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NEWS from U.S. Senator Bob Dole

(R.—Kans.)

New Senate Office Building, Washington, D.C. 20510 (202) 225-6521

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CONTACT: JANET ANDERSON

OIL PRODUCTION DISINCENTIVES TO BE ENDED FOR SMALL PRODUCERS

WASHINGTON, D. C. -- Senator Bob Dole today was informed that the Federal Energy Administration is changing its regulations to remove a production disincentive for small oil producers. The change was made in response to letters by Dole to the FEA urging elimination of the disincentives. Dole was informed of the changes by Mr. Frank Zarb, Administrator of the FEA, in a Friday morning meeting in his Washington office.

"With the very serious need to reduce our dependence on foreign oil", Dole said at the meeting, "I am happy to see that the FEA is working to increase our own production to alleviate the need for foreign produced oil."

The regulation change may be vetoed by the Congress if it acts within five days under existing law. However, there has been no indication that Congress will move to prevent the modification. The regulation change will now allow producers with "stripper wells" to expand production without taking a loss in income under certain conditions that had existed previously.

Dole and Zarb also discussed the need for deregulation of new oil produced by more costly methods such as secondary and tertiary recovery techniques. Such a change would require new legislation in the absence of total deregulation which the President has proposed.

The two also discussed the more general outlook for passage of comprehensive energy legislation by the Congress. Citing the lack of progress to date in the House of Representatives -- where energy tax legislation must be initiated -- Dole indicated his hopes that the Senate would prepare itself for prompt action on any bill the House "may eventually send us." He indicated to Zarb that he would encourage the start of general hearings on energy policy alternatives by the Senate Finance Committee "with the intention of getting all the preliminaries out of the way so that we can go right to work on the legislative substance of the House bill when it is ready."