of low oil prices, such as those over the last year and a half.

As a result, independents finance their operations differently than majors. Independents generate 35 percent of their capital primarily from financial institutions. Low oil prices have made banks reluctant to make loans to the industry. This program would unlock the access to capital that is the lifeblood of this industry.

Independent producers have suffered significantly from the current price crisis. These statistics show the impact low prices have had since October 1997:

Domestic production has dropped below six million barrels per day—from 6.4 million to 5.8 million barrels per day. That's the lowest production since 1951.

More than 56,000 jobs lost out of an estimated 340,000 total industry jobs—that's more than 16 percent.

Although prices are improving, an additional 20,000 oil and natural gas jobs are at risk of being lost.

Since October 1997, 136,000 oil wells (25 percent of the U.S. total) and 57,000 natural gas wells have shut down. Many will never operate again.

Mr. President, $2.21 billion in lost federal royalties and state severance and production taxes. In my state, falling royalty and severance tax revenue have caused Governor Mike Foster to order a $30 million freeze on state government hiring and spending to head off a budget shortfall. The rate of growth in Louisiana sales and personal income taxes has fallen in recent months as laid-off energy workers reduce their spending.

Mr. President, $25 billion in lost economic impact associated with shut down oil and gas wells.

U.S. production down 651,000 barrels per day to 5.88 million, the lowest level since 1951.

Operating rig counts have hit historic lows. From November 1997 through April 1999, the domestic drilling rig count dropped 50 percent. The rig count is a quick measure of the level of activity in the industry. While most of this drop has been in the oil side of the business—about a 60 percent drop—the natural gas side of the industry has seen a 40 percent decline.

Capital budgets for oil and natural gas development are down 25–30 percent with the biggest cuts in the U.S. Most independents are drilling new wells.

Faced with these stark problems, the oil and gas loan guarantee program provides a two-year, GATT-legal, $500 million guaranteed loan program to back loans provided by private financial institutions to qualified oil and gas producers and the associated oil and gas service industry (drilling contractors, well service contractors, tubular goods, etc.)

The OMB estimates that the program will cost $125 million. The cost is fully offset by funds from the Administration's travel budget.

Loan guarantees are an approach that the Federal Government has used to help recovery of key domestic industries or cities in times of severe crisis. They have been used for Chrysler Corporation and New York City. The Department of Agriculture operates an ongoing loan guarantee program for farmers that addresses their problems during low commodity prices. Here, the concept would provide bridge financing to allow independent producers and the oil industry supply business to recover from the current price crisis.

Independent producers throughout the country continue to suffer severe economic distress. Recovery will be neither quick nor easy. This Emergency Oil and Gas Loan Guarantee Program will save jobs and businesses. It will contribute to the continued viability of the independent producing industry and U.S. national security.

I urge my colleagues to support this legislation.

Mr. BINGAMAN. Mr. President, I cosponsored the oil and gas loan guarantee program on the emergency supplemental because I believe this is an important and necessary program to ensure independent producers are able to continue operating in the United States. This program is available only to small producers who do not own refineries of any size. No major oil company is eligible.

We are currently importing well over 50 percent of our oil needs. The Energy Information Administration projects that by 2020 we will be importing 65 percent of the oil we consume. The independent oil and gas producers, those companies eligible for this program, have remained committed to domestic production. They are the backbone of our domestic oil supply. They do not import oil, and they do not sell gasoline. Every barrel these independents produce generates jobs, tax and royalty revenues and eliminates another barrel of imports.

Oil prices were as low as $7 per barrel in New Mexico a few months ago. Although prices have recovered somewhat, small producers were devastated. In addition to the pending loan guarantee program, I believe we need to implement other policy changes to protect our domestic production. Our tax and royalty policies need to be changed to ensure independent oil and gas producers have enough cash flow so they can avoid shutting in production again when prices fall as low as they were recently.

I urge support for this bill.

The PRESIDING OFFICER. The clerk will read the bill for a third time.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. I thank my colleagues for their work in the handling of this legislation today. They made a lot of progress. We will vote on final passage first thing in the morning.

A number of Senators have asked about the plan for tomorrow. We do take up the State Department authorization bill after we have final passage of this piece of legislation. There may be a necessary vote or two on amendments, but they will occur, hopefully, as early in the morning as possible, but none later than 11:45. So any of you who have plans to leave at 11:45 or 12 noon, whatever, you will be able to do that.

As usual, we announced we would have a vote or votes on this Friday, but the votes will not occur beyond 12 noon. I hope it will be earlier than that.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. I am glad to yield.

Mr. BYRD. I thank the distinguished Senator from Massachusetts.

I only want to take a few seconds to thank the majority leader for bringing up the bill which the Senate has reached agreement on which will be voted on tomorrow morning, the iron and oil and gas guarantee bill. The leader made a commitment to bring that bill up; he did not make any commitment to pass it. He did not make any commitment to vote for it. But he made a commitment to bring it up, and he has kept his word. I thank him for that.

Mr. LOTT. Thank you very much.

Mr. BYRD. I thank my own leader, and I thank TED STEVENS, the chairman of the Appropriations Committee, and Senator DOMENICI. They have used their usual skill, good humor, and toughness. I think the Nation is better off as a result.

Thank you.

Mr. LOTT. Thank you very much.

Mr. BYRD. I thank the Senator from Massachusetts.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I see my friends and colleagues here from California and Illinois. I intend to use my 10 minutes. I will be glad to respond to questions, but I ask unanimous consent that following my time that the Senator from California be recognized for 10 minutes and the Senator from Illinois be recognized for 10 minutes.