

Authority E 012958  
By MS NARA Date 5-3-05

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THE WHITE HOUSE  
WASHINGTON

October 15, 1973

MEMORANDUM FOR: HENRY A. KISSINGER  
SUBJECT: Emergency Oil Contingency Action Plan

The attached emergency action plan at Tab A is designed to compensate for a cut-off of all crude oil and petroleum products supplied directly to the U.S. from Arab states plus products supplied to the U.S. from other areas but processed from Arab crude. The plan summarizes the emergency action, the legal authority available or required, the agency which would be responsible for action and the specific steps. Further detail is provided in attachments.

Attached At Tab B is a proposed Presidential announcement of the plan.

My memorandum to you of October 14, 1973, provides estimates of the size of the cut-off and the potential effects of the various actions to counteract it. I again point out that we would need to take all or nearly all of the steps listed simultaneously in order to meet the shortages. In addition, we would need to immediately initiate steps to move to formal rationing. As discussed in our meeting, we may or may not choose to announce this step but preparation should be undertaken immediately with the announcement of the plan as it will take at least 60 days and perhaps longer to set up machinery to ration.

Several of the steps will need more extensive study and coordination before we should move on them. In particular, these would include possible gasoline or other energy taxation, changes in energy price controls, and alterations of the provisions of the Clean Air Act. All of the steps will need further refinement and work will proceed. However, there is a limited amount we can do without involving greater numbers of people.

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Finally, the program should be given strong and visible support by the actions of the President and top government officials through personal reduction in energy use (e.g. smaller cars, less use of government aircraft, etc.).

John A. Love  
Assistant to the President

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MEASURES TO INCREASE SUPPLY

Purpose: Increase domestic production

Action: (1) Increase production from Naval Petroleum Reserve, Elk Hills, Calif (NPR #1)

Authority: There is no present Federal authority for increased production without Congressional action.

Agency/Responsibility:

- Navy seek legislation for as much production for as long as possible; work with the House and Senate Committees.
  - President letter to the Committee Chairmen urging immediate action.
  - President to include topic in address or press release.
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Action: (2) Increase domestic oil production

Authority: There is no present Federal role/authority to increase domestic production other than on Federal reserves (e.g., Elk Hills) - production on the O.C.S. is probably closer to maximum capacity than production in Texas or Louisiana.

Agency/Responsibility:

- President exhort regulatory boards, primarily the Texas Railroad Commission, to increase allowables in some fields and MER's in other fields.
- President to include this issue in any address and/or press release.

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Measures to Increase Supply

Action: (3a) Use of the Eagleton Amendment to override State Implementation Plans under the Clean Air Act.

Authority: Neither the Clean Air Act nor the Eagleton Amendment contains authority that can be used to suspend State Implementation Plans. However, the Eagleton Amendment could be used to effectively deny low-sulphur fuel oil and other low-pollutant fuels (natural gas, etc.) needed by consumers to meet clean air standards prescribed pursuant to the Clean Air Act. The likely effect of such a denial would be to shut down the operations of the consumers involved, because neither the States nor the Administrator of the Environmental Protection Agency appear to have significant authority to suspend or override those standards.

Agency/Responsibility:

- President state need to override State Implementation Plans created under the Clean Air Act.
- Interior use allocation program to deny low-sulphur fuel oil and other low-pollutant fuels,
- As an alternative if the Eagleton Amendment is not used, the attached (Tab C) draft bill could be submitted to Congress.

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Action: (3b) Use of the Eagleton Amendment to force switching of boilers to coal from petroleum (estimated at 1 to 1.5 million barrels per day for boilers that can be converted within sixty days - but this figure would be constrained by the availability of coal.

Authority: The Eagleton Amendment cannot be used as direct legal authority to force the reconversion of a

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Measures to Increase Supply

boiler to the use of coal instead of petroleum. However, it would appear lawful to use that amendment as authority to deny oil as a fuel for use in any boiler than can be converted from oil to coal within sixty days. This would effectively accomplish the same result. The legality of this action would, of course, be subject to the Government's being able to demonstrate the reasonableness of requiring such conversions.

Such a denial of an allocation of fuel oil could effectively shut down boilers that cannot be readily reconverted. It could also shut them down if coal is not readily available as a fuel. The legality of this denial of fuel oil could possibly be challenged as arbitrary and discriminatory if newly installed oilburning boilers and other new users of fuel oil are not also denied supplies of fuel oil and thus forced to convert to coal.

Agency/Responsibility:

- President states in message encouraging conversion of facilities to burning coal.
- Interior uses the allocation program to deny oil as a fuel for use in any boiler that can be converted within sixty days.

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Purpose: (4) Increase Imports from Canada and Venezuela

Action: (4) Send message from President to President Caldera of Venezuela and message from Secretary of State to Acting Prime Minister Sharp of Canada proposing urgent consultations.

Authority: None required.

Agency/Responsibility:

- State has drafted proposed messages indicated in Action above (see drafts in Tab D).

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Measures to Increase Supply

- Consultations between U.S. officials (headed by Governor Love) and Canadian counterparts has been previously scheduled for October 23. This date might be moved up.
  - A similar team, preferably headed by Governor Love, should plan to go to Venezuela.
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Purpose: (5) To cope with interruptions of foreign supplies.

Action: (5) Activate Foreign Petroleum Supply Committee

Authority: The Voluntary Agreement Relating to Foreign Petroleum Supply, authorized by the Defense Production Act of 1950.

Agency/Responsibility:

- The Secretary of the Interior within 48-72 hrs convokes the Foreign Petroleum Supply Committee. This Committee established under the Voluntary Agreement authorizes U.S. companies engaged in foreign petroleum operations jointly to provide information concerning supply and transport and to carryout emergency plans of action under the direction of the Secretary of the Interior.
- The Secretary of the Interior already has undertaken all the necessary steps (including consultation with the Justice Department) short of advising oil companies to meet and of publishing the necessary notice in the Federal Register. (A draft Federal Register notice and a draft telegram to the companies involved are at Tab E.)

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MEASURES TO REDUCE DEMAND

Purpose: (1) Reduce home energy consumption

Action: (1a) Launch advertising/public information campaign to urge voluntary 4° reduction in home heating temperatures and other actions

Authority: No additional authority is needed to implement the program.

Agency/Responsibility:

- President publicly launched campaign last week. He should mention effort again in any speech to the Nation on the problem.
- Interior contract for production of T.V. and radio ads (process underway this week)
- Interior obtained Advertising Council support for national campaign (Due Thursday)
- HEW send conservation kits to teachers around the country
- Virginia Knauer distribute consumer conservation material (including savEnergy logo) to the public (underway)

Action: (1b) Restrict use of ornamental gas lights

Note: Gas lights alone use equivalent of approximately 35 million barrels of oil per day.

Authority: There is no authority to mandate restrictions on ornamental lighting; emergency powers would be necessary. No additional authority is required for a voluntary program.

Agency/Responsibility:

- President should mention in any speech on the subject
- EPO/OMB instruct Interior to incorporate message in public awareness campaign

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Purpose: (2) Restrict commercial energy use

Action: (2a) Launch campaign with States

(2a.1) Close schools for short periods during winter and extend sessions at other times.

Authority: Voluntary program would probably be simplest, since no direct authority exists now at either the Federal or state level. Individual school boards set school dates.

Eagleton Amendment could be used, and school's fuel allocation cut by a specific amount for the period in question.

Note: In Oregon, Governor McCall is having school boards consider closing buildings December 14 - January 14. That would simply extend the Christmas vacation, but Oregon's figures indicate it would save 17% of the energy used by schools over the year. The few lost days (10-12) would be made up by cutting into spring and summer vacation.

Agency/Responsibility: (If voluntary) White House direct appeal, with use of HEW to provide additional, direct input and pressure on school boards.

(If mandatory) Fuel allocation office to tell fuel dealers to cut December and January allocations to schools.

Action: (2a.2) Ban outdoor signs, night sports events, etc.

Authority: No direct legal authority exists. This could be done, though it would be difficult to administer, through the Eagleton Amendment powers. To do so, we would have to allocate less (or no) fuel for customers to use in these ways. Social pressure would also contribute.

Agency/Responsibility: White House initiation, Allocation Office (Department of the Interior) (implementation)



Purpose: (2) Restrict commercial energy use (Continued)

Action: (2a.3) Limit hours of retail stores and public building

Authority: No direct legal authority exists, but the Eagleton Amendment is broad enough, as discussed above.

Social pressure would also contribute.

Agency/Responsibility: White House initiation, Allocation Office (Department of the Interior) implementati

Action: (2a.4) Authorize utilities to interrupt power for short periods

Authority:

Agency/Responsibility:

Action: (2b) Enact emergency powers necessary to make certain of the above steps mandatory

Authority: Not applicable

Agency/Responsibility: No action is necessary. Eagleton Amendment can be interpreted enough.

Purpose: (3) Reduce automotive fuel consumption

Action: (3a) Use of the Eagleton Amendment to compel States to reduce speed limits on the Federal-aid Highways to 50 M.P.H.

Authority: Neither the Eagleton Amendment nor the Federal Highway Act expressly authorizes the Federal Government to compel States to adopt specific speed limits on Federal-aid highways. However, the authority conferred by the Eagleton Amendment can be exercised in a manner that would encourage the States to adopt reduced speed limits. For example, gasoline and diesel fuel allocation programs could be established pursuant to the Eagleton Amendment that would permit the distribution of those fuels within the States in amounts equal to 80% of amounts of those fuels that were distributed within each of those States during a specified base period. However, if a State adopted, and agreed to enforce, a 50 mile per hour speed limit on all highways constructed in whole or in part with Federal funds, it would be allowed a bonus of 5% of the amount distributed during the base period. This would give it an allocation of 85% instead of 80%.

Agency/Responsibility:

- President use message to state intention to implement 50 M.P.H. speed limit by requesting cooperation of states and supportive action through the allocation program.
- EPO through the allocation program would distribute a designated percentage to each state, with bonus provision.
- If we decide not to use the Eagleton Amendment, EPO submits a bill to Congress providing the President with the authority to impose speed limits directly (draft bill at Tab F).

Action: (3b) Impose an emergency tax on gasoline to encourage reduced consumption. (Level to be determined; Example in Tab G uses 30¢.) Anticipated savings in gasoline consumption increasing from 8.4% the first quarter to an ultimate reduction of 22% after a year. First year savings should be approximately 1,000,000 B/D.

To reduce regressive effects and increase possibility of Congressional approval, a tax rebate could be allowed based on some estimated minimum fuel usage.

A cutoff will cause an immediate need to curtail petroleum consumption. A rationing program will require at least 60 days to get started. A stiff gasoline tax will cut demand sufficiently to avoid chaos in the retail gasoline market when dealers are put on allocations.

Authority: Will require Congressional approval.

Agency/Responsibility: Treasury Department initiate tax bill.

Action: (3c) Raise parking charges for Federal employees. to commercial levels and encourage states to take similar action.

Authority: No additional authority needed. The President and OMB have sufficient authority to order changes in parking as a matter of general Executive Branch administrative procedure.

Agency/Responsibility:

- President mention the action in message on the subject
- Director of OMB direct GSA to implement the charging of commercial rates as soon as possible (e.g. In the Washington area within one month and within 3 months elsewhere

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Purpose: (3d) To encourage production of distillates at the expense of gasoline; to reduce consumption of all forms of refinery products. (See Tab B)

Action: (3d) Use existing authority of Cost of Living Council to reimpose wholesale price controls and a ceiling on gasoline and allow a minimum 2 to 3¢ wholesale price increase to refiners for distillates and a minimum of 5 to 6¢ retail price increase for all refined products.

Authority: Economic Stabilization Act

Agency/Responsibility: Cost of Living Council could direct price changes; or, Cost of Living Council might request delegation of authority to the agency charged with administration of the mandatory allocation program, with general direction of the Energy Policy Office. The second alternative is preferred.

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Purpose: (4) Increase commercial transport energy-efficiency

Action: (4a) Take steps to increase aircraft load factors.  
Airlines are currently operating with a 50% load factor. The goal is to increase that figure to between 60 and 70%. An increase of will save approximately . CAB has already begun to work with airlines to make necessary changes. (President requested action June 29) The process is very complicated because it involves numerous schedules and connecting flights.

Authority: CAB has authority to make route and schedule changes. No additional authority is necessary.

Agency/Responsibility:

- President reiterate the need for action to increase load factors by mentioning it in his statement.
- DOT/CAB hold conference on airline energy conservation with members of the airline industry, the Air Transportation Association, and relevant state and local officials. . Governor Love to address group to emphasize urgency of action.

Note: Raising the national average aircraft load factor from 52 per cent to 60 per cent by reducing flight frequencies can save 1.3 billion gallons of jet fuel per year.

Action: (4b) Eliminate truck back-haul and gateway city restrictions

Authority: ICC has the authority, and is presently considering a petition from the Motor Carriers.

Agency/Responsibility: ICC will continue to work on this. A memo to the Chairman from Governor Love might help to speed things. (ICC, EPO) The President should mention the need for action in his TV statement to the Nation.

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Purpose: (5) Reduce industrial use

Action (5) Launch government sponsored education campaign to reduce industrial consumption by 5%

Authority: No additional authority required

Agency/Responsibility:

- President launched the campaign last week
- Secretary Dent will announce steps at a press conference Thursday that Commerce will try to encourage energy management by industry.
- At the direction of the President, Commerce will establish a National Industrial Energy Conservation Council (Draft letter attached). This will be announced Thursday.
- The Commerce campaign will include speeches, seminars, visual aides and articles in business publications.

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Action: (6) Initiate year-round Daylight Saving Time

Authority: None exists at present. Would require Congressional action.

Note: Several Congressmen have expressed interest. Britain has recently adopted year-round Daylight Saving Time. CEQ figures that the savings for this winter would be about 8 MB/D (or 5 MB/D on an annual basis).

Agency/Responsibility: Support recently introduced legislation to extend daylight saving time.

OTHER MEASURES

Purpose: (1) Allocate crude oil to refiners and direct refiners to produce refined products in proportion to minimum essential national needs.

Action: Energy Policy Office will develop and issue mandatory allocation program for crude oil and refined products.

Authority: Eagleton Amendment

Purpose: (2) Prepare for formal end-use rationing of gasoline and fuel oil.

Action: Take steps to develop detailed rationing plan and organize government for possible implementation.

Authority: Eagleton Amendment

Agency/Responsibility: EPO/OMB work with Interior and other agencies to develop plan.