

[7/1/79-Not Submitted-DF]

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THE WHITE HOUSE
WASHINGTON

Maurice -

Pls re-staff this
revised memo from
T&T Bureau.

Thanks,
Bey

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY

Office of the Assistant Administrator
for Planning and Management

June 30, 1979

TO: Bill Simon

FROM: Bill Drayton

Dear Bill,

Attached is the final EPA Weekly Report. Barbara did have a few changes she wanted made. Would you please throw away the earlier version we delivered to you yesterday evening?

Barbara and I would very much appreciate your making sure the President gets the attached memo Monday morning.

Many thanks.

Cheers!,



Bill Drayton
Assistant Administrator

THE WHITE HOUSE
WASHINGTON

DF

MEMORANDUM

Date: July 1, 1979

FOR ACTION:

Secretary Schlesinger
Stu Eizenstat - *with*
Jim McIntyre
Frank Press - *attached*
Charles Warren *synth of comments*

FOR INFORMATION:

Vice President
Frank Moore/Les
Jerry Rafshoon
Jack Watson - *will comment*
Anne Wexler

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Barbara Blum memo re "Unconventional Gas"

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 12:00 noon

DAY: Wednesday

DATE: July 4

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

WEEKLY MEMO
June 30, 1979

TO : THE PRESIDENT
FROM : Barbara Blum
Acting Administrator

OFFICE OF THE
ADMINISTRATOR

Welcome back!

I have several suggestions I feel would significantly strengthen both your energy program and our response to the immediate oil shortage. This memorandum outlines the first of these.

We believe the Administration can rely much more than it is on the United State's huge natural gas reserves. We could save between 300 - 500,000 barrels of oil a day within several months if we required dual-fired plants to switch from oil to gas and accelerated approvals by FERC of new gas contracts. Further, we could meet much of the country's incremental energy needs by developing untapped unconventional gas supplies.

"Unconventional Gas" is natural gas from Devonian shale in the Appalachians, from western tight sands, from geopressurized methane along the Gulf of Mexico, from coal seams in most regions, and from very deep wells. Limited production, chiefly from the tight sands region, has begun.

Assuming a price equivalent to \$23.50 a barrel of oil, DOE consultants estimated recoverable reserves of unconventional gas as follows:

Recoverable Unconventional Gas Reserves
(Assuming prices equivalent to \$23.50/Barrel)

Devonian Shale	20-60 quads
Tight Sands	30-170 quads
Geopressurized Methane	150-500 quads
Coal Seams	70-350 quads
Deep Gas	<u>250-350 quads</u>
<u>Total</u>	520-1420 quads

Total U.S. energy use of all fuels is now roughly 75 quads per year.

From the tight sands area alone we should be able to get more energy by 1985 than from Synfuels:

Estimated Production From Western Tight Sands
(Assuming prices equivalent to \$17.50/barrel.)

	<u>Existing Technology</u>	<u>Advanced Technology</u>
1985	800,000 B/D	1,850,000 B/D
1990	1,750,000 B/D	3,800,000 B/D
2000	2,100,000 B/D	3,350,000 B/D

Source: Lewin Associates (Report for DOE, 1978).
(Our consultants feel these estimates are low.)

In addition to providing more energy sooner, this new gas has a number of other advantages over synfuels:

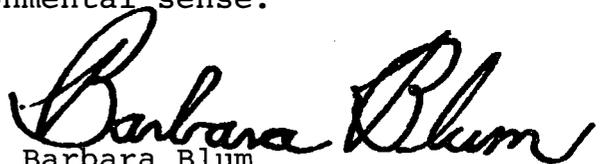
- It is much cheaper. DOE synfuel estimates now range from \$28 to \$60 per barrel.
- It is clean. Synfuels by contrast produce highly toxic organic compounds as by-products and wastes: EPA has documented increased rates of skin and lung cancer resulting from exposure to analogous industries such as the pre-pipelines local coal gasification plants ("town gas") and coke ovens. Many synthetic fuel products also have chemical structures (e.g. phenolic or polynuclear compounds) that may prove dangerous when burned. Synfuels also create greater waste problems. And they will add more to the buildup of carbon dioxide in the atmosphere per unit of energy released than gas. Effective control, when possible, adds to synfuel's true cost.

On the other hand, unconventional gas estimates are uncertain. Because gas prices have been so low for so long, we have invested little in trying to develop these reservoirs. It is also a non-renewable resource. It can only help us through the transition to solar or another long term solution.

I recommend that you consider:

- Seeking to expand the scope of the synfuels legislation now speeding through Congress to cover unconventional gas. A floor amendment in the House failed by only two votes on Tuesday.
- Seeking to extend natural gas price decontrol to tight sands gas. Although it is the most immediately promising of these sources of gas, it alone was not decontrolled.
- Seeking to repeal the 1990 prohibition against utility gas use in the Powerplant and Industrial Fuel Use Act.
- Asking DOE to encourage oil to gas switching by vigorous regulatory action now.

It seems to me, EPA's energy staff, and our outside advisors that providing strong encouragement to natural gas makes economic, energy, and environmental sense.


Barbara Blum
Acting Administrator

FOR ACTION
FYI

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

<input checked="" type="checkbox"/>	VICE PRESIDENT
	JORDAN
<input checked="" type="checkbox"/>	EIZENSTAT
	KRAFT
	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE <i>les</i>
	POWELL
<input checked="" type="checkbox"/>	RAFSHOON
<input checked="" type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	WEXLER
	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
<input checked="" type="checkbox"/>	SCHLESINGER
	STRAUSS
	VANCE

	ARONSON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	HARDEN
	HERNANDEZ
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PETTIGREW
<input checked="" type="checkbox"/>	PRESS
	SANDERS
<input checked="" type="checkbox"/>	WARREN
	WEDDINGTON
	WISE
	VOORDE
	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF THE
ADMINISTRATOR

To : THE PRESIDENT
From : Barbara Blum

Welcome back!

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- Ask DOE to encourage oil to gas switching by vigorous regulatory action now.

Providing strong encouragement to natural gas makes economic, energy, and environmental sense.

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY

Office of the Assistant Administrator
for Planning and Management

6/29

TO: Bill Simon

Dear Bill,

Attached is the memo Barbara Blum is anxious to get to the President for his reading immediately upon his return. I hope that it is final as is, but Barbara will review it later this evening when it reaches her in Atlanta. If she feels something must be changed, I will be back with a replacement Saturday morning as I gather you and Dennis has worked out. I am optimistic that neither of us will have to be disturbed with another round tomorrow morning.

Thanks again very much for your help.

Cheers!,



Bill Drayton

THE WHITE HOUSE
WASHINGTON

7/1/79

rick --

received in korea.....not
given to the president.....
to you for staffing/
appropriate handling

--susan



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

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THE WHITE HOUSE

WASHINGTON

Date: July 1, 1979

MEMORANDUM

FOR ACTION:

Secretary Schlesinger
Stu Eizenstat
Jim McIntyre
✓ Frank Press
Charles Warren

FOR INFORMATION:

Vice President
Frank Moore/Les
Jerry Rafshoon
Jack Watson
Anne Wexler

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Barbara Blum memo re "Unconventional Gas"

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 noon

DAY: Wednesday

DATE: July 4

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

Unconventional gas is one of a dozen or so mid-term energy supply technologies that need to be weighed against each other when considering new initiatives. It is true that gas produces less environmental and workplace pollutants than synthetic fuels, and less carbon dioxide. However, we should not hold synthetic fuels hostage to the carbon dioxide problem until we learn more about it. Ongoing research programs on carbon dioxide will give us this information over the next several years.