today and about the rise in home heating oil prices my friends from Maine and Vermont were talking about that are hurting their States so much.

In fact, I commend Senator MURKOWSKI for holding a hearing today in the Energy Committee to talk about this issue and what we can do to address it. I was slated to be one of the people testifying at the hearing, but because I was visiting with education leaders from my State, I could not be there and missed the hearing.

I want to speak on this issue because this is a crisis coming down the road. For the people in Maine and Vermont, it is here already. But for our constituents who are going to try to take vacations this summer, it is going to hit them right between the eyes because gasoline prices at the pump are going up, and I see no relief in sight.

The common refrain today is, the United States has no energy policy. That is not really accurate. The United States does have an energy policy, and it is the wrong one. Our policy is to restrict domestic exploration, and in those areas where exploration is permitted, there are punitive taxes and regulations on producers.

The result is that at periods of low prices, such as we had last year—prices on which a small producer cannot break even—those producers leave the business and they do not come back.

The fact is, when it comes to our most precious commodity, we do not control our own destiny. We are seeing our Energy Secretary going hat in hand to foreign countries and saying: Please, produce more oil.

Worse, we had plenty of opportunity to address this crisis. It did not just happen in a vacuum. In 1998 and 1999, crude oil prices hit their lowest point in decades: $9 a barrel, $8 a barrel. Hundreds of thousands of small wells shut down, and thousands of jobs were lost. Of course, it made us more vulnerable because we lost the production. We have ignored this cycle since the oil price shock of the 1970s. Our dependence on oil from foreign countries is now at 55 percent.

Energy-producing and energy-consuming States share two interests: Maintaining a large and reliable source of energy in our own country, and reducing volatility in oil and gas prices.

Unfortunately, the measures proposed by this administration to address the current crisis in home heating oil will not address either of these priorities. There is talk about increased funding for the Energy Department Weatherization Assistance Program, which helps homeowners make their homes more efficient. Others support an increase in the Federal Low-Income Home Energy Assistance Program to provide heating assistance to low-income families. We are discussing a temporary adjustment of EPA sulfur content limits in home heating oil. I have seen requests for additional appropriations for the Coast Guard icebreaking efforts in waterways. We are even considering getting the Federal Government into the price-fixing business by releasing oil from the Strategic Petroleum Reserve.

These are stopgap measures. But the most important thing is, if we enacted all of them, it would not solve the problem. We need a policy that encourages domestic production that is sustainable when prices go below break even.

While the problem is fairly localized now, we are going to see long gas lines this summer or we are going to see people not taking their summer vacations.

Instead, we need the quick fixes—we need to address some of those areas that need fixing right now for low-income families—and we need an energy policy that goes along with it that will sustain domestic production through the busts we have seen in the last 2 years. We need price stability.

The first step toward breaking that cycle is a simple one: Understanding that cold Vermont households and out-of-work Texas wildcatters are two sides of the same coin—our overdependence on foreign energy sources.

At the heart of our growing dependence on overseas sources has been the steady decline in the number of small producers. Wildcatters—small producers—once drilled more than 9,000 wells a year. Last year, there were 778. You wonder why we have an oil shortage? Many of these wells are so small that once they close, they cannot be reopened; it is not financially sound to do so.

What are we talking about? What is a wildcatter? A wildcatter is a person who has a well that produces 15 barrels or fewer a day. There were close to 500,000 such wells across the United States. Together, those wells, at just 15 barrels a day, have the capacity to produce 20 percent of America's energy needs. This is roughly the same amount of oil that is imported from Saudi Arabia. During last year's oil price plummet, more than one-fourth of these small wells closed, most of them for good. We have it within our capacity, in our country, to produce that 20 percent of the oil that is consumed here, which is the same amount we are importing from Saudi Arabia.

The overwhelming majority of producing wells in Texas are these marginal wells. In fact, marginal wells account for 75 percent of all crude production for small independent operators, up to 50 percent for midsized independents and 20 percent for large companies. So even the major companies can make a go of it with the small wells if we do not saddle them with so many costs that it is not financially feasible.

A more sensible energy policy would be to offer tax relief to producers of these smaller wells; that would help them stay in business even when prices fall below break even.

For 2 years I have been working with my great cosponsors—Senators DOMENICI, NICKLES, BREAUX, and LANDRIEU—on legislation that would provide incentives to these small producers. When they can stay in business during these low prices, supply will go up and we will not see that supply shortage causing high price spikes.

I think our legislation provides a quite reasonable tax credit: A $3-a-barrel tax credit for only the first three barrels of daily production in one of these small wells. We offer similar credits for small gas wells.

The marginal oil well credit would be phased out when prices of oil and natural gas actually go up. For oil, it would phase out at $14 to $17 a barrel. We are not talking about having tax credits today when we are paying $30 a barrel for oil; we are talking about tax credits when the price falls below break even. At 14 to 17 barrels a day, a small producer can make it. So when the price goes up, the tax credit goes out. The tax credit is only for the first three barrels in a well. A countercyclical system such as this would keep these producers alive during these record-low prices. They are not grabbing when the price is $20 a barrel; they are trying to stay in business and keep those jobs when the price goes below break even.

There is another benefit to encouraging marginal well production. It has a multiplier effect. In 1997, these low-volume wells generated $314 million in taxes paid to State governments. These revenues were used for State and local schools, highways, and other State-funded projects.

Another part of our plan is to offer incentives to restart inactive wells by offering producers a tax exemption for the cost of doing so. So going in and trying to reopen a well that has been capped, which is very expensive, could be done with a tax exemption for the expenses of doing it, and that would ensure greater oil availability and increase Federal and State tax revenues. Everyone would win—more jobs, more tax revenue for our States, and, most importantly, more domestic oil.

Actual results have shown that this can work. In my home State of Texas, a program similar to this has met with huge success. Over 6,000 wells have been returned to production, with State tax abatements injecting $1.6 billion into the Texas economy in a year. Think what we could do nationwide.

A recent study by the Interstate Oil and Gas Compact Commission examined State incentive programs and found that the average program attracts $1.1 billion in investment over its lifetime, with over $50 million in net tax collections typically associated with each incentive. That incentive will create 6,000 jobs and $16 billion in impact for the States.

There is more to do. We should look for ways to reduce the cost of excessive regulation on our domestic producers. This was what the fight we had last year over MMS royalty valuation was about. Some said it was a giveaway to big oil. It wasn't. It was about keeping costs low so we don't push more producers out of business. Maybe those paying record prices for home heating oil and gas today have a different perspective on that issue now. The MMS is going to release its new oil royalty valuations tomorrow, and I challenge everyone to see if they raise the price of drilling for oil on public lands. If they do, the President is just saying, yes, we are going to continue that policy to try to keep domestic production down so we can be held by the throat by OPEC countries.

The overlapping regulations that govern exploration and production and refinement add $4 to $5 a barrel to the cost of oil. Compare that with the overall cost of production in Saudi Arabia, including capital and labor, of $2 to $3 a barrel. Is it any wonder that oil companies are drilling in Saudi Arabia instead of in our country, providing jobs for our citizens?

Our fight last year on MMS was over the opposition to adding yet another complicated scheme of rules and further raising the cost of production. When gas prices were low, few Senators were listening. In fact, the major television networks weren't listening either. They were pretty brutal during that debate. Today we are seeing the results of that brutality.

We don't have to be at the whim of market forces. We don't have to be out of control of our own domestic oil production. What we need is to be part of the price setting, not the price taking. We must increase our domestic oil supply.

This is something we can all rally around. I will work with the Northeastern Senators to get quick fixes to their problems. I will work with all of the Senators whose constituents are going to be affected by high gasoline prices. But let us not do a quick fix without also having a longer term fix that would keep our jobs in America, that would keep our oil prices stable, that would keep the revenue coming into our States for schools and highways at a time when prices go below break even. We can have a win for everyone, if we can pass legislation that will provide help for everybody and provide a stable oil supply for our country. We have the opportunity to create a domestic policy for oil and gas in this country that makes sense and will benefit all of our constituents. Let us take that chance.

I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

UNANIMOUS CONSENT AGREEMENT—S. 1712

Mr. GRAMM. Mr. President, I ask unanimous consent that the pending bill, S. 1712, be placed back on the calendar as it existed yesterday before the unanimous consent agreement calling up S. 1712.

The PRESIDING OFFICER. Is there objection?

The Senator from Nevada.

Mr. REID. Mr. President, I ask that the unanimous consent request that has been suggested be amended to read as follows: Consent that the pending bill, S. 1712, be placed back on the calendar in its present status and that the bill become the pending business again at the discretion of the majority leader with the concurrence of the Democratic leader.

The PRESIDING OFFICER. Is there objection?

Mr. THOMPSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. May I inquire of my colleague exactly what he just suggested, that it be placed on the calendar now and that it be brought back up as pending business at the discretion of the majority leader?

Mr. REID. The two leaders.

The PRESIDING OFFICER. The Chair will sort this out. We have a unanimous consent request on the floor now put forward by the Senator from Texas. We have to deal with that first before we can even go to another phase. Is there objection to the unanimous consent request?

Mr. GRAMM. Mr. President, let me for a moment withdraw the unanimous consent request and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRAMM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. GRAMM. Mr. President, I ask unanimous consent that the pending bill, S. 1712, be placed back on the calendar in its present status, and that the bill become the pending business again at the discretion of the majority leader with the concurrence of the Democrat leader and the chairman of the Banking Committee.

Mr. REID. Mr. President, reserving the right to object, I, first of all, state how appreciative I am of the work done by Senator JOHNSON and Senator GRAMM, the chairman of the Banking Committee. I feel badly that we are not going to be able to go forward on this legislation.

We are going to agree to the unanimous consent request, but not because this bill shouldn't be considered. We should be legislating on it today. It is important legislation. It is being held up on the other side of the aisle. This is legislation that the high-tech industry feels confident should be passed.

I simply say that the cold war is over, but the high-tech war is just beginning. We need to be the winners of that war.

The minority is reluctantly agreeing to this unanimous consent request. We hope the rest of the day and tomorrow can be used in a constructive fashion. We hope the chairman of the Banking Committee can use his experience—he certainly has experience; he proved that when he was in the House of Representatives, and here—to be able to get the warring parties together and move this legislation forward.

We have no objection.

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

Mr. GRAMM. Mr. President, let me give a word of explanation. First of all, let me make it clear that it is my intention as a person who has concurrence in this decision not to bring the bill back up through this procedure, nor will I support it being done unless there is an agreement among the parties. Obviously, I would have a right to file cloture on the motion to proceed at some point.

Let me explain what has happened. We have for the last 3 weeks been trying to work out concerns about a very tough, very important, and very complicated bill. America has two competing interests. On the one hand, we want to produce and export items that embody high technology because that is the fastest growing industry in the world. We are the world leader in the high-tech industry, and it creates the best paying jobs in America.

We have that as one objective. On the other hand, we want to prevent technology that has defense and security implications from falling into the hands of those who might use that technology against the United States of America and our interests. Between these two interests, there is competition and friction. These are very complicated and very tough issues.

In the last 3 weeks, roughly half a dozen Members of the Senate have been working to bring to the floor and pass a bill that passed the Banking Committee 20–0 and that would do something we have not done since 1990: to set in place a new permanent law to protect America's access to the high-tech world market and at the same time protect our national security.

We thought yesterday that we had reached an agreement in principle that would allow us to bring the bill to the floor. The problem with reaching agreements in principle is that, as one of my famous constituents once said, the devil is in the details. We found ourselves today thinking we had such an agreement but having great difficulty getting the language to comport to what each individual felt the