OF INTERIOR FOR ENERGY AND MINERALS

WEDNESDAY, MARCH 21, 1973

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The committee met at 2 p.m. in room 3110, Dirksen Senate Office Building, the Honorable J. Bennett Johnston, presiding.

Present: Senators Jackson, Metcalf, Johnston, Haskell, Fannin, Hansen, Hatfield, and Bartlett.

Also present: Jerry T. Verkler, staff director, Bill Van Ness, Mike Harvey, and Harrison Loesch.

Senator JOHNSTON. Ladies and gentlemen, this is an open public hearing to receive testimony on the President's nomination of Mr. Stephen A. Wakefield to be Assistant Secretary of the Interior for Energy and Minerals.

Mr. Wakefield has been known to members of the committee since last April in his capacity as Deputy Assistant Secretary for Mineral Resources.

Mr. Wakefield, we are pleased to have you before us today to review your nomination to this very important position of trust and responsibility.

I would like to welcome my colleagues from Texas, Senator Lloyd Bentsen and Congressman Bill Archer. We are also very pleased to have the Under Secretary of the Interior, Mr. John Whitaker.

Without objection, I would like to go ahead and put a brief biographical sketch on Mr. Wakefield into the record at this time.

[The biographical sketch of Mr. Wakefield follows:]

BIOGRAPHICAL SKETCH OF STEPHEN ALAN WAKEFIELD

Mr. Wakefield was born in Olney, Ill., October 18, 1940, is married and has three children.

Education: Public schools—Fort Worth, Tex., Undergraduate—University of Texas at Austin. Majored in government, history. Legal—University of Texas School of Law LLB with honors, 1965. Associate editor, Texas Law Review Chancellors Honorary Legal Order Phi Delta Phi Legal Fraternity.

Professional experience: 1965-70—Baker & Botts law firm, Houston, Tex.: Litigation and securities practice. 1970-72—Federal Power Commission, Special Assistant to General Counsel: Overall responsibility for administration of Office of General Counsel. Development of policy in matters relating to regulation of the natural gas industry. April 1972 to present—Department of the Interior, Deputy Assistant Secretary for Mineral Resources (energy programs): Responsibility for assisting in policy formulation in the energy field, coordinating an integrated energy program, and administering and implementing policy.

Senator JOHNSTON. I know that Senator Bentsen has got to make another meeting and, Senator, we are very glad to have you and Congressman Archer and we would like for you to do the honors on introducing Mr. Wakefield.

STATEMENT OF HON. LLOYD BENTSEN, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator BENTSEN. Thank you very much, Mr. Chairman. I am pleased to have the opportunity to speak before this very distinguished committee and its membership, and I am pleased to have the chance to be here and to speak in support of the nomination of Stephen Wakefield as Assistant Secretary of the Interior for Minerals and Energy.

Stephen Wakefield was born in Texas, reared in Texas, and, Senator Hansen, that is not the least of his attributes. He received his early training in law and a valuable background and legal practice in litigation in Texas.

If he is going to be able to help solve this Nation's energy problems, as difficult as they are, then he is going to need all the ingenuity and advocacy that you would expect of a good trial lawyer, and that is what he is.

From his position with the firm of Baker & Botts, Mr. Wakefield moved on to be Special Assistant to the General Counsel of the Federal Power Commission. So, in that capacity he was able to bring together his training and his energy as an attorney, and an understanding of the energy problems of this Nation.

I think this is a particularly valuable background in view of the recent shortages that we are having in energy.

During the last year he served as Deputy Assistant Secretary for Energy Programs in the Department of the Interior. He has had a critical role in integrating the Interior's energy resource programs and research and development program management and policy formation.

Mr. Chairman, today the committee is considering the nomination of Stephen Wakefield to the position of critical importance to our Nation's energy needs, as Assistant Secretary for Energy and Minerals in the Department of the Interior to be able to apply his substantial experience and his expertise to one of the most pressing issues facing our Nation; it is a bipartisan issue and he is getting bipartisan support here today.

How to supply America with fuels for her energy needs is a question which will require a man of integrity and experience and intelligent leadership. He has that kind of capacity and it is without reservation that I recommend this man for this very important position.

Thank you, Mr. Chairman.

Senator JOHNSTON. Thank you, Senator Bentsen. With that kind of articulate support I am sure Mr. Wakefield is going to be well on his way to successful confirmation.

Congressman Bill Archer from the neighboring city of Houston,

neighboring to Shreveport at least, we are glad to have you and would like to hear your remarks.

STATEMENT OF HON. BILL ARCHER, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. ARCHER. Thank you, Mr. Chairman.

Mr. Chairman and distinguished members of the Senate Interior Committee, it is a great honor for me to appear today before your committee with my friend Senator Lloyd Bentsen in behalf of Mr. Stephen Wakefield who has been nominated as Assistant Secretary of the Interior for Energy and Minerals.

The observation that Senator Bentsen made that America's growing appetite for clean energy is an item of first priority today is an understatement at best.

With America's rapidly increasing need for energy and with our growing dependence on foreign sources of petroleum and other fuels, it is in my opinion absolutely essential that Government and the private sector act not just to meet today's needs, but the needs of the future.

I believe that Steve Wakefield is an individual who can make a great contribution to resolving America's energy needs. In view of his distinguished service both as an attorney in the private sector, and with the Federal Power Commission and the Department of the Interior, I feel that he has the proven ability to resolve the needs of the consumer for economical supplies of energy, and with the need to develop our natural resources without degrading the environment.

I further believe that the President's nomination of Steve Wakefield is especially appropriate at this time because the recently created office for which this committee is considering him combines jurisdiction and responsibility for the Department's power administration, mineral and energy resources programs, as well as the U.S. Geological Survey.

I believe that Secretary Morton's effort to reorganize the Department along truly functional lines will not only upgrade the Government's capability to manage our natural resources, but will provide industry and the consumer with the necessary conditions to meet our future energy needs.

I would like to add in conclusion that Steve Wakefield attended public schools in Fort Worth, which should not be held against him, he is not from Houston; completed undergraduate work at the University of Texas at Austin, and graduated with honors from the University of Texas Law School in 1965.

Texas has always played a major role in the development of the Nation's energy resource base, and will continue to do so in the decades ahead.

I have absolutely no reservations in recommending that this committee approve Mr. Wakefield's nomination. I also feel that his appointment is something all Texans can look to with honor and appreciation, and I believe that he will meet the full responsibilities of the

office and be responsive to this committee, the Congress, and the American people.

In conclusion I would say that my acquaintance with Steve Wakefield is more than a passing one, and of all the people that I have met on the Washington scene, as a young man I think he has more competence, more dedication and more ability to perform in service to this Nation of any other that I know.

Thank you very much.

Senator JOHNSTON. Thank you very much, Congressman Archer, that is a very strong recommendation indeed, and we appreciate very much your being here with us.

Mr. Secretary, we would be very pleased to hear from you.

STATEMENT OF HON. JOHN C. WHITAKER, UNDER SECRETARY OF THE INTERIOR

Mr. WHITAKER. Thank you very much, Mr. Chairman.

I know the Secretary, if he were here, would appreciate the strong endorsements of Senator Bentsen and Congressman Bill Archer given to Steve.

With your permission I would like to read the Secretary's letter on this occasion for Steve's nomination.

There are few opportunities and challenges facing our Government and our people which match our quest to provide America with continuing sources of clean energy.

Because of this, and because it is essential that we wed our energy efforts with our efforts to safeguard the integrity of our environment, we must manage our resources not just for today, but for the future.

President Nixon has unequivocally committed the Government to meeting our national energy and environmental goals, giving them the highest national priority.

In support of achieving these goals he has nominated an individual, Mr. Stephen Wakefield, whom I believe is uniquely suited to manage, guide, and direct the energy and mineral programs with the Department of the Interior.

Like the distinguished members of this committee, and you, Mr. Chairman, we believe that it is absolutely essential that the energy programs within the Federal Government be collated into management structures that are functional, economical, and that produce results.

Within existing authority I have directed that the Department of the Interior energy programs including: The Bureau of Mines, U.S. Geological Survey, Office of Coal Research, Office of Oil and Gas, Bonneville Power and Southeastern Power Administration, as well as the Defense Electric Power Administration, Southwestern Power Administration, and the Alaska Power Administration be placed under the direction of a single Assistant Secretary for Energy and Minerals.

I believe that this reorganization will not only enhance the effectiveness of our management capabilities, but will provide the effectiveness of our management capabilities, and will provide the American citizen

and the Congress a more responsive framework of action, and more responsive management of our energy resources.

I further believe that Mr. Wakefield has the insight and proven leadership ability to provide comprehensive direction over Interior's energy programs.

He has readily demonstrated that ability as a distinguished attorney in the private sector, as well as in Government, both at the Federal Power Commission and at the Interior Department.

If we are going to achieve our national energy goals we must have the highest level of management capability directing our efforts, as well as individuals who possess sensitivity and insight into meeting our environmental needs and who are dedicated to providing the consumer with energy sources that are not only clean burning, but that are available at a fair and economical cost.

Stephen Wakefield has those qualities and I urge you to approve his nomination.

I might add, Mr. Chairman, a personal remark at this moment. Steve is bright, he is energetic and he is young, but he has experience beyond his years. I can speak to this fact because I worked with Steve for almost a year when I was on the White House staff, and Steve was the Secretary's good, strong right arm in the hundreds and hundreds of hours of staff deliberations that are still going into the President's energy message.

I think some of you have seen him down here testifying before the Oil Policy Committee work that was done here, and know he is very well acquainted. That raises an issue that the Secretary thought about a great deal before he proposed to the President Steve's nomination.

It is impossible, without being skindEEP on the veneer, to nominate a man to this job who has capabilities just down to the grassroots in every section of the complex energy picture.

And, the Secretary recommended and the President concurred that Steve's greatest depth of knowledge was in the oil import program and in the marketing questions connected with gas, which, I think many in this committee will agree with the Secretary, is the front end of our energy problem.

I just want to say that I personally, from all those hours of work, know that Steve is the sort of fellow who didn't say much until he had something to say, and when he said it it was very incisive and to the point.

My relationship with him at the Department so far has been exactly the same way, he is very first class.

Thank you very much.

Senator JOHNSTON. Thank you very much, Mr. Secretary.

Senator FANNIN. Mr. Chairman?

Senator JOHNSTON. Yes, Senator Fannin.

Senator FANNIN. Senator John Tower had hoped to be here today to add his strong endorsement to Stephen Wakefield and I ask unanimous consent that his statement be placed in the record following the statements by the Senator.

Senator JOHNSTON. Without objection, Senator, thank you very much for putting Senator Tower's statement in the record. I know he would like to have been here himself.

[The statement of Senator Tower follows:]

STATEMENT OF HON. JOHN TOWER, A U.S. SENATOR FROM THE STATE OF TEXAS

Mr. Chairman, I would like to endorse the nomination of Stephen Wakefield for the post of Deputy Assistant Secretary of the Interior for Mineral Resources.

This country is in the middle of an energy crisis. This area is one of critical concern to the Government and the public. On the one hand, we have got to find new sources of energy and new technology in the field of energy; and we must encourage the development of the sources we already possess. On the other hand, we must protect the environment and quality of life while developing these energy sources. The development of "clean energy" is of central importance and any individual chosen to work in this field must be of the highest quality.

Stephen Wakefield is such a man. He has just completed 2 years with the Federal Power Commission where he was deeply involved in matters concerning the natural gas shortage. He is academically outstanding, having been an honor graduate from the University of Texas Law School; a man of legal experience; and a man with experience in the problems of energy. These qualities are rarely found in a man of Stephen's age. Rarely is the energy and motivation of a comparatively young man combined with the experience and qualifications that Stephen Wakefield would bring to this position.

I believe Stephen Wakefield is an outstanding individual who would be an asset to this country as a public servant. I commend his nomination to you.

Senator JOHNSTON. Mr. Secretary, we are very pleased to have your testimony here before the committee.

I understand that you have got to be somewhere else later on this afternoon?

Mr. WHITAKER. I have a little link at Wounded Knee. I appreciate your consideration. Thank you very much.

Senator JOHNSTON. Mr. Wakefield, we would be very pleased to hear from you. If you have a prepared statement you may either read it or summarize it as you prefer.

STATEMENT OF STEPHEN A. WAKEFIELD, NOMINEE TO BE ASSISTANT SECRETARY OF INTERIOR FOR ENERGY AND MINERALS

Mr. WAKEFIELD. I have a very brief statement that I would like to read, Mr. Chairman.

Mr. Chairman and distinguished members of the committee, I appreciate very much the words that have been spoken in my behalf by these distinguished gentlemen here today.

I believe that there are few problems facing this Nation over the next decade or longer which are of such importance as the assurance of adequate supplies of energy and minerals.

Virtually everything that we use in our daily lives, our jobs, our transportation and the comfort of our homes is dependent upon the availability of energy and minerals.

I do not believe that the national interest is well served by increasing our dependence upon foreign nations for these important commodities. Yet this trend toward ever greater dependence on overseas sources continues, and we must carefully examine the strong actions that will be needed if the trend is to be reversed.

Today we see in many areas a confrontation between the advocate of energy and minerals development and advocates of environmental protection. I do not believe that these are incompatible objectives.

Both are essential goals which we must strive to attain. It is of the utmost importance that we seek to achieve accommodation in this area if we are to enable all Americans, present and future, to share the rich legacy that it is our good fortune to enjoy.

The problems which confront this Nation in the field of energy and minerals are enormous, but they do not defy solution. What is unattainable, however, is the quick, simple and easy solutions which many hope to find.

These are not problems which will be resolved within the next few months, never to rise again. However, we must, in the near future, make the decisions which will start us on the road to a permanent resolution.

The decisions which must be made will not be without controversy, nor will they always receive widespread public acclaim. Nevertheless, they are decisions which must be made if we are to avoid lurching from crisis to ever-worsening crisis as the years progress.

I believe that the complex and difficult choices involved present both a challenge and an opportunity. The issues are not partisan. The way in which they are handled will touch upon the lives of all Americans. The legislative and executive branches of our Government can and must work closely together if we are to meet this challenge.

For the past year, I have had the privilege of working with, and serving as deputy under Hollis Dole. I believe, as Secretary Morton has stated, that Assistant Secretary Dole did more than any other one person to call the public's attention to our present energy and minerals situation.

I learned a great deal from Hollis Dole, and am hopeful that I will be able to call upon that experience in seeking answers to the difficult questions that lie ahead.

I appreciate this opportunity to appear before you and make this statement, and shall be happy to respond to any questions which the committee may have.

Senator JOHNSTON. Thank you very much, Mr. Wakefield.

Will it fall under your responsibility to make assessments of energy needs and energy supplies in the way that OEP has formerly done?

Mr. WAKEFIELD. To a large extent we have done this in the past and we will continue to do so. I am not completely clear in my own mind where all of the OEP functions will go and there is nothing in the Executive order dissolving the OEP that indicate that any of them would be coming to Interior, but I believe we will become more involved in this area than we have in the past, and I would hope to even upgrade our already very fine capabilities.

Senator JOHNSTON. We have had some extensive hearings here on the question of recent fuel shortages and who failed to anticipate those shortages. OEP says it was the oil companies and the oil companies say that it was somebody else.

I am just wondering, do you consider it to be your primary responsibility to make forecasts about fuel needs and the supplies in order

to provide a basis of planning for the President, for example, to implement a rational fuel supply program?

Mr. WAKEFIELD. I certainly consider that to be one of my primary areas of responsibility.

Senator JOHNSTON. I have a question here from Senator Jackson, who couldn't be here this afternoon.

Do you have any business holdings, contractual, or any other kind of an arrangement with either your former law firm, its clients, or any other group which could create either a conflict of interest or the appearance of a conflict of interest in connection with carrying out the duties and responsibilities of the position to which you have been nominated?

Mr. WAKEFIELD. Mr. Chairman, when I first came to the Government with the Federal Power Commission in February of 1970, I had severed all connections with my former law firm. I have no existing connections or promises of future connections with either the law firm or any client of that firm, or any other organization outside Government at this time.

Senator JOHNSTON. Fine, thank you.

There are a number of questions here from Senator Bible.

The position for which you seek our confirmation is presumably a new one stemming from a realignment of functions among the several assistant secretaries.

Will you explain precisely what the jurisdictional differences are between the Assistant Secretary for Energy and Mineral and the post recently vacated by former Assistant Secretary Hollis Dole?

Mr. WAKEFIELD. The post which Hollis Dole filled was Assistant Secretary for Mineral Resources. That position had jurisdiction over Geological Survey, Bureau of Mines, Office of Coal Research and Office of Oil and Gas, and the reorganization which the Secretary has instituted, the functions formerly held by the Assistant Secretary for Water and Power Resources of Bonneville Power Administration, Southwest, Southeast, and Alaska Regional Power Administration and the Defense Electric Power Administration will fall under the jurisdiction of the Assistant Secretary for Energy and Minerals, as well as all of the former responsibilities of the Assistant Secretary of Mineral Resources.

Senator JOHNSTON. According to the public announcement the duties that you would discharge read as follows:

The Assistant Secretary for Energy and Minerals is responsible for operating Interior's electric power and fossil fuels energy programs; developing long, intermediate and short-range plans for developing and conserving energy resources; and recommends changes in energy policy to meet the national needs.

No reference is made to the extensive authorization relative to non-fuel minerals data that has been given to the Department. Where does this responsibility reside for nonfuel minerals, and why this failure to include nonfuel minerals in the public statements?

Mr. WAKEFIELD. The responsibility for nonfuel minerals will reside in the Assistant Secretary for Energy and Minerals, and if it was not in that statement, it was purely through inadvertence.

Senator JOHNSTON. Similarly, the announced realignment of jurisdiction makes no reference to the Department's major responsibilities

under the Coal Mine Health and Safety Acts, does that likewise—

Mr. WAKEFIELD. These will continue to reside in the Assistant Secretary of Energy and Minerals.

[Senator Jackson is now present.]

Senator JOHNSTON. The realignment promises substantial cost savings along with decreases in total personnel ceilings and grade level in the area of responsibility contemplated for the Assistant Secretary for Energy and Minerals, exactly where will these savings and reductions be applied or be realized?

Mr. WAKEFIELD. Mr. Chairman, I don't believe we are far enough along in our reorganization yet that I could specify these areas. We do hope to be able to combine and consolidate some functions, but any immediate plans as to where this would come just have not been developed to my knowledge.

Senator JOHNSTON. The Mining and Minerals Policy Act of 1970 requires the Secretary of the Interior to report annually to the Congress where the Nation stands in regard to its mineral position, and further to carry out the policy prescribed by the act.

I know that Assistant Secretary Dole was assigned the central responsibility for the Department's performance under this very important act; who will have that responsibility under the proposed realignment?

Mr. WAKEFIELD. I assume that I will, Senator, I certainly should, under the proposed realignment.

Senator JOHNSTON. The Secretary's first annual report pursuant to the Mining and Minerals Policy Act painted a rather bleak picture of our domestic mineral position and forecasted further deterioration. What are your views with regard to the policy defined by this law, and what would you judge to be the single most important actions of either legislative or administrative, that might be taken now to improve our position?

Mr. WAKEFIELD. Well, the first part of the question was what is the present situation?

Senator JOHNSTON. Yes.

Mr. WAKEFIELD. My understanding is that it has deteriorated even further from the bleak position of a year ago. There are a number of actions that must be taken. I don't know if I could say the single most important one. Certainly some resolution of the conflict between environmental and mining needs is very important, and this can be in a number of areas, but I think certainly some type of mining reclamation law would go very far in this area.

Senator JOHNSTON. Perhaps to sum up a number of things under one recommendation, wouldn't you say the adoption of a national energy policy, which we have not ever had before?

Mr. WAKEFIELD. Well, a policy both in the energy and minerals field, a clearly defined policy with programs to back it up I think is very important.

Senator JOHNSTON. Thank you very much, Mr. Wakefield.

Senator FANNIN?

Senator FANNIN. Thank you, Mr. Chairman.

Senator JOHNSTON. Excuse me, Gentlemen, I think I operated myself under the 10-minute rule, and if we can do that I think it will speed us along.

Senator FANNIN. I am pretty well satisfied, Mr. Wakefield, that we can cover it in 5 minutes or less.

Mr. Wakefield, I certainly welcome you here today and am very pleased with what the Members of Congress had to say about you and Secretary Whitaker. I share their respect for your knowledge and background and expertise in this field.

I also appreciate your statement. Today we see in many areas a competition between the advocates of energy and minerals development and advocates of the environmental protection. I do not believe these are incompatible objectives; both are essential goals which we must ascribe to obtain.

We do have substantial problems in this area about which we have talked continuously. I know that you are very well versed in this field.

If we decide to remove all restrictions of controlling products, do we not invite a greater invitation of importation of refined products?

Mr. WAKEFIELD. Yes; that would be true.

Senator FANNIN. Then are we at the same time exporting refinery activities?

Mr. WAKEFIELD. Most definitely, Senator Fannin. I think this is one of the main problems facing the Nation today.

Senator FANNIN. Although we realize the problems that accrue from refinery, isn't our balance of trade very adversely affected if we import the finished product rather than to import crude?

Mr. WAKEFIELD. Yes.

Senator FANNIN. Is that a factor which you will consider in your work in trying to assist in this balance of trade?

Mr. WAKEFIELD. It certainly is, Senator Fannin, and I don't necessarily think that overall our environmental situation is improved by having refineries built offshore because we would then be required to import the products by tanker, and that has environmental problems of its own.

Senator FANNIN. Are you familiar with some of the reports that have been emanating from Japan regarding their superior stack commission control?

Mr. WAKEFIELD. Yes; I am.

Senator FANNIN. I just wanted to comment on this since I was told that Japan did have spare equipment. The utility people from my State have visited Japan in the last 2 weeks to determine the Japanese manufacturer of pollution abatement equipment. It was learned that the same manufacturer furnishes the equipment for the Four Corners area and other States. The company constructs the facility in New York and participates in the manufacturing of this equipment.

Now the reason I bring that out is to ask if you feel that we should give greater incentives to our manufacturers to encourage the development of new equipment for this purpose?

Mr. WAKEFIELD. Are you referring to the technology in the development, Senator, or the use?

Senator FANNIN. I am referring to the technology. The experimental activities are indeed important if we are going to be able to refine and utilize our coal reserves in this country. We are talking about two different items: refineries and power production. But, if we are going to be able to do this, then we certainly need to do every-

thing we can as well as searching in other parts of the world to determine if others are doing it better. But, when reports become apparent I think they should be checked out. Do you have reports on this particular activity?

Mr. WAKEFIELD. Yes, Senator; I am familiar with the work that is being done in Japan, and have talked to several utility company executives that are familiar with it. They are not clear in their own mind yet whether this is freely transferrable to the powerplant generation in the United States, but they are looking at it very carefully.

Senator FANNIN. Well, you will go forward in your activity in that regard?

Mr. WAKEFIELD. This is essentially a program of the Environmental Protection Agency, but I certainly support very much any effort to clean up our environment.

Senator FANNIN. But if it is going to be done, I think it is going to take some effort by the Department to encourage the companies which will be effected by the controls.

Mr. WAKEFIELD. Yes; I agree, Senator.

Senator FANNIN. Thank you. I wish you the best.

Senator JOHNSTON. Senator Jackson, I asked a question relative to conflict of interest and received the proper answer in your behalf.

Did you have any other questions?

Senator JACKSON. I will have them later, but go ahead. Let's go right down, I will be last, it is kind of nice to be down here at the end.

Senator JOHNSTON. I don't know whether the law of adverse position applies on the chairmanship.

Knowing these boys from Louisiana, I have taken all those things into consideration.

Senator HASKELL?

Senator HASKELL. Yes, Mr. Wakefield; I notice that the Office of Research and Development is under your jurisdiction. What programs are going on there now?

Mr. WAKEFIELD. This is a proposed reorganization that is not yet completed, and will require secretarial action, Senator Haskell.

Senator HASKELL. Let me interrupt, what program will go on?

Mr. WAKEFIELD. If it is authorized by the Secretary, as is presently proposed, the research functions presently done in the Office of Coal Research will be under that; the Office of Coal Research will remain intact, also, the research and development functions in the Bureau of Mines which are in the field of energy and metallurgy and mining.

Senator HASKELL. What specific programs are going on in the Bureau of Mines in research?

Mr. WAKEFIELD. There are programs in the conversion of coal to clean fuels; there is a program for underground gasification of coal; programs for secondary and tertiary recovery of petroleum; a program for the in situ technology for oil shale.

Senator HASKELL. Will the latter program continue that you were just talking about?

Mr. WAKEFIELD. I am not completely familiar with the funding for this year, it is certainly a major program that we are looking at to consider.

Senator HASKELL. So, maybe it will, maybe it won't?

Mr. WAKEFIELD. I do not know the answer, Senator Haskell.

Senator HASKELL. Thank you very much.

Senator JOHNSTON. Senator Hansen?

Senator HANSEN. Mr. Wakefield, must the United States accept a role in world affairs that will be dictated by significant national dependency upon any foreign country insofar as its energy needs are concerned in your opinion?

Mr. WAKEFIELD. In my opinion we are not required to do so. We will do so only if it is our choice to do so.

Senator HANSEN. Less than a year ago under the late Under Secretary Dr. Pecora, as I recall, said that he believed based upon his knowledge and long association with the U.S. Geological Survey, that there remained yet undiscovered in this country and on the Outer Continental Shelf at least 100 times as much petroleum in the form of oil and natural gas as was used in the year 1971.

Do you think that is a reasonable estimate of our potential reserves?

Mr. WAKEFIELD. Senator Hansen, I am not a geologist so I have to rely on what the geologists tell me, and every geologist that I have ever discussed the matter with, whether he be with the U.S. Geological Survey or outside of Government, has indicated that we have substantial remaining undiscovered oil and gas reserves, certainly enough to take us well into the 21st century.

Senator HANSEN. From what you know of the work being done and being planned with respect to the development of the new processes by which we can convert coal say, to natural gas, and make synthetic natural gas from some of the petroleum products, and what may be done in oil shale, would it be your opinion that the real energy crunch, insofar as the shortage of petroleum and petroleum products are concerned, will be in the next 10, not to exceed 15 years? And, after that time we ought to be sufficiently far down the road with these other technologies to fill the gap or to take care of our needs?

Mr. WAKEFIELD. Senator Hansen, I believe that if we take the appropriate steps today, that we can reverse these trends in the 1980's and become considerably less dependent on overseas resources, and I feel we certainly will be by 1980.

Senator HANSEN. With the imposition of the environmental protection laws and the consequent shift from coal and oil to natural gas, in industry as well as in homes throughout the country, does it seem to you to make sense to control the price of natural gas at a level that is below the cost of discovery and production now, and is far below the cost of liquified natural gas that we may import?

Mr. WAKEFIELD. Senator Hansen, I believe that the price of natural gas has too long been artificially regulated by the Federal Power Commission, and that the Nation and the consumers of natural gas will be much better served if the price of natural gas would be permitted to rise to levels that it could rise to under a free market economy.

Senator HANSEN. A number of people have recommended that the Government should now be taking all such steps as hopefully would encourage the perfection of technologies by which we could manufacture gas from coal and bring into significant being and onstream other sources of energy. Would you think that the lag in the development of this research and technology would be shortened if price were considerably more of an incentive than it has been in the past?

Mr. WAKEFIELD. I think that would be helpful, Senator; I don't know how much it would be shortened. Certainly oil shale for example, becomes much more attractive as the price of crude oil rises. Certainly economics are going to play a part, not only in the development of technology, but in the development of industry to turn coal and oil shale into synthetic gas and oil that would be available.

Senator HANSEN. Let me rephrase that and ask the question a little bit differently. Would you think that the coal industry, including all of those with the potential interest in coal, might have been spurred to greater effort in the syntheization of coal into natural gas—I mean into coal gas if natural gas had been selling at a figure which would more realistically reflect its proper price in the marketplace without any regulation by the Federal Power Commission?

Mr. WAKEFIELD. It would certainly be more attractive, Senator Hansen, if the price of natural gas were higher, but the figures I have seen indicate that the likely cost for synthetic gas from coal may well be considerably above any likely price for domestic gas at the wellhead.

I think the answer to your question is "Yes," it would become more attractive, but I still feel that the domestic wellhead price, even under a completely free market will remain below what the price of synthetic gas from coal is likely to be.

Senator HANSEN. Let me ask you this, if the price of LNG, which I understand has been estimated by some to be within the range of \$1.25 to \$1.50 per thousand cubic feet—if a significant proportion of the domestic consumption of natural gas had to come from that source, and if the price rather than the regulated price of domestic gas was the price charged most gas customers, then would you think that the coal industry would take a far greater interest in the development of coal gasification planned than it now displays?

Mr. WAKEFIELD. Yes, I do, Senator; I think that the likely price of gasified coal is likely to be below the projected prices for liquefied natural gas. Plus, the security of the supply, the domestic source of the supply as opposed to foreign sources, I believe would serve as an incentive toward gasification of coal.

Senator HANSEN. Coming from the West as I do, I have felt that part of the reason for a mandatory oil import program, which I understand generally was to make certain that our dependency upon foreign sources of supply didn't get too badly out of balance with our national security, and the assurance of a stable domestic supply for industry and for domestic use as well, was to help keep small inland refineries operating throughout the country. Dispersal of the refining capability in this country in itself contributed a measure of security to this country. Do you share that view?

Mr. WAKEFIELD. Yes, I do; not only from the security standpoint but from the ability of the small refiner to meet markets in specialized and localized areas.

Senator HANSEN. At the present time many of the smaller refineries that I know of are having a very difficult time in trying to get crude with which to operate their refineries. Do you think it is important that the Government take every step it can, legally of course, to see that these refineries are kept in operation?

Mr. WAKEFIELD. Yes, yes, I do.

Senator HANSEN. Do you think that we need more, not less refining capacity in the United States than what we now have?

Mr. WAKEFIELD. I believe that very strongly.

Senator HANSEN. I should say more than what we now have.

Mr. WAKEFIELD. I believe that very strongly.

Senator HANSEN. Our consumption of energy is increasing, and I gather, if I understand the situation correctly, that the short fall between our domestic refining capacity and our consumption is increasing. Am I right about that?

Mr. WAKEFIELD. We are presently operating our total U.S. refining capacity very close to its maximum capabilities, and there are no new refineries being planned. Given the 3- or 4-year leadtime that it takes to build a new refinery, I would say that almost certainly we are going to have to be relying more heavily, not only upon imported sources of crude oil, but upon imported products, petroleum products within the next few years.

Senator HANSEN. I understand at least two of the reasons why we have not been building new refineries are:

One, the insecurity of a stable supply of crude on the one hand, and on the other, an increasing reluctance of governmental authority and individuals to agree to the siting of new refineries. Do you share this feeling?

Mr. WAKEFIELD. Yes, I do, Senator Hansen, we have not only had difficulty in the new refineries being able to obtain assured sources of crude oil, but particularly on the east coast refineries have found it virtually impossible to secure a site upon which to construct a new refinery.

Senator HANSEN. Mr. Chairman, I think I have used my time.

I would like to ask if the record could be held open for a little bit?

Senator JOHNSTON. Without objection we will hold the record open.

Senator HANSEN. Not, however, to delay the confirmation.

Senator JOHNSTON. We will hold it open for a week, Mr. Assistant Chairman. The buck stops there.

I am very glad we got our jurisdiction responsibility all clear, so we will hold it open for a week, Senator Hansen.

Senator JACKSON. I would comment just as a member of the committee, that we would want to try to act on the nomination, if we can.

Senator JOHNSTON. As Senator Hansen said in his request, we will hold the record open for the purpose of completing it, but shall proceed with consideration to the nomination.

Senator Metcalf?

Senator METCALF. Thank you, Mr. Chairman.

Mr. Wakefield, I was very interested in the press release announcing your appointment. They said you were going to be a part of an energy team.

Now, I know that in this administration we are very inclined to talk about athletic matters and so forth, captains of the team, coaches of the team, and even suggested plays to some of the members of the team, but who are going to be the other members of the team?

Mr. WAKEFIELD. Well, Senator Metcalf, I believe the President has indicated that he has established a council of—

Senator METCALF. He is going to be the coach though?

Mr. WAKEFIELD. The President is always the coach of his administration, Senator.

Senator METCALF. So, you are just going to be the captain of the President's team. Who are going to be the other members of your team?

Mr. WAKEFIELD. At the White House the President has established a council to advise him on energy matters, it is Dr. Kissinger, Dr. Shultz, and Mr. Ehrlichman.

Senator METCALF. So the Executive Council of the White House has expanded their activities from foreign affairs to the energy matters with which you are concerned?

Mr. WAKEFIELD. Senator Metcalf, I think energy impacts upon so many areas, not only the domestic scene but the international scene and economics as well, that we need input from all segments. It is not merely an Interior Department problem.

Senator METCALF. I read in the New York Times a news release about the United States asking rules on mining of the sea. Now, last year, at the request of Senator Jackson, a special subcommittee of this committee held rather extensive hearings on rules and law of the sea in mining and exploration of the Outer Continental Shelf, and it has been our contention that this committee has jurisdiction over a good many of those areas. But, we were not informed of any of this activity about the law of the sea until we read it in the paper and, as the head of an energy committee of the Department of the Interior, are you going to abdicate your responsibilities for the Outer Continental Shelf?

Mr. WAKEFIELD. I certainly do not intend to.

Senator METCALF. Are you then going to keep up informed as to what is going on in the Outer Continental Shelf if you are permitted to do so by the coach of your team?

Mr. WAKEFIELD. That would certainly be my intention.

Senator METCALF. Are we going to have to come down with our hats in hand to the State Department and say, we would just like to know, before the Senate has to ratify a treaty, what is going on out there in the Outer Continental Shelf because we have passed some rules and regulations and we feel that our representatives down there in the executive department, the Interior Department, should keep us informed and brief us on these matters.

Mr. WAKEFIELD. Senator, I promise you, to the extent that I am able to do so, I will keep you fully informed.

Senator METCALF. Do you regard that matters on the Outer Continental Shelf do come in under the jurisdiction of your Department under the reorganization?

Mr. WAKEFIELD. On the Outer Continental Shelf, to the extent that they are not international problems which would involve the State Department also.

Senator METCALF. That is not an answer to that, to the question.

Mr. WAKEFIELD. Maybe I misunderstood the question. Within the Department, matters on the Continental Shelf come within the jurisdiction primarily of the Assistant Secretary for Land and Water Matters, as far as leasing is concerned.

Senator METCALF. So, it is not under your jurisdiction?

Mr. WAKEFIELD. It is under my jurisdiction insofar as the Geological Survey and the operations on the Outer Continental Shelf are concerned.

Senator METCALF. I see.

Again, I want to know, are you going to continue to insist on your jurisdiction and the jurisdiction of this committee with respect to activities on the Outer Continental Shelf, or are you just going to negate that to the State Department?

Mr. WAKEFIELD. We have a very important interest in the matter.

Senator METCALF. Have you been following the activities of the United Nations Seabeds Committee?

Mr. WAKEFIELD. Senator, this was a matter that Secretary Dole took under his personal care and I am just now starting to get up to speed in it. I intend to keep up with this, I intend to give policy direction to the positions that will be taken in Interior.

Senator METCALF. You are going to exercise your jurisdiction?

Mr. WAKEFIELD. Yes I am.

Senator METCALF. As Secretary Dole did while he was Secretary?

Mr. WAKEFIELD. Yes, I am.

Senator METCALF. Now, we just completed hearings, Mr. Wakefield, on surface mining, that were rather extensive and we had lots of witnesses from all over the United States testifying to the need for additional mining of coal, strip mining and so forth, as well as we had witnesses, including one from Montana, who said that we could not successfully reclaim and restore the western environment if we strip mined it. Have you taken that into consideration in your study of the energy crisis?

Mr. WAKEFIELD. Senator, I know there may be conflicting views as the gentleman from Montana may have said, but a lot of other people that I have talked to believe that the land can be successfully reclaimed. I believe if the land can be successfully reclaimed under proper regulations, then we should consider going forward. If it cannot be successfully reclaimed—

Senator METCALF. Yesterday the Northern States Gas Co. announced that it was going to mine 1 billion tons of coal in the Tongue River area of Montana for two coal gasification plants. That means a disturbance of a huge area in Montana, including some land and water on the Northern Cheyenne Indian Reservation, and land and water belonging to the ranchers of southeastern Montana. Are you familiar with that application?

Mr. WAKEFIELD. No, I am not.

Senator METCALF. Are you ready to help us preserve the environment out there, even as a part of the leasing obligation that you will have as Assistant Secretary?

Mr. WAKEFIELD. The leasing obligation will be under Jack Horton, who is Assistant Secretary.

Senator METCALF. So, you won't have any responsibility for leasing of coal, oil, or gas?

Mr. WAKEFIELD. I have a very definite interest in it, but it is under the Assistant Secretary for Land and Water.

Senator METCALF. I would hope that as you assume your duties, Mr. Wakefield, you would keep this committee advised of what is going

on in the seabeds. And, try to let us know, as well as to let the other committees, the Commerce Committee and the Foreign Relations Committee know, and they have been consistently briefed on these matters, and that we will be able to continually consult and advise with you as to the developments of such things as the natural gas, the huge operation in Montana and northern Wyoming.

Mr. WAKEFIELD. I will, Senator Metcalf.

Senator METCALF. Thank you.

Senator JOHNSTON. Senator Hatfield?

Senator HATFIELD. Mr. Chairman, I appreciate the comments made by Mr. Wakefield today concerning his predecessor, Mr. Hollis Dole, because as you can well imagine, my long friendship and the fact that he was Director of Minerals and Development in our State for 8 years, I have a very great admiration for him, and I believe that your credentials and your record certainly qualify you well to fill his shoes.

Would you care to comment today on the hydrothermal area of power in industry as it will relate to your jurisdiction?

Mr. WAKEFIELD. This of course, is an area that is just now coming into our part of the Department. I have met on two or three occasions with the Administrator there, Don Hodel. Again, this is an area I am just getting into and just starting to learn what the questions are, and I am personally a long way from the answers.

Senator HATFIELD. I would like the record to show that recently there was a hearing before the Senate Appropriations Subcommittee on Interior in which Mr. Wakefield followed through to be responsive to questions which were not answered at that time at the hearing. I assume, Mr. Wakefield, that that demonstration is an example of the responsiveness you will continue to demonstrate toward policies and matters and questions of this committee.

Mr. WAKEFIELD. I intend to, Senator Hatfield.

Senator HATFIELD. In your Interior budget you have an item of \$25 million which has been recommended or requested by the administration for the purpose of centralizing energy research and development?

Mr. WAKEFIELD. That is correct.

Senator HATFIELD. What will be your response to utilizing some of that resource for the furtherance of the hydrogenization process for translating waste into low sulfur content oil, particularly as the project has been committed at the Bureau of Mines?

Mr. WAKEFIELD. Senator, there will be a very large number of requests, as there already have been, for the use of that fund, and all of the requests will have to be fully and carefully assessed and recommendations made to the administration and to the Appropriation Committees on the Hill. What that advice would be, I do not know at this time.

Senator HATFIELD. Would you generally, as a matter of principle, consider that obligations and commitments that had been made would take priority over new requests and new projects?

Mr. WAKEFIELD. Senator, I think it will be a matter of priorities by the particular technical people in determining where that money would best be spent to get us the most immediate short-term answers to our energy problems.

Senator HATFIELD. What if the technical people have already made such judgments, would there still be a matter of priority over commitments of the past versus say, new commitments that would be considered under you?

Mr. WAKEFIELD. Senator, I don't know what the priorities will be that will be established.

Senator HATFIELD. I understand that, but there is—you do not see an ethical dimension to this question as far as asking what kind of priority might be given to commitments that have been made in the past, unfulfilled commitments versus say new requests?

Mr. WAKEFIELD. Senator, as I understand the purpose of that fund, it is to provide the quickest answers, the quickest responses to the energy problems we are facing. Now certainly if this is one of those, it will be given high consideration, but I don't believe I could promise you here today that that request or any other will get high consideration or a priority over any other request.

Senator HATFIELD. Are you telling me there is a whole new ball game and everything in the past is arranged and will be started all anew for fiscal 1974?

Mr. WAKEFIELD. Well, in the context of your question which is a \$25 million central research and development fund, the priorities will be established based upon what appears to be—what appears to have the greatest opportunity for a near term effect.

Senator HATFIELD. Would you consider that past investment of, say, \$300,000 that has already been expended on the basis of a commitment to a project would not have priority over a new request in which there has been no Federal tax dollar already invested?

Mr. WAKEFIELD. You are referring I take it, to this central R. & D. fund particularly?

Senator HATFIELD. Yes.

Mr. WAKEFIELD. I don't know what the priorities will be.

Senator HATFIELD. As a matter of general philosophy or principle as you assume public trust over and responsibility over the best expenditure of the taxpayers' money, could you give me a philosophical response as to how you would put a priority on moneys that have already been expended on projects that are yet to be completed versus new projects?

Mr. WAKEFIELD. I think my philosophical response would be that projects once started that appear to have the highest potential for fulfillment of the goals should take priority, and if a project is started and another project comes along that appears to have greater promise, then the latter should be followed.

Senator HATFIELD. Do I then understand also that you are picking up with continuity from your predecessor, Mr. Dole, programs and commitments, and will fulfill them as to the best of your ability within the context of any financial restrictions you may have upon your office?

Mr. WAKEFIELD. Under those terms and circumstances; yes.

Senator HATFIELD. Thank you very much.

Senator JOHNSTON. Senator Jackson?

Senator JACKSON. Thank you, Mr. Chairman.

Mr. Wakefield, I would like to ask the basic question that of course we ask all the nominees, and that is, would you agree to testify at

such reasonable times as the committee may be able to work out with you in connection with your duties as Assistant Secretary of the Interior?

Mr. WAKEFIELD. Most definitely, Senator.

Senator JACKSON. And you will of course cooperate with the committee in connection with any reasonable request to appear in regard to matters within your jurisdiction?

Mr. WAKEFIELD. I consider that one of my highest priorities.

Senator JACKSON. Thank you very much, that is a part of our regular procedure here in view of some problems that have arisen. As you know, that is an understatement of the past 3 months.

I wanted to ask two or three questions here. I think you answered in part this first question, but maybe we can pin it down a little bit more.

The seriousness of the growing natural gas shortage, as you know, has caused some apprehension as to whether or not the FPC will be able to stimulate supplies sufficiently to meet demand.

I think the committee would be interested in connection with our energy study in particular, what you recommend as the best course of action to stimulate domestic supplies on natural gas while directing gas to its best uses at reasonable prices. Do you favor deregulation, or do you favor an adjustment in the price level of natural gas that would more accurately reflect the marketplace?

Mr. WAKEFIELD. Senator JACKSON, I think that this particular question will be considered by the President in his energy message.

My personal views on it are that we need some type of legislation to amend the Natural Gas Act, which will permit industry to make long-range plans in the investment, the massive investment that is necessary for the development of our natural gas resources.

Now, what that legislation specifically should be, I think perhaps should be deferred until the President has made a decision.

Senator JACKSON. In other words, you have certain personal views on this subject, but obviously this is going to be a policy that the President will have to pass upon regarding the approach that is to be followed by the administration in connection with the pricing of natural gas, including the use of natural gas. Is that a fair statement?

Mr. WAKEFIELD. I think that is a fair statement.

Senator JACKSON. You do have a situation, that I assume you would agree, is not desirable as a matter of national policy, where half of the natural gas consumed by utilities and industry is being used to fire the boilers so to speak. Don't you agree that this creates a serious problem as far as individual homeowners are concerned, and individual consumers?

Mr. WAKEFIELD. Senator JACKSON, I certainly agree, particularly where alternative fuels could be available, that alternative fuels are much better used under boilers than natural gas.

Senator JACKSON. I don't blame the utilities and the industrial users for using natural gas, don't misunderstand, but I think the policy is wrong when it is used for the two purposes, one, it is cheaper than alternative sources, and second, there is no real emissions problem. I think that points out the need for some policy revisions, both by the

Congress, and by the executive branch of the Government, wouldn't you agree?

Mr. WAKEFIELD. Yes; I agree.

Senator METCALF. In the rate structures?

Senator JACKSON. Yes; all the way across, I am referring to the whole thing. I think we have to face up to this honestly and to recognize the whole problem.

I am personally opposed to deregulation. The concept of just deregulating, I don't think is the right way to approach it, I think total deregulation is bad psychologically but I also believe that the price ought to reflect the market value of an item so that we can avoid an artificial pricing, and achieve market place pricing of the product.

Now, when I say marketplace, I am talking in sensible terms and in terms of trying to use it in the wisest and best way in the public interest.

Senator METCALF. Mr. Wakefield has just come from the Federal Power Commission and they have created an artificial rate structure that encourages the utilities and the larger users of natural gas, because they have a cheaper wholesale rate and therefore it encourages them to use more of the natural gas. That is an artificial sort of thing that should be turned around in my opinion, and I hope you will work with us so that we can say to the residential users, you are going to have the cheapest rate. And, if there is somebody that wants to use this very clean, important, and useful fuel for powering boilers in the utility, they are going to have to pay more for it.

Senator JACKSON. Now, Senator Metcalf asked some questions on the outer continental shelf, and I have one here.

It is said that the role of offshore petroleum leasing is critical to our Nation's development of domestic resources. This matter has been repeated over and over again. The geologists are saying this is the area of the greatest potential.

It is also true that the Atlantic leasing has been delayed, as you know, because of environmental concerns, in some instances because of State jurisdictional disputes. Would you favor one, increases in the number of lease sales and acreage offered annually on the Outer Continental Shelf for production; and two, an interim arrangement between the east coast States and the Federal Government to facilitate an early Atlantic lease sale?

Now, I recognize you don't handle leases, but I am asking you to address yourself to this basic problem, recognizing that you are part of a team within the Department and within the administration, to try to formulate policy.

I feel that we just have to face up to this problem environmentally. The testimony before us is that over 30 percent of the oil spillage comes from tankers, and I think another 30-odd percent comes from the dumping of crankcase oil into the Atlantic, and about 2 percent from offshore drilling. Now, whether that 2 percent will increase when you get a very large drilling operation, I think is something that would have to be considered, and I would like to have your comments on that noncontroversial issue.

I find that every time you make a decision on an energy matter, you know—you can't just sit there and—I am not referring to you, I am

referring to all of us—and do the usual thing that we politicians like to do, let's postpone it or let's not face up to it. But I don't find any soft issues in this energy controversy, and I think we just have to be intellectually honest and get over, as clearly and concisely to the public what the alternatives are: if we don't do so and so, then somehow I think we can find the answers.

Mr. WAKEFIELD. Senator Jackson, in the broad context of your question, I believe this is likely to be a major part of the President's energy message, and so, I don't want to anticipate what he might say, but my general views on the subject are that first we can drill and operate in the outer continental shelves in an environmentally safe way.

Although the leasing per se is not under me, the operations on the outer continental shelf are under the Geological Survey, and I consider this to be a matter of very high priority in my area, and that is seeing that the operations are carried on in an environmentally safe way. I think they are being done in an environmentally safe way, I think they can be done in a safe way. I think a good bit of the opposition that has developed along the east coast to the leasing of the Atlantic Outer Continental Shelf is because of misconceptions of what the facts are, and I think that the administration, and I think that Congress has got to take a strong role in trying to dispel a lot of myths that particularly people in New England believe to be the case of the Atlantic Outer Continental Shelf.

I think that a very careful assessment has got to be undertaken of the problems, both physical and political, but we do have to very seriously consider whether we are going to be able to lease the Atlantic Outer Continental Shelf in the future.

Senator JACKSON. Do I understand you correctly in assuming that you believe that if you can get adequate environmental safeguards, that offshore drilling must be pursued.

Mr. WAKEFIELD. Are you talking about the outer continental shelves in general? Yes; I think that my personal views are that we have got to accelerate our development of the outer continental shelves.

Senator JACKSON. What is the Interior Department's position with respect to synthetic gas made from imported naphtha? Do you consider this form of synthetic natural gas more secure than liquefied natural gas?

Mr. WAKEFIELD. You are talking about imported petroleum and then manufactured into synthetic gas?

Senator JACKSON. Right.

Mr. WAKEFIELD. I suppose you have to get to the source of the crude oil versus the source of the natural gas and make some type of an assessment on that basis. But, with liquefied natural gas, you are committing yourself to one particular location where the liquefaction plant will be.

Senator JACKSON. With a very large investment?

Mr. WAKEFIELD. And a very large investment. So, unlike the synthetic gas plant which can always turn to another source of crude oil, if there is some interdiction of the supply line, the liquefied natural gas importer does not have alternative sources.

Senator JACKSON. Is the leadtime for the development of SNG longer with plants based on the ICOP, that is the imported crude oil

processing, or with those operating off naphtha. What is the leadtime required for the development of plants producing SNG from imported crude oil as contrasted with those using imported naphtha, do you know?

Mr. WAKEFIELD. I am not sure I understand the question, Senator Jackson.

Senator JACKSON. I am talking about the difference in leadtime for constructing an SNG plant where you would start out fresh using crude oil, and the leadtime for a plant for the development of SNG from naphtha, which is longer?

Mr. WAKEFIELD. I think that they are about the same, Senator. The construction of the synthetic plant should take in the neighborhood of 18 months to 2 years, and concurrently the builder of that plant can be building a very simply crude distilling facility which would distill the crude, or he could seek refinery capacity somewhere, which can be constructed.

Senator JACKSON. So, roughly, it is about the same?

Mr. WAKEFIELD. I think so; yes.

Senator JACKSON. Do you favor a modification of the present import policy on naphtha?

Mr. WAKEFIELD. I favor a modification of the import policies we have today, and we are considering a number of alternatives which I think will probably be announced in the President's energy message.

Senator JACKSON. At the time of the energy message?

Mr. WAKEFIELD. I anticipate that they will be.

Senator JACKSON. But you do favor modification of the appropriate kind in connection—

Mr. WAKEFIELD. I favor modification of the program as it exists now.

Senator JACKSON. That is all, Mr. Chairman.

Senator JOHNSTON. Senator Bartlett?

Senator BARTLETT. Mr. Chairman, I have a few remarks I would like to make to my colleagues, and I recognize that this would come out of my 10 minutes.

I want to compliment them on sticking within the 10-minute limit. I am flattered that you have waited to hear my questions that I will be asking you momentarily, and I realize that has nothing to do with the fact that we have Mr. Wakefield here.

I do have a confession to make. When the questions have been long before, they have been at the end of the line. It might have been even longer, so I am going to keep my remarks within the 10 minutes, too.

Really, I have two questions. The first is, you mentioned appropriate steps for strong domestic energy industry, what would you say those steps are? You mentioned the deregulation of gas as one of the key ones.

Mr. WAKEFIELD. Senator, I am a little reluctant to get into it a great deal today because I think that the President's energy message will touch upon a number of these.

Senator BARTLETT. Could you give me what your personal ones are, irrespective of his?

Mr. WAKEFIELD. I think certainly some modification of natural gas regulation is very appropriate. I think we have got to move toward

greater development of our coal resources which mean resolving environmental conflicts, both at the production and consumption ends of the process.

We have got to expedite development of our resources on Federal lands, both Outer Continental Shelf and other lands, such as oil shale and coal resources. These would be the primary things.

Senator BARTLETT. Do you consider the present so-called energy crisis a real crisis, a critical situation?

Mr. WAKEFIELD. The use of the word "crisis" has always bothered me because of the connotation. I think that some people feel you are trying to scare them. I consider the situation that we are in today an unpleasant situation. I think that if appropriate steps are not taken, and taken soon, then in a very short period of time we are going to have a crisis by anyone's definition. I think the situation today is grave.

Senator BARTLETT. It has already been mentioned that a policy goal is bringing out some of the needs in the energy area, which should be solved—in order to have a more balanced total energy industry. Will you try to provide strong leadership to the solution of the energy problems, irrespective of actions or lack of actions from other areas such as Congress; whether we do or do not face up to it, will you try to be a strong leader and to remind those of us, who may not be facing up to the problem, of what the problems are and what needs to be done?

Mr. WAKEFIELD. That is certainly my intention, Senator Bartlett, in all areas of the energy problem.

Senator BARTLETT. Mr. Chairman, thank you very much.

Senator JOHNSTON. Thank you.

Senator JACKSON. Mr. Chairman, if it is agreeable with the chairman and members of the committee, and there are no further questions, I suggest that we act on the nomination right now.

I have looked at the financial statement; I don't see any need for a discussion myself unless some other member of the committee disagrees.

Senator JOHNSTON. Does anyone feel the need for further discussion?

Senator JACKSON. I move that the nomination be reported favorably.

Senator JOHNSTON. Is there any objection to a favorable report of the nomination?

Having none, Mr. Wakefield, it is a pleasure to congratulate you on the recommendation of this committee. Your testimony has been very articulate and candid, and might I also add, very succinct, which is a quality we don't always find in our committee hearings.

We appreciate all three qualities and we congratulate you on the action of the committee.

Is there any further business to come before the committee?

Senator JACKSON. I think formally we should maybe say without objection, the nomination is reported. I don't believe that we actually voted on that motion.

Senator JOHNSTON. Senator Fannin seconded it without objection. The nomination is reported favorably unanimously.

[Whereupon, at 3:25 p.m., the hearing was adjourned.]

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