

rental payments and other measures to encourage domestic oil and gas production. It is a safety net. The bill's provisions phase in and out as oil prices fall and rise between \$17 and \$14 per barrel and natural gas prices fall and rise between \$1.86 and \$1.56 per thousand cubic feet. It will provide a permanent mechanism to help our domestic producers cope with substantial and unexpected declines in world energy prices.

Let's examine how one aspect of this bill—marginal well production—affects this nation. A marginal well is one that produces 15 barrels of oil per day or 60,000 cubic feet of natural gas or less. Low prices hit marginal wells especially hard because they typically have low profit margins. While each well produces only a small amount, marginal wells account for almost 25 percent of the oil and 8 percent of the natural gas produced in the continental United States. The United States has more than 500,000 marginal wells that collectively produce nearly 700 million barrels of oil each year. These marginal wells contribute nearly \$14 billion a year in economic activity. The marginal well industry is responsible for more than 38,000 jobs and supports thousands of jobs outside the industry.

The National Petroleum Council is a federal advisory committee to the Secretary of Energy. Its sole purpose is to advise, inform, and make recommendations to the Secretary of Energy on any matter requested by the Secretary with relating to oil and natural gas or to the oil and natural gas industries. The National Petroleum Council's 1994 Marginal Well Report said that:

Preserving marginal wells is central to our energy security. Neither government nor the industry can set the global market price of crude oil. Therefore, the nation's internal cost structure must be relied upon for preserving marginal well contributions.

The 1994 Marginal Well Report went on to recommend a series of tax code modifications including a marginal well tax credit and expensing key capital expenditures. The Independent Petroleum Association of America estimates that as many of half the estimated 140,000 marginal wells closed in the last 17 months could be lost for good.

Mr. President, the facts speak for themselves. The U.S. share of total world crude oil production fell from 52 percent in 1950 to just 10 percent in 1997. At the same time, U.S. dependence on foreign oil has grown from 36 percent in 1973 (the time of the Arab oil embargo) to about 56 percent today. That makes the U.S. more vulnerable than ever—economically and militarily—to disruptions in foreign oil supplies. This legislation will provide a mechanism to help prevent a further decline in domestic energy production and preserve a vital domestic industry.●

• Mr. GRAMM. Mr. President, I am pleased to join Senator KAY BAILEY HUTCHISON and a number of other col-

leagues in the introduction of legislation which we believe will provide critically needed relief and assistance to our beleaguered domestic oil industry.

Our bill contains a number of incentives designed to increase domestic production of oil and gas. The decline in domestic oil production has resulted in the estimated loss of more than 40,000 jobs in the oil and gas industry since the crash of oil prices at the end of 1997. Our legislation will not only put people back to work, it will revitalize domestic energy production and decrease our dependence on imports.

I have sought relief for the oil and gas industry from a number of sources this year. As a member of the Senate Budget Committee, I strongly opposed the \$4 billion tax which the Clinton budget proposed to levy on the oil industry. As my colleagues know, that tax is now dead.

Earlier this year I contacted Secretary of State Madeleine Albright and urged her to conduct a thorough review of our current policy which permits Iraq to sell \$5.25 billion worth of oil every six months. The revenue generated from such sales is supposed to be used to purchase food and medicine but reports make it clear that Saddam Hussein has diverted these funds from their intended use and that they are being used to prop up his murderous regime. The United States should not be a party to such a counterproductive policy.

Senator HUTCHISON and I earlier this year introduced legislation which contained a series of tax law changes intended to spur marginal well production. The legislation which we introduce today contains those provisions as well as others, such as reducing the impact of the Alternative Minimum Tax (AMT) on the oil and gas industry and relaxing the existing constraints on use of the allowance for percentage depletion.

I am looking forward to working with my colleagues in an effort to enact the legislation as soon as possible.●

By Mr. McCAIN:

S. 1043. A bill to provide freedom from regulation by the Federal Communications Commission for the Internet; to the Committee on Commerce, Science, and Transportation.

THE INTERNET REGULATORY FREEDOM ACT

Mr. McCAIN. Mr. President, I rise today to introduce The Internet Regulatory Freedom Act of 1999. This legislation will help assure that the enormous benefits of advanced telecommunications services are accessible to all Americans, no matter where they live, what they do, or how much they earn.

Advanced telecommunications is a critical component of our economic and social well-being. Information

technology now accounts for over one-third of our economic growth. The estimates are that advanced, high-speed Internet services, once fully deployed, will grow to a \$150 billion a year market.

What this means is simple: Americans with access to high-speed Internet service will get the best of what the Internet has to offer in the way of on-line commerce, advanced interactive educational services, telemedicine, telecommuting, and video-on-demand. But what it also means is that Americans who don't have access to high-speed Internet service won't enjoy these same advantages.

Mr. President, Congress cannot stand idly by and allow that to happen.

Advanced high-speed data service finally gives us the means to assure that all Americans really are given a fair shake in terms of economic, social, and educational opportunities. Information Age telecommunications can serve as a great equalizer, eliminating the disadvantages of geographic isolation and socioeconomic status that have carried over from the Industrial Age. But unless these services are available to all Americans on fair and affordable terms, Industrial Age disadvantages will be perpetuated, not eliminated, in the Information Age.

As things now stand, however, the availability of advanced high-speed data service on fair and affordable terms is seriously threatened. Currently, only 2 percent of all American homes are served by networks capable of providing high-speed data service. Of this tiny number, most get high-speed Internet access through cable modems. This is a comparatively costly service—about \$500 per year—and most cable modem subscribers are unable to use their own Internet service provider unless they also buy the same service from the cable system's own Internet service provider. This arrangement puts high-speed Internet service beyond the reach of Americans not served by cable service, and limits the choices available to those who are.

If this situation is allowed to continue, many Americans who live in remote areas or who don't make a lot of money won't get high-speed Internet service anywhere near as fast as others will. And, given how critical high-speed data service is becoming to virtually every segment of our everyday lives, creating advanced Internet "haves" and "have nots" will perpetuate the very social inequalities that our laws otherwise seek to eliminate.

This need not happen. Our nation's local telephone company lines go to almost every home in America, and local telephone companies are ready and willing to upgrade them to provide advanced high-speed data service.

They are ready and willing, Mr. President, but they are not able—at least, not as fully able as the cable companies are. That's because the local telephone companies operate under unique legal and regulatory restrictions. These restrictions are designed