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Action M. Zimmerman
cc BWS
TGM
MBM ✓

THE WHITE HOUSE
 WASHINGTON

CABINET AFFAIRS STAFFING MEMORANDUM

Date: 5/16/86 Number: 317,117 Due By: -----

Subject: Domestic Policy Council Meeting - May 19, 1986
2:00 P.M. Roosevelt Room

ALL CABINET MEMBERS	Action	FYI	<u>CEA</u>	Action	FYI
Vice President	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CEQ	<input type="checkbox"/>	<input type="checkbox"/>
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OSTP	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Justice	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HHS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HUD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
CIA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
EPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Executive Secretary for:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GSA	<input type="checkbox"/>	<input type="checkbox"/>	DPC	<input type="checkbox"/>	<input checked="" type="checkbox"/>
NASA	<input type="checkbox"/>	<input type="checkbox"/>	EPC	<input type="checkbox"/>	<input type="checkbox"/>
OPM	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
SBA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

The Domestic Policy Council will meet on Monday, May 19, 1986 at 2:00 P.M. in the Roosevelt Room.

The agenda and background papers are attached.

RETURN TO:

Alfred H. Kingon
 Cabinet Secretary
 456-2823
 (Ground Floor, West Wing)

Don Clarey
 Rick Davis
 Ed Stucky

Associate Director
 Office of Cabinet Affairs
 456-2800 (Room 233, OEOB)

THE WHITE HOUSE

WASHINGTON

May 15, 1986

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM:

RALPH C. BLEDSOE
Executive Secretary



SUBJECT:

Meeting on May 19, 1986

Attached are an agenda and a paper for the Domestic Policy Council meeting scheduled for Monday, May 19, 1986 at 2:00 p.m. in the Roosevelt Room. Two items will be covered.

The first agenda item will include a presentation and discussion of the Strategic Petroleum Reserve (SPR). The DPC has been asked to determine if changes to the SPR fill rate will help stripper well and marginal oil producers. A paper drafted by the Working Group on Energy, Natural Resources and Environment is attached.

The second agenda item will include be a very important review of a special issue before the Council. Principal Cabinet members are urged to be present.

attachment

THE WHITE HOUSE
WASHINGTON

DOMESTIC POLICY COUNCIL

Monday, May 19, 1986

2:00 p.m.

Roosevelt Room

AGENDA

1. Strategic Petroleum Reserve Fill Rate
2. Pending Issue

THE WHITE HOUSE

WASHINGTON

May 15, 1986

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM: THE WORKING GROUP ON ENERGY, ENVIRONMENT AND
NATURAL RESOURCES *Ralph Blumenthal*

SUBJECT: Filling the Strategic Petroleum Reserve (SPR) With
Oil From Domestic Marginal Wells

Issue: Can practices for filling the SPR be altered in a way that will benefit stripper and marginal domestic oil producers?

Background: The President asked for an examination of how the Federal government might aid stripper well and other marginal domestic producers. The continued abilities and role of the domestic petroleum industry in meeting the economic and national security needs of the Nation is of vital importance. Plus, the current plight of thousands of persons -- workers, entrepreneurs and investors -- who have been adversely affected by current world oil market conditions is of great concern.

The Administration has already supported deregulation of natural gas and repeal of the windfall profits tax, but there are a range of other policies and programs which the Administration might pursue. To explore these, the Economic Policy Council formed an Ad Hoc Group on Oil to examine tax relief, regulatory relief, import fees, removal of bans on the export of North Slope oil, and actions related to the Strategic Petroleum Reserve (SPR). These were discussed at an EPC meeting on April 30, 1986. At the meeting, agencies were asked to review possible regulatory relief actions, and the DPC was asked to consider SPR options.

Attorney General Meese asked the Working Group on Energy, Environment and Natural Resources to review the SPR issue and report back to the DPC on May 19, 1986.

Discussion: The SPR was established in 1977 to provide the Nation with energy security in the event of an interruption of imported oil supplies. The present capacity of the SPR is 510 million bbl.; the present fill is 499 million bbl. The Working Group is studying the longer-term issue of SPR size and fill options, with results expected by the end of the month.

The current fill rate is about 50,000 bbl. per day. However, we intend to terminate filling during the 4th quarter of FY 1986, when the minimum fill rate mandated by Congress for FY 86 (an average of 35,000 bbl. per day) is achieved. Since oil is now being purchased at prices lower than anticipated when current

budget outlays were approved, there is about \$30 million remaining that could be dedicated to the purchase of some 2 million more bbls.

Also, additional budget authority is available to increase outlays by the \$15-20 million necessary for us to continue filling at a rate of 35,000 bbl. per day for the year.

To-date, most SPR oil has come from foreign suppliers. Mexico has contracted to accomplish the remaining SPR oil fill planned for FY 1986. The SPR can contract for domestic oil, but there are several factors that stand in the way:

- o SPR repositories are in coastal locations, providing a significant advantage to suppliers delivering crude by tanker. Also, pipelines that service SPR locations are directed to carry crude oil to refining centers and major markets, thus they run in the wrong direction for transporting crude from domestic fields to the repositories;
- o There is confusion in the industry about the government's procurement regulations, with some believing that purchases of domestic crude is forbidden. While correction of this misconception is advisable, it will do little to offset the logistical and related monetary issues.
- o The paperwork and rules of the federal procurement process discourage small domestic suppliers from bidding if they feel they can sell their product at the same price elsewhere.

Assuming that procurement practices are made clear, some of the logistical barriers can be overcome by use of trading contracts, a common industry practice. However, it is still unlikely that much benefit would accrue to the domestic industry and even less to the strippers and other marginal producers.

With the above as background, the Working Group discussed the long term security issues; current purchase practices, including budget and legal constraints; and the difficulty of marginal producers being able to sell and deliver oil to the SPR.

Options: Based on the above discussion, the Working Group developed the following options:

1. Indicate that no direct action relative to filling the SPR will be beneficial to marginal producers, but direct DOE and DOD to correct the misconceptions about SPR procurement practices.

Pro - This position is consistent with Administration policy, and it would be a symbolic gesture signaling our concerns. By correcting bidding misconceptions, more domestic participation in the market may also be encouraged.

Con - This will probably not further efforts to provide aid to the marginal producers. Also, without further decisions to buy more oil than already contracted for through the end of this fiscal year, this could be seen as an empty gesture with significant negative consequences.

2. Direct DOE and DOD to correct misconceptions about SPR procurement practices, and make additional purchases, above the amounts already contracted for, through the remainder of FY 1986.

Pro - This will be more than a symbolic gesture since actual procurements would take place. It may also have economic value since we would be taking advantage of the currently lower world oil prices. No offset would be required for FY 86 expenditures. This option could be further enhanced by setting aside a portion of each procurement for the domestic industry. This could be carried out by the Secretary of Defense.

Con - This action would still not provide relief to the domestic industry because of the logistical problems and complexities of the procurement process. Increasing outlays is not consistent with Administration policy, and while offsets are not required, additional outlays will increase the deficit. Subsidies are clearly against Administration policy, they would require costly regulatory and administrative systems, and would be close to impossible to administer for marginal producers other than strippers since only strippers have a legal definition.

Recommendation: Option 1 is recommended. Since there is little potential for any practical relationship between filling the SPR and the plight of the domestic industry, it seems most sensible to include only a minimal reference to it in the recommendations to go to the President.

Note: Options which required additional expenditures as the result of any type of subsidy program (e.g. above market purchases of domestic crude) were not considered.

THE WHITE HOUSE
WASHINGTON

BUS
4/14
T-4
A-4

CABINET AFFAIRS STAFFING MEMORANDUM

Date: June 15, 1987 Number: 490,662 Due By: _____

Subject: Domestic Policy Council Memorandum

	Action	FYI		Action	FYI
ALL CABINET MEMBERS	<input type="checkbox"/>	<input type="checkbox"/>	CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Vice President	<input type="checkbox"/>	<input checked="" type="checkbox"/>	CEQ	<input type="checkbox"/>	<input checked="" type="checkbox"/>
State	<input type="checkbox"/>	<input checked="" type="checkbox"/>	OSTP	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Treasury	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Justice	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Commerce	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Carlucci	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HHS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Cribb	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HUD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Bauer	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Dawson (For WH Staffing)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Staff	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
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USTR	<input type="checkbox"/>	<input type="checkbox"/>	Executive Secretary for:		
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SBA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Attached, for your information, is a memorandum from Edwin Meese III concerning the President's decisions on AIDS Testing.

RETURN TO:

Nancy J. Risque
Cabinet Secretary
456-2823
(Ground Floor, West Wing)

Associate Director
Office of Cabinet Affairs
456-2800
(Room 235, OEOB)

THE WHITE HOUSE

WASHINGTON

JUN 12 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

SUBJECT: AIDS Testing

Following the Domestic Policy Council meeting held on Thursday, May 28, 1987, the President announced his recent decisions regarding AIDS testing and steps which should be taken by the Federal Government to prevent the spread of the AIDS virus in America.

o Nationwide Incidence Study

The President has asked the Department of Health and Human Services (HHS) to carry out a comprehensive program to determine the nationwide incidence of the HIV virus and to predict the future of its occurrence. They will initiate epidemiological studies to determine the extent to which the HIV virus has penetrated the various segments of our society. The health care profession will be encouraged to participate in such a screening program.

o Testing Aliens and Immigrants

The Immigration and Naturalization Act authorizes HHS to issue through regulation a list of dangerous contagious diseases for which immigrants and aliens seeking permanent residence in the United States could be denied entry. The Administration has issued a final rule placing AIDS on the list of dangerous contagious diseases (effective 30-days from issuance) and a proposed rule substituting HIV for AIDS. There will be a 60-day comment period.

o Testing Federal Prisoners

The President has asked the Department of Justice to submit a plan for expanded testing of Federal prisoners for the AIDS virus, and ways to protect uninfected inmates and the families to which they are released.

o Other Program Areas

The President has asked his Domestic Policy Council to review other Federal program areas where AIDS testing might be done and make recommendations for his consideration.

o State Testing

The Federal Government will encourage States to offer routine testing for the AIDS virus, while recognizing individual rights, where a medical examination or blood testing occurs, in Sexually Transmitted Disease clinics and drug abuse clinics, and before a marriage license is issued.

The Federal Government will also encourage States to require routine testing for the AIDS virus in State and local prison facilities.

Edwin Meese III

Edwin Meese III
Chairman Pro Tempore