Some past practices would, quite rightly, not be condoned today. But we are capable, as a nation, of doing better, and we are doing more by improving these practices while also supplying the electricity that operates the wheels of industry and that lightens the offices so we can do our work, supplying an important fuel that lights our homes and businesses.

For years, not just recently, I have promoted clean coal and other clean energy technologies through research and development. But many of these newer, cleaner technologies are more costly to bring to the market. We also need to address the gap between the research and development of these promising technologies and their widespread deployment in the marketplace. It is imperative that we fill that gap.

For this reason, I have worked with Minority Leader DASCHLE and other Members of this body to develop a targeted package of tax incentives to encourage the demonstration and deployment of many energy efficient technologies. I worked with these Members for over a year and a half to craft S. 1833, the Energy Security Tax Act of 1999. If Senators have concerns about developing greater energy independence and encouraging cleaner, more efficient technologies, then I urge them to take a serious look at this legislation. Clean coal technologies are included in this package, as are a broad range of incentives for other fuels, including coal mine methane, renewables, and oil and gas. Additionally, we have included incentives for energy conservation technologies and energy efficient technologies and practices in the transportation, steel, and agriculture sectors. I say to my colleagues, if you want to help develop a strategy for an energy-independent country, then work to get this bill passed. It is the right thing for our economy, for the environment, for trade, and for jobs. It is a step toward a comprehensive national policy to promote energy efficiency, energy security, and energy independence.

If we want to have a national energy strategy, we must sit down together and bring all of our interests and concerns to the table. We must take a multi-pronged approach that looks at the whole range of fuels, the whole kit and caboodle, at more efficient energy technologies and conservation practices, and at the participation of a broad spectrum of industries and interested parties. I do not want the United States to be at the mercy of rogue nations. I do not want our economy to tremble each time OPEC flexes its muscle. I want to ensure that we remain economically competitive. An efficient, stable supply of energy is key. I believe that the challenges of this new century can be met, lighting the way for a new energy strategy that recognizes the importance of economic development and environmental protection at the same time.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, could the order standing on the floor at this time be indicated.

The PRESIDING OFFICER. Under the previous order, the Senator from Alaska or his designee is recognized to speak for up to 60 minutes.

BALANCED PRODUCTION OF ENERGY RESOURCES

Mr. MURKOWSKI. Mr. President, I compliment my good friend, the senior Senator from West Virginia, for his attention to the energy crisis that clearly this Nation faces, and particularly his attention to the realization that we have become so dependent on imported energy which clearly affects our national security interests.

In 1973—this is a time the Senator would certainly remember, as many Americans do—as a consequence of the Arab oil embargo, we had a very significant event in the United States. We had gas lines around the block. Many younger people don't remember that time. We were 37-percent dependent on imported oil. We created the Strategic Petroleum Reserve as a consequence of our concern, fearing we might approach 50 percent dependence. We fought a war in the Persian Gulf. At that time, I believe we were 47-percent dependent.

Today, this Nation is 56-percent dependent on imported oil. The Department of Energy forecasts by the year 2015 to 2020 we will be 65-percent dependent. I hope we can learn something from history; that is, that we lose our leverage if we become so dependent on that single source of imports.

As the Senator from West Virginia pointed out, we have many forms of energy in this country. We have coal, as the Senator notes; we have gas; we have hydro; we have nuclear. However, we don't have a cohesive energy policy. As a consequence, we face a crisis. The farmers in this country are getting ready to plant, and they are going to be facing high energy costs. We have seen truckers come to Washington, DC, and plead because they can't pass on the increased price of diesel to consumers. We have our Secretary of Energy in Nigeria, he was in Saudi Arabia, he has been to Mexico, urging they produce more oil.

What we need is a balance. We need a balance in domestic production of energy resources in this country, including coal, oil, and gas, using America's technology and America's know-how to develop these resources safely.

I commend my friend from West Virginia for bringing this matter to the attention of this body and recognizing that we have a capability in the United States to relieve our dependence on imported energy. The answer is not to go out and generate more imports; it is to generate more resources domestically. In his State of West Virginia and in my State of Alaska, we have a tremendous capacity to produce energy, if it is given the opportunity. We can do that because we have the advanced technology. He talks about clean coal technology. In our State of Alaska, we talk about drilling in the Arctic in the wintertime where you do not make a footprint because you are on top of the frozen ground. If there is no oil there, there is no scar, no footprint in the spring.

I have the obligation of managing some time this morning. Does the senior Senator from West Virginia have anything further to say?

Mr. BYRD. Only 1 minute, if the Senator will yield?

Mr. MURKOWSKI. I yield.

Mr. BYRD. I thank the Senator for his observations. He has very cogently and lucidly expressed those observations. I thank him for the work he has done in this subject area. I have been glad to work with him on some legislation, and I look forward to the opportunity of our working and cooperating to deal with this very serious problem.

I thank him very much.

Mr. MURKOWSKI. I thank my friend from West Virginia because I think his years of experience and participation in this body on energy matters is a legacy to which he continues to contribute, and we can learn a great deal from his advice. I thank my friend.

I believe the Senator from Wyoming would like recognition at this time. I ask how much time he would require.

Mr. THOMAS. About 6 minutes, I believe.

Mr. MURKOWSKI. I yield 7 minutes.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from Wyoming is recognized for 7 minutes.

Mr. THOMAS. Mr. President, we are here, of course, to talk about oil prices, high oil prices that affect each of us. Let me start by recalling that less than 2 years ago, in 1998, we had what was considered to be the largest oil collapse since 1900. The price of oil in my State, which is heavy oil and less expensive than some other places, was $5 or $6 a barrel. Now, of course, we are faced with oil prices that are in the neighborhood of $30 a barrel.

I think we will hear a great deal of talk that we need to find a long-term answer to stabilize the production cost of energy so we have, in fact, an ample amount of energy. We need an incentive to produce energy on a continuing basis so the price is relatively stable.

I have talked to a number of the producers in my State, and production is still not as high—there are not as many wells, not as many pumps—as it could be. We say the price is as high as it has ever been, but there is no assurance it will continue, so you are hesitant to invest the money you have—a great deal of money, as a matter of fact—when you do not know if that price is going to be back where it was before. So what we are talking about basically is some kind of policy that would bring about some stability in fuel prices.

I thank Senator MURKOWSKI, the distinguished chairman of the Senate Committee on Energy and Natural Resources, for his interest and leadership in this matter. Why this has happened is no real surprise. There are a number of things, frankly, that have happened over time, and this administration cannot be surprised that we now have energy prices that are impacting truckers' diesel fuel prices, that are impacting seniors, that will have an impact on the tourism economy in my State of Wyoming and in agriculture, and certainly in many places in home heating.

It is not a surprise this has happened. We need a long-term energy policy. We need tax relief for low-production wells. We need commonsense royalty collection. We need access to public lands for a multiple-use concept and to develop oil and gas and coal.

By the way, the Senator from West Virginia spoke of coal. Certainly, that is very important as well. Wyoming is the largest coal producer in the Nation, low-sulfur coal. We are very pleased with that.

There will be opportunities for quick fixes. Certainly we support the idea of Low-Income Home Energy Assistance Programs, for example. But the fact is, over time, we will need a policy that is not just short- but rather long-term so we can get away from this idea that we are going to be threatened in both our national security and our fiscal security from time to time because of this.

Part of it is regulatory. EPA has tried to shut down coal-fired powerplants in the U.S. when all they were doing was routine maintenance. Coal supplies 55 percent of the Nation's electricity. A third of that is produced in Wyoming.

There is an interchange between energy uses. Of course, you do not use coal in the car, but you can use coal in some places where you could then release the oil for transportation.

Lots of things are occurring. The Secretary of Interior, Mr. Babbitt, is talking about taking down hydroelectric dams in the Pacific Northwest. We have had substantial limitations on the use of public lands in the West particularly. Vice President GORE has promised to prohibit future exploration for gas in the Outer Continental Shelf, places where we could do this and at the same time protect the environment.

We are into this whole question of nonaccess to public lands. It is part of this administration's idea of the land legacy, where we have now 40 million roadless acres in the forest. We have BLM roadless areas that keep us from using the multiple resources. Interestingly enough, the access thing goes so far as national parks, where now there is a policy in winter use to keep people away from the access to Yellowstone Park but at the same time promote the burning of nuclear waste upwind from the park, and have no concern about its impact. Interesting.

A failed domestic policy is certainly what we have. It has already been mentioned that, since 1992, U.S. production is down 17 percent; consumption is up 14 percent. In just 1 year of the Clinton-Gore operation, oil imports increased 7.6 percent. It is now at 56 percent and growing. It will be up as high as 65.

The United States is spending $300 million a day importing crude oil, $100 billion a year. One-third of the trade deficit is based on the importation of oil.

So these are the kinds of things with which we are faced. We certainly need a long-term policy. As I suggested, we need to take a look at the Rocky Mountain States. We need to take a look at Alaska. We need to take a look at offshore opportunities, tax incentives to help oil production get started, exploration costs.

Yesterday, I cosponsored a bill introduced by Senator KAY BAILEY HUTCHISON from Texas on marginal well credits. I think these are the kinds of steps we can take—incentives, of course, trying to make regulations that do not inhibit production moving forward.

We have a lot of things to do. There are some real impacts, in addition to the costs. In 1990, U.S. jobs exploring and producing oil involved 405,000 people. In 1999, jobs exploring and producing oil and gas were down to 293,000—a 27-percent decline in the production of energy.

I think there is a great deal we can do, but the overriding demand is to have a long-term policy which helps us to increase our domestic production so we are less reliant on overseas oil. American families should not have to bear the full cost of this failed energy policy. In the long term, I hope the administration will embrace Congress' efforts and we will move forward. I yield the floor.

Mr. MURKOWSKI. I wonder if my friend from Wyoming will yield for a question relative to the advanced technology applicable to coal.

I believe there have been projects in Wyoming that have addressed the issue in general terms of clean coal, how it can be reformulated to reduce the moisture and generate higher Btu's. I wonder if the Senator could comment briefly as to the area in Wyoming, as well, that could be available for oil and gas and coal exploration but has been withdrawn by the administration, and the rationale behind that; if those areas were open, what they might contribute to lessen our dependence on imports.

Mr. THOMAS. The Senator is correct, of course. There are a great many things that could happen. We have low-sulfur coal, which is very clean, but it is relatively low Btu. You can do some things to enrich the Btu's. One of the problems is transportation. We have this great coal now that costs us less than $5 a ton. That is what it is worth at the mouth of the mine. But if you take it then to Fort Worth, TX, it is $25 because of transportation. You could transport many more Btu's if you would do this enrichment.

Fifty percent of Wyoming belongs to the Federal Government. Some of it is set aside, of course, and should be, as wilderness. Some of it is set aside in forests and lands that need special protection. But much of the land is high plains lands, and so on, that can be used for multiple use, can be used for production. Frankly, it has been made so difficult. We have had such a hard time with royalty payments, these kinds of things that really are unnecessary.

The Senator from Alaska is right. We can do a few things to encourage domestic production and really take us out of this kind of a proposition.

Mr. MURKOWSKI. I thank my friend from Wyoming.

I believe the Senator from Maine seeks recognition, Ms. COLLINS. She represents a part of the country that has been very hard hit by high heating oil prices with a cold winter.

While we have seen excuses made relative to certain volumes of storage capacity being taken out of existence for heating oil because of age and the fact that they did not comply with current environmental requirements for fuel oil storage, we have seen refineries go out of existence. But the constituents in her area have been hit very hard.

It is my understanding that this year in the Northeast corridor there is a potential threat associated with high electric prices as a consequence of the likelihood that, indeed, some of the oil-fired plants are going to have to be put on line to meet peak demand. The costs associated with the high price of oil to fuel those plants will be passed on to the consumers in her areas, which puts a further burden on the residents of the Northeast corridor. As a consequence, that addresses the dilemma we have: Whether we are going to continue to rely on imports of energy or finally develop a balance with domestic alternatives.

How much time does the Senator from Maine need?

Ms. COLLINS. I request 10 minutes, if that is available.

Mr. MURKOWSKI. I am happy to yield 10 minutes.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Mr. President, I begin my remarks this morning by commending the Senator from Alaska, the distinguished chairman of the Energy and Natural Resources Committee, for his outstanding leadership in pulling together a plan to deal with the oil crisis.

He has been very attentive and responsive to the concerns of those of us who represent Northeast States. He has pointed out, correctly, time and again that one reason we are in such a bind where we are experiencing this oil crisis is that this administration has had no plan, it has had no policy. Thus, we have been particularly vulnerable to the manipulation of our oil markets by the OPEC nations.

I commend the Senator from Alaska for his leadership. It has been a great pleasure to work with him.

During the past winter, in Maine, home heating oil prices have more than doubled from the level of the previous winter. I point out, we still have a lot of winter left in New England. It is difficult to remember, when we are in Washington and surrounded by the cherry blossoms that are in full bloom and the tulips that are coming up, that in my home State of Maine we still have a considerable amount of winter yet to go through.

In fact, last weekend, when I was in Maine, in Aroostook County, the temperature was a very chilly zero degrees; and in southern Maine, in Portland, on Sunday morning the temperature was 9 degrees. The crisis, as far as the impact of home heating oil costs on my State—and on many New England States—has not yet eased. The crisis is very much still with us.

Moreover, we are now seeing the increase in oil prices affecting the cost of gasoline. According to the latest American Automobile Association survey, gasoline prices in Maine now average a staggering $1.62 a gallon. In some parts of the State, such as Aroostook and Washington Counties, the prices are even higher. And there is no end in sight.

The Department of Energy has predicted sharply higher prices for gasoline as the summer approaches. Again, this is a particular concern to my State of Maine. We are very dependent on the tourists who come to Maine to enjoy our beautiful scenery and outdoor recreation during the summer months. I fear that many of them will stay away if they are confronted with gasoline prices that approach, or perhaps even exceed, $2 a gallon.

The reason behind these soaring prices is simple. OPEC's decision to engage in unfair and anticompetitive practices to constrict the supply of oil and drive up the prices is responsible, primarily, for the crisis we face. This cartel inflicts—and will continue to inflict—economic hardship on the families and the businesses of the Northeast and throughout America. The results of the jump in oil prices may have been felt first in the Northeast, but they are rolling as thunder across America.

Let's look more closely at the primary cause of the oil crisis.

OPEC is a cartel of 11 oil-producing states that supply over 40 percent of the world's oil and possess over 77 percent of the world's total proven crude oil reserves.

OPEC member countries have colluded to take some 6 percent of the world's oil supply off the market in order to maximize their profits. And the strategy is working.

Although OPEC countries sold 5 percent less oil last year, their profits were up by more than 38 percent.

Last October, I began warning the Clinton administration about OPEC's production squeeze and the detrimental impact the cartel would have on our economy. At that time, oil prices were already beginning to rise and U.S. inventories were falling.

Throughout the winter, Mainers and all Americans who heat with oil have suffered from the highest prices in a decade. Gradually, the economic pain caused by OPEC has spread throughout the country. The entire Nation is suffering—and will continue to suffer—the results of record high fuel costs.

Last fall, the administration, in response to the concerns Senator SCHUMER and I and other Members expressed, told us what it is still telling us: Just wait and see. Be patient. We will somehow increase production. We will convince OPEC to raise production to normal levels.

We have waited and waited and waited. The cost of oil has gone from $20 to $25 to $30 to $34 a barrel. Energy Secretary Bill Richardson has admitted that the ''Federal Government was not 'prepared' for this crisis. When he was in Maine, he said they had been 'caught napping'.'' That is an astonishing admission of a lack of leadership by this administration.

The fact is, this administration has no plan, no policy, no approach for dealing with this crisis. It has no energy policy at all. The administration should act immediately to combat OPEC's manipulation of oil markets by using a tool that has proven effective in the past; that is, a measured release of oil from our Strategic Petroleum Reserve.

Along with Senator SCHUMER, I have repeatedly asked the administration to release some of the oil from our Strategic Petroleum Reserve into the marketplace. I have worked with the chairman to make sure it would be done in a way that did not in any way jeopardize our national security. It would not in any way drain the reserve, which has approximately 575 million barrels in its storages. This would ease the price.

Last November, again, Senator SCHUMER and I introduced a bill making clear the President's authority to act. Time and again, we called upon the administration to take some action to provide us with relief. On March 2, we introduced legislation calling upon the administration to draw down the SPR in an economically feasible manner using what is known as swaps. A release from the SPR would have an immediate and dramatic impact on the price of oil. It would help break OPEC's resolve to maintain an iron grip on our Nation's oil supply.

I will relate what has happened in the two past cases where we did have a measured release of oil from our reserves. In 1996, the administration sold oil from the SPR simply to raise revenue, and oil prices declined almost immediately by over 7 percent. That was in response to merely the announcement of a one-time sale of 12 million barrels. Previously, when President Bush tapped the reserves during the gulf war, prices dropped by 30 percent.

In proposing that we release oil from our reserves, I am pleased to have the very strong support of the American Trucking Association. Perhaps no one has felt the pain of soaring oil prices more than our Nation's truckers. The jump in prices deeply harms them and, by extension, all American consumers and businesses.

I have heard from a small Maine trucking company that is in dire straits. One operator of a trucking company in Ellsworth tells me that due to the high cost of diesel, many independent contractors with whom she contracts will simply not be able to stay in business. Potato farmers in northern Maine are concerned they are going to have increasing difficulty in shipping their crop because the high cost of diesel has made it economically infeasible for truckers to drive to Aroostook County. High diesel costs also hurt our lumber and paper industries.

Everyone shares in the pain inflicted by OPEC. Record-high crude oil prices hurt all Americans—at the pump, on the farm, in the supermarket, at the airline ticket counter, and at home during cold nights. These exorbitant prices even hurt our kids. Recently a newspaper in my State reported that the high cost of fuel is straining school budgets in Maine. Several schools have canceled all field trips because they have already depleted their budget for gasoline, diesel, and oil costs for the year.

I have been disappointed that the administration has failed to heed our call during the past several months. What makes the administration's failure to act even more perplexing is the fact some of the nations involved in the scheme to manipulate prices are supposedly our allies. They have depended heavily on American support in the past. These countries include Kuwait, Saudi Arabia, Venezuela, and Mexico. I am so frustrated in particular with Kuwait and Saudi Arabia. We rescued these countries; 147 Americans gave their lives in the cause of freeing Kuwait and protecting Saudi Arabia.

I hope next week when the OPEC nation ministers meet they will decide to restore normal production levels. But we cannot wait. We have to keep the pressure on. We have to provide short-term and long-term relief.

There are other steps we could take. We should suspend the 3.4-percent gas tax hike while protecting the highway trust fund, and we must make clear to the OPEC nations that we will not stand idly by.

Again, I thank the chairman of the task force and of the committee for his excellent leadership. I look forward to continuing to work with him on this very critical issue.

Mr. MURKOWSKI. Mr. President, I thank my good friend from Maine for an update on what has occurred as a consequence of the crisis in the Northeast corridor and the implications associated with that in her area. I think she certainly has been diligent in attempting to bring about some relief for her area. It is unfortunate that the administration's answer seems to be soliciting more imports. Of course, those of us who follow this closely know that it is somewhere between 6 and 8 weeks before a barrel of oil that originates in Saudi Arabia is going to be available in her area for the benefit of relieving those who are subjected to the high prices of heating oil.

Before I recognize my friend from Texas who is seeking recognition on this subject, I remind my colleagues that there is going to be a lot of finger pointing as to who bears responsibility. The claim by the administration that they have been ''caught by surprise'' suggests that they must have been napping because evidence certainly shows that the President had knowledge of the extent of this crisis developing back in 1994, when the Independent Petroleum Association of America petitioned the Commerce Secretary, under section 232 of the Trade Expansion Act. Under that act, upon a request from an interested party, which the independent petroleum producers certainly were, the Secretary of Commerce must institute, over a 270-day period, an investigation into whether imports threaten U.S. national security. Then, if the Secretary determines such imports do threaten national security, the President has 3 months to disagree or agree and, if he agrees, to determine a response or a solution.

In 1994, the Independent Petroleum Association petitioned the Commerce Department. At that time, the late Secretary, Ron Brown, under section 232 of the Trade Expansion Act, responded. After study, the Department of Commerce found that imports did threaten the national security and reported this to our President. What was the President's response? I quote from the 1994 findings:

I am today concurring with the Department of Commerce and their finding that the Nation's growing reliance on imports of crude oil and refined petroleum products threatens the Nation's security because they increase U.S. vulnerability to oil supply interruptions.

Granted, that was in 1994, but something else happened in March of 1999. The Congress asked for a new section 232 finding on oil imports.

I ask unanimous consent that a letter asking the Department of Commerce for an evaluation under section 232 be printed in the RECORD.

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

UNITED STATES SENATE,
Washington, DC, March 12, 1999.

Hon. WILLIAM M. DALEY,
Secretary of Commerce, U.S. Department of Commerce, Washington, DC.

DEAR SECRETARY DALEY: For over a year now, the world oil market has been glutted with excess supply, which has severely depressed oil prices. The crash in oil prices has resulted in record low gasoline prices and shaved at least half a point off the inflation rate. At the same time, the impact on domestic oil production has been devastating. According to a January survey by the Independent Petroleum Association of America (IPAA), 193,000 marginal oil and gas wells have been shut down wth a loss in oil production of 360,000 barrels per day since November of 1997. Even if oil prices were to increase to $14 for the next six months, another 184,000 oil wells would likely be shut in. Once marginal wells, well that produce less than 10 barrels per day, are shut in they rarely come back into production. With 1 million barrels per day of U.S. production coming from marginal wells, loss of that production would have a dramatic impact on U.S. oil imports.

The future implications of a slowdown of this magnitude are severe and long lasting. New drilling is down nearly 50 percent. In general, the only wells being drilled are those required to maintain a lease. The major oil companies have announced significant cuts in capital spending, averaging 20 percent. The impact on the United States, a high-cost province, is expected to be a reduction in capital spending on the order of 40 percent. The absence of new drilling means that for several years we are going to have declining production as old fields are depleted without new fields being brought into production. Oil development requires long lead times and oil production cannot be brought back up in short order.

According to press reports, oil industry bankruptcy filings started to accelerate late last year. The courts in Texas alone are expecting over 80 Chapter 7 oil industry bankruptcies as a result of the crisis. Over 24,000 jobs directly in the oil industry have already been lost, with another 17,000 expected. In the short run, the economic impacts in some areas are staggering. In the long run, the risk is the lost capability for domestic production. As companies go out of business, equipment is taken out of service and people are forced to find other lines of work. As the United States discovered after the last price downturn, once the expertise and capability disappear, they are costly to replace when prices do recover.

The total U.S. trade deficit last year for goods and services was $168.6 billion, up from $110.2 billion in 1997. The petroleum contribution to the deficit was $20 billion less than in 1997, even though imports of crude oil were up 6 percent and all petroleum products 8 percent. When oil prices recover, and they will as non-OPEC supplies decline and developing country economies emerge from recession, our trade deficit figures will see a sharp increase. The Energy Information Administration, in its Annual Energy Outlook 1999, is projecting oil imports as high as 71 percent of consumption by 2020 at a cost of $100–$158 billion. While low oil prices have provided obvious benefits to the economy in the short run, we believe it is reckless not to be taking immedate action to mitigate the future impact of our increasing dependence on imported oil.

In 1994, your Department conducted a review under section 232(b) of the Trade Expansion Act of 1962 (19 U.S.C. 1862) and found that the nation's growing reliance on imports of crude oil and refined petroleum products threatened the nation's security because they increase U.S. vulnerability to oil supply interruptions. On February 16, 1995, President Clinton concurred with the finding, but took no action. In 1994, the U.S. was 51 percent dependent on foreign oil; in 1998 it was 56% dependent. Clearly, the security threat that was found in 1995 has increased along with those imports.

With all these factors in mind, we are hereby requesting that you conduct an expedited review and investigation into the impact of low oil prices and ever increasing oil imports on the United States national security under the authorities granted to you under Sec. 232 of the Trade Expansion Act of 1962. A finding that the level of oil imports is a threat to our national security will put the focus on a national policy to respond to the crisis. We respectfully request that you complete your investigation and send your findings to the President within 60 days.

Sincerely,

Jeff Bingman, John Breaux, Mary L. Landrieu, Frank H. Murkowski, Kent Conrad, Michael B. Enzi, Max Baucus, Byron L. Dorgan, Trent Lott, Conrad Burns, Blanche Lincoln.

Mr. MURKOWSKI. Further, I note that that particular letter is a bipartisan letter. Many Democrats as well as Republicans are on that letter, specifically asking, again, for a new finding on oil imports and pointing out that the domestic oil and gas industry was basically in a free-fall—this was March of 1999 —and that that free-fall would further threaten our national security.

In April of 1999, Secretary of Commerce Daley initiated the study. That study was delivered to the President last November. Now, the President has not released that study, but clearly that study is going to point out that national security is at risk because of our increasing dependence on imports. Why hasn't the White House released that report?

Yesterday the Majority leader, Senator LOTT, along with Senator WARNER, chairman of the Armed Services Committee, Senator HELMS, chairman of the Foreign Relations Committee, and myself wrote to the President laying out this sequence of facts and asking the President to release that report that has been sitting on his desk since November. Now, he is required by law to do this within 90 days—which has past. So when I hear from the administration that they were caught by surprise, or caught napping, I can only assume they haven't been reading their mail, or they haven't been moving the reports, or they have decided they didn't want to bring this issue up before the American people, because they were told in 1994 and they were told again last November that we were risking our national security as a consequence of our import and dependence on foreign oil, which is now up to 56 percent.

The Department of Energy, in its own forecast last year, said in the years 2015 to 2020 we will probably be in the area of 65-percent dependent on imports. I am not buying the excuse that they were caught napping or caught by surprise. They were caught because they haven't done anything about it. They haven't wanted to do anything about it. They hoped they would get out of town before the American public became aware, before the crisis hit, before the farmers came to Washington, before the truck drivers came to Washington, before we had a surcharge on our airline tickets, before we were approaching $2-a-gallon gasoline. But it has caught up with them.

It will be very interesting to hear what the White House is going to say now that they have this report under section 232 of the Trade Expansion Act; they have had it since November. And why haven't they released it to the American people?

I ask the Senator from Texas how much time she will need. We have had 7 minutes. We have had 10 minutes. And we have a couple more speakers. Is 10 minutes adequate?

Mrs. HUTCHISON. Yes.

Mr. MURKOWSKI. Mr. President, I yield 10 minutes to my good friend from Texas, who has been very much an integral part of our Special Energy Committee to try to address some short-term, interim, and some long-term relief for the crisis we are currently facing in our country.

Mrs. HUTCHISON. Mr. President, I thank the Senator from Alaska, the chairman of our Energy Committee, for taking the lead on this very important issue. Not one person who drives a car in this country or rides on an airplane can fail to realize what is happening—that we have oil prices that are going through the roof and it is affecting every one of us in our daily lives.

The sad thing is that this could have been avoided. We had the opportunity to present an energy policy in this country that would not make us beholden to foreign oil resources. In fact, when President Clinton took office, we imported 48 percent of the oil needs in our country. Today, it is approaching 56 percent. Over 50 percent of the oil needs in our country are imported.

I am going to vote for all the quick fixes that we can to get prices down as quickly as possible because it does hurt people who have to drive for a living, or those who are planning family vacations, to have this kind of added expense they didn't count on. But if we do a short-term fix without a long-term fix, we are doing nothing to solve the real problem in this country—that we are consuming more oil than we are producing and we are too dependent on foreign sources.

I want to help the people in the Northeast who are suffering from terrible heating oil shortages and high prices. I want to help every American who is driving a car and seeing $50 register on the gasoline pump. I want to make sure we realize we can do something to make our own country more self-sufficient and these are things that will be good for everyone.

When prices were so low that small producers could not break even—in 1997 and 1998—we lost much of the small business in our country that is in oil production. I have a great empathy for farmers in our country, as does Congress and the President. So when prices are artificially low for agricultural products, we do something for the small farmer to make sure they can stay in business because they are the bread basket of America and it is in all of our interests to do that.

But somehow, when we talk about small oil producers, people don't think of that as a small business. They think of oil as big oil. They think of it as J.R. Ewing. That is not the small producer in our country. A normal well in our country would be putting out 1,000 barrels. In Alaska, they put out 6,000 barrels a day. When we talk about a marginal well, we are talking about a 15-barrel-a-day quantity; the output is 15 barrels a day. This is a very small, low-profit-margin well. These are small businesses that are creating jobs in America.

What I want to do as part of a long-term solution is help those small producers when prices go so low that they have to go out of business and close their wells. In 1997 and 1998, 20 percent of these producers were put out of business because prices were $7, $8, $9 a barrel and they could not break even. Once a well is shut in, they pour concrete down the hole, so it is very expensive to reopen it.

Now, to put this in perspective, you might think, why would we want to save a 15-barrel-a-day well? The reason is that all of those small wells, put together—about 500,000 of them across the country—can create the same amount of oil as we import from Saudi Arabia. So if we can keep these little guys in business, that creates a base for our country that does make a difference—the same amount of oil we import from Saudi Arabia that we are getting in our own country, creating jobs in our own country, creating tax-paying citizens, paying taxes to school districts, paying sales taxes to our States and income taxes to the Federal Government. So this is not a loss to the Federal Government; this is a win for everyone.

In my State of Texas, where they have given tax breaks to small producers—the 15-barrel-a-day producers—they have reopened wells and they have put over a billion dollars into the economy of the State just by giving incentives for these small guys to stay in business. So if we can do this when prices fall below $17 a barrel, we will create revenue for our States and Federal Government, jobs for American people, and we will create more oil so the price is stabilized, so we won't see the spikes caused by foreign countries deciding they are not going to produce. It is a win for everyone.

This is not big oil. The big oil companies rarely, if ever—I would say never, but I could be wrong; maybe there is a well out there that is 15 barrels a day, but it is not the kind of thing big companies do. But it is a livelihood for a small producer, and we should treat them like a small family farmer because it is in our interest to do so. It doesn't hurt us in revenue, it helps us.

My addition to the long-term solution here is to help producers who are drilling wells that produce 15 barrels a day, or less, by giving them a tax credit for the first 3 barrels of the 15 barrels when the price falls below $17 a barrel.

That is it.

If it goes to $18 a barrel, there is no tax credit because then they can break even on their own. But when it falls below $17, then they need that help to keep those jobs, to keep that well pumping until they get to $18 a barrel. Frankly, if we did this, the prices would stabilize and we wouldn't have the lows and the highs.

I commend our chairman, Frank MURKOWSKI, for putting together a package. I wish we had an energy policy from the administration. I hope they will work with us.

Our package says we are going to lower the gasoline taxes immediately until prices go back up to the $17 or $18 a barrel level; we are going to give help to people who need help in extra funding for fuel oil; we give help to the truckers who rely on fuel prices being at a steady level when they make contracts. We will do the short-term fixes. But we must address the long-term problems. If we did, we could pump immediately 250,000 barrels a day in our country with the small guys, with the little guys—the little oil producers who would reopen a well or believe they could make the investment to go back in and start drilling again—and start our production so we would not be totally beholden to foreign countries for our energy needs.

I hope our package is not just short-term fixes because if it is, we will be walking away from the responsibility of Congress to have an energy policy that will for the long term stabilize prices at a reasonable level so we can keep jobs in America and so we can have the security that we will not import more than 50 percent of the needs of our country.

Thank you, Mr. President.

Mr. MURKOWSKI. Mr. President, I wonder if I might ask a question of my friend from Texas relative to, again, the contribution of these small stripper wells. They are prevalent in our State, Oklahoma, and other areas. While they don't produce much, the numbers are significant. Collectively putting them together could offset dramatically a significant portion of what we import.

Mrs. HUTCHISON. That is exactly right.

Mr. MURKOWSKI. Does the Senator have a figure on how significant they are collectively?

Mrs. HUTCHISON. I think the chairman is exactly right. In fact, if we helped these small stripper wells and these little guys so they could afford to go back in and drill again, we would be creating the same number of barrels as we import from Saudi Arabia. They could produce 250,000 barrels almost immediately if they knew there was a policy that would protect them against a drop because then they could afford to make the investment.

Mr. MURKOWSKI. When they are shut down, they are difficult to reopen and are almost lost.

Mrs. HUTCHISON. That is exactly right, and 250,000 barrels a day could come on line practically immediately.

Mr. MURKOWSKI. This proposal of a floor and a ceiling for somewhere in the area of $14 to $17 would guarantee them an opportunity to continue when prices dropped below a figure and when ordinarily they would cease to exist because they couldn't operate below that price.

Mrs. HUTCHISON. They couldn't exist when prices fell to $11, $10, or $9 a barrel. They cease to exist. Some of them will never come back.

Mr. MURKOWSKI. We would be losing those jobs, and the dollars would be spent overseas.

Mrs. HUTCHISON. When the price goes to $18 a barrel, there are no tax credits—nothing—because they can make it on their own.

Mr. MURKOWSKI. I very much appreciate the contribution of the Senator from Texas who has been very instrumental, I think, in coming up with some solutions as opposed to just importing more oil.

Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Senator has 13 minutes.

Mr. MURKOWSKI. I yield 6 minutes to my friend from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Thank you, Mr. President.

I think one thing the Senator from Texas, Mrs. HUTCHISON, failed to say is that she has legislation to do the very thing she is talking about that is critical to more than just the economy of this country and just the price of oil but also to our national security.

I can remember in 1985 serving in the other body. At that time, we and Secretary of the Interior Hodel had a dog-and-pony show where we would go around the Nation and explain to people in consumption States that our dependency on foreign sources for our oil was a national security issue. That means we are dependent upon them for our ability to fight a war. This is an incontrovertible fact. In fact, if you go back to World War I, the wars have been won by those countries that have control of the energy.

I certainly applaud Senator HUTCHISON for her legislation. I am a cosponsor.

I think this is one of the ways we do it. We have two major sources in this country that we need to tap: One is in the State of Alaska, and offshore. I have been up there. I know how compatible that is to the ecology up there. I believe we are going to have to do it. Of course, in our areas, to some degree—Arkansas, Oklahoma, and Texas in the oil belt—we have tremendous reserves. But all of it is in shallow steppes.

She talks about 15 barrels a day. I used to do this for a living. I was a tool dresser on a table tool rig. Nobody knows what a table tool rig is anymore. But at that time, you had to work and work very hard.

It costs us in the United States of America 10 times as much to lift a barrel of oil out of the ground than it costs in Saudi Arabia.

You would think we were smart enough in this country to learn from experience, but we are not. In 1973, we were going through exactly the same thing we are going through today. The OPEC countries could produce oil cheaply. They had control of this. We were at that time only 36-percent dependent upon them, but that was enough for them to control to the extent they lowered the price and starved out the small, marginal well producers and stripper producers. They were no longer able to stay in business.

It is not easy to say: It is fine now because it is $38 a barrel, or $28 a barrel. It doesn't work that way. There has to be a predictability of price.

When you are making an investment decision to drill one of these wells, that has to be made about 6 months before you actually go into the ground. If you have fluctuating prices, you can't find many people who are willing to risk their capital to go in the ground. We have to have predictability. The only way we are going to have that is with a national energy policy.

I have probably been the chief critic of this administration in every area, from energy to national defense. But in this case I have to, in all fairness, say we do not have a national energy policy. We tried to get a national energy policy under President Reagan, under President Bush, and certainly under President Clinton. We have not been able to do it. This is where we are going to have to concentrate our efforts.

I think people who are concerned about prices need to understand there is another thing coming, and that is the EPA. Truck drivers have been requesting that Congress step in to reduce the cost of diesel fuel. If they think prices are high now, wait until the EPA finalizes their sulfur and diesel rule. I have talked to small refiners. They do not know how they can operate at that particular level. That is going to have a direct effect. It could double the cost of diesel.

Yesterday, Carol Browner said she wanted to eliminate the oxygenate mandate in fuels. However, she wants to mandate that all fuels contain a 1.5-percent renewable component. That means the cost is going to go up. It is done under the banner of the ecology.

The issue we are dealing with today is far more serious than just the price of gas at the pumps or the price of oil to heat our houses. This is a national security issue. We are now dependent upon foreign sources for our ability to defend America.

It has to come to a stop. The only way it can come to a stop is develop a national energy policy, the cornerstone of which is a percentage beyond which we cannot go beyond for dependence on foreign sources. I applaud the chairman for his efforts and join in the efforts to bring about such a policy.

Mr. MURKOWSKI. I thank my friend, the Senator from Oklahoma. I remind the Senator that in 1973 when we had the Arab oil embargo, we had a bipartisan effort to come together, to take steps to ensure we would never be over 50-percent dependent on imported oil. We created the Strategic Petroleum Reserve. Clearly we didn't follow what we were preaching at that time. I thank my friend from Oklahoma for his contribution.

In the remaining minutes, I will point out a couple of relevant facts I think Members need to be cognizant of. One of the short-term proposals that our energy caucus has come up with is to support a temporary suspension until year end of the 4.3-cent-a-gallon gasoline tax that was added in 1993. Some will remember we had a debate on the floor regarding that tax. We were tied on the 4.3-cent-per-gallon gasoline tax increase. Vice President GORE came to the floor and broke the tie. Some have taken the opportunity to suggest this is the Gore tax, the 4.3 cent a gallon. It amounted to a 30-percent tax increase on the gasoline.

We are proposing a temporary suspension. The proposal suggests we will not jeopardize any of the contracts that are outstanding for highway funding this year, that we will replace the offset by the end of the year through the general fund or surplus, or a combination of both, or perhaps if the price of oil should come down, we will do it that way. However, we clearly will not jeopardize the highway trust fund by this proposal.

Another reality I think is worth mentioning because it is very significant relates to the fact we are currently importing a significant amount of oil from Iraq. We fought a war over there not so many years ago. We lost 147 American lives of service men and women. The object was to expel Saddam Hussein from Kuwait. We have 458 Americans who were wounded; 23 were held prisoner of war. What has it cost the American taxpayer since the end of the Persian Gulf war to ensure that Saddam Hussein stays within his borders? A little over $10 billion—we were enforcing a no-fly zone; we were enforcing some embargoes. I mention this because of the inconsistency.

Now we are importing oil from Iraq. Our greatest percentage of growth in imports is coming from Iraq. In 1998, I think it was 336,000 barrels a day; In 1999, it is over twice that much.

Where is the consistency in our policy? We can condemn the Saudis for not increasing oil production. We can condemn the Mexicans. The Secretary of Energy went to the Saudis and said: We have an emergency, we need more production.

Do you know what they said? They will have a meeting on March 27 and let us know. He says: No, you do not understand. We have an emergency. And they said: No, we have a meeting.

He went to Mexico and begged for more production from Mexico. Do you know what the Mexicans said? They said: Where were you, United States, when oil was $13, $14, $15 a barrel and our economy was in the bag?

That is what we are hearing as a consequence of our dependence on this source. Some suggest we should consider pulling out troops if OPEC fails to raise production. Obviously, that is contrary to our own best interests, as well.

It is important to point out the inconsistencies associated with our policies and the realization we have allowed ourselves to become so dependent. We were aware of it as evidenced by the section 232 Trade Expansion Act report. The President had it in 1994 by the Department of Commerce and he had it last November and he has not chosen to release it. That is where we are.

I conclude by reminding my colleagues that things are probably going to get worse in some areas of the country. We had the Senator from Maine indicate the difficulties associated with heating oil. Let me advise the Northeast corridor that there may be higher electric generation prices coming this summer in their electric bills. Only 3 percent of the Nation's electricity comes from oil-fired generating plants, but in the Northeast corridor it is much higher. It is estimated that the older oil-fired plants will have to come online this summer and the price will go up because they use a uniform price method to set prices.

In other words, the last energy source that comes online dictates the price for the other sources and there is a windfall. In other words, those providing electricity using gas, which is cheaper, charge the same price as those generating electricity using oil. If I have not confused the President, I think he has an idea of the point: Electricity prices will go up in the Northeast.

The Northeast corridor relies 33 percent, I am told, on fuel oil for its power generation. By some estimates, an oil plant that offered electricity at $37 per megawatt hour 1 year ago may now seek a price of $75 or more—assuming fuel is purchased on the open market. It may be more as owners of oil units are free to ask whatever price desired.

If there were an abundance of power this would not be an issue, but there is not an abundance of power. It is very likely, according to the estimates we have received from sources in the industry, that every kind of generation available will likely be utilized this year in the Northeast corridor—including fuel-oil units.

The bottom line is that as long as OPEC controls the price of oil and we allow our domestic production to continue to decline, American consumers continue to pay the price.

The alternative is clear: We have to reduce our dependence on imported oil. To do that, we have to go across the breadth of our energy sources. We have to have the people in the Northeast corridor recognize the answer to their problem is more domestic production and less dependence on imported oil. That suggests an aggressive policy of opening up the overthrust belt in the Rocky Mountains, opening up Alaska, opening up OCS areas, and do it right, with the technology we have. Otherwise, this situation will happen again and again and again. The Northeast corridor will feel it first and foremost.

I thank the Presiding Officer for his patience and diligence in listening to the presentation.

The PRESIDING OFFICER. The Senator's time has expired. Under the previous order, the Senator from Illinois, Mr. DURBIN, or his designee is recognized to speak for up to 50 minutes.

Mr. KERREY. Mr. President, I yield such time as necessary for this presentation.

The PRESIDING OFFICER. The Senator is recognized.

THE MIDDLE EAST

Mr. KERREY. Mr. President, last week, in the middle of a 10-day trip to Syria, Lebanon, Jordan, and Israel, I read a story in the International Herald Tribune about a discovery made by a joint Chinese-United States paleontology team in China. The team found 45-million-year-old fossil remnants of an animal the size of a thumb they believe is a key evolutionary link between pre-simian mammals and human beings. From an analysis of the fossils, the team speculated that the animal met an unfortunate fate: He became the regurgitated meal of a hungry owl.

Misery loves company and there are times in the Middle East when one feels like that unfortunate animal trying to figure out and understand what our policy ought to be to pursue peace in that turbulent, difficult region.

In the Middle East the search for peace can seem as slow to develop and the politics can be as brutal as the rules of natural selection where survival is the most important virtue. For most of the modern era survival in the Middle East has been defined in military terms. However, because the Middle East is not immune from the competitive demands of the global economy, increasingly survival's definition has been modified with economic strategies and analysis.

That is among the most important reasons for improved chances of peace between Israel and Syria. To that end President Clinton's decision to fly to Geneva, Switzerland to meet with Syrian President Hafez al-Assad is a very hopeful sign. The President has a high degree of respect from both President Assad and Israeli Prime Minister Barak. As such, he may be able to convince Mr. Assad to make some gesture to the Israeli people which will make possible the eventual surrender of the all-important Golan Heights. The Golan Heights were captured from Syria on June 10, 1967, at the end of the Six Day War, and have been a part of Israel for 33 years; no Israeli leader can surrender this land unless legitimate security concerns are thoroughly satisfied.

If the President's discussions with President Assad do help produce a peace agreement between Israel and Syria, it will add momentum to the successful completion of final status talks between Israel and the Palestinians. It will decrease the potential for tragedy in southern Lebanon following Israel's unilateral withdrawal by July 1. And finally, it will increase the chances that Lebanon could become more independent from Syria.

Syria's 15 million people are facing a very uncertain future. This uncertainty begins with the nature of their government—a dictatorship with President Assad in absolute control. Mr. Assad has held power since 1970 and has tried to give the impression of popular support with coerced referendums; in 1991 he received a ''vote of confidence'' from 99.9 percent of Syrians. However, Mr. Assad's age and health make it likely that power will be transferred in the next few years. The current leading candidate is the President's son, Bashar, a thirty year old ophthalmologist.

Peace with Israel would make it much more likely that President Assad's son would survive in power. A peace agreement would mean normalized relations with Israel and an end to Syria's support of terrorism. It would make it more likely that badly needed investment would enter the country and it would allow Syria to divert much needed resources from defense into health and education. The resulting economic growth would bring newfound opportunities to the Syrian people though not nearly as great as the opportunities they would have if they would begin a transition away from a dictatorship to democracy.

From the Israeli point of view, a peace agreement with Syria would bring benefits that could lead to solving regional economic problems as well as contributing to a more favorable agreement with the Palestinians. Peace would mean that all three nations—Jordan, Egypt and Syria—with whom Israel has fought three wars would recognize Israel's right to exist as an independent nation.

In theory it would seem like peace is possible, but the Middle East is a place where life is always standing theory on its head. Not only is a U.S. Presidential election coming to a theater near all of us in 8 months, but the political scene in both Syria—a dictatorship with transition difficulties—and Israel—a democracy divided into smaller and less effective political groups than at an time in its 50-year history—makes it most likely that defeat will once more be snatched from the jaws of victory.

I would say the chances of success are comparable to making a three-ball