

THE WHITE HOUSE

WASHINGTON

July 5, 1994

Dear Mr. Leader:

I want to thank you for your interest in our nation's oil and gas policy. The Administration shares your concern for the strength and competitiveness of this important industry.

The June 16 oil and gas meeting was very helpful in clarifying the issues facing this industry and your proposed remedies. I would like to suggest the following steps:

First, regarding marginal wells, I would like to work with Congress to identify policies that can extend the margin of economic production while ensuring revenue neutrality. Provisions to extend the economic life of stripper wells onshore, as well as royalty relief for marginal new fields starting up in the deep water Gulf of Mexico could be such policies.

Second, regarding Alaska oil exports, I would like to achieve the benefits of lifting the existing ban without triggering other concerns, such as trade-related problems or adverse consequences for the U.S. maritime industry. The Administration is making a strong effort to reach a resolution on these issues.

I have asked the National Economic Council to continue to coordinate relevant agencies in moving forward with you in these two areas. Additionally, I have asked OMB's Office of Information and Regulatory Affairs to ensure that rulemakings about which members expressed concerns at the meeting are faithful to the regulatory philosophy of my executive order, which calls for assessing all costs and benefits of available regulatory alternatives and selecting approaches which maximize net benefits.

Thank you again for your very constructive initiative. I look forward to working with you to identify and adopt policies that benefit the oil and gas industry and the nation.

Sincerely,



The Honorable Robert Dole
United States Senate
Washington, D.C. 20510

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