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U.S. Probes Overcharge By Sun Oil

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The Federal Energy Of-

fice is investigating a complaint that the Sun Oil Co. sold a cargo of heating oil to a Boston distributor for more than three times the market price.

The complaint against Sun Oil Co. was brought by Boston's Northeast Petroleum Co., which said that it paid Sun \$5.9 million last month for 10.1 million gallons of the same heating oil that Sun was selling to its own distributors for \$1.8 million.

Confirming that it had received the complaint, the Federal Energy Office said that Charles Owens, deputy assistant administrator for pricing and taxation, met with Sun Oil officials for 90 minutes last Friday to discuss the price gouging allegation.

"Mr. Owens asked Sun Oil if it could justify its price," said a spokesman for the Federal Energy Office. "At the close of the conversation he had with Sun Oil officials, Mr. Owens announced that the investigation was still ongoing."

Sun Oil declined comment.

One of the largest independent oil dealers on the East Coast, Northeast Petroleum said it had contracted late last November to buy a cargo of home heating oil from Philadelphia-based Sun Oil's wholly owned subsidiary in Puerto Rico, Sun Oil of Puerto Rico. Northeast said the cargo contained 238,000 barrels of heating oil, equivalent to 10.1 million gallons.

Northeast said that Sun Oil's Puerto Rican subsidiary was selling home heating oil to its U.S. distributors for 17 to 18 cents a gallon at the same time that Northeast contracted for its oil.

"Our bill came," a Northeast Petroleum vice president said, "and it was for 58.5 cents a gallon."

The Northeast vice presi-

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dent said he complained loudly to Sun Oil about its price and was told that Sun Oil saw nothing wrong in its home heating oil price.

"Their answer was," he said, "that what they were doing was perfectly legal."

The Federal Energy Office said had received a second complaint about Sun Oil prices from a Long Island distributor it declined to identify. It said it would not identify the distributor because the firm never purchased the oil from Sun.

It is understood that Sun told the Long Island company that its price for heating oil was 70.5 cents a gallon, a price the Long Island concern refused to pay. Nevertheless, it filed a complaint with the Cost of Living Council, which passed the complaint on to the Federal Energy Office.

Northeast Petroleum said that it paid Sun 58.5 cents a gallon because it desperately needed the oil to supply its customers during December. Northeast sells heating oil to homes in New Hampshire, Massachusetts and Rhode Island, three states that run 70 per cent on heating oil.

The Northeast vice president said that the Sun Oil cargo made up 10 per cent of its December inventories. He said the high price North-

east paid for the oil forced it to raise prices to its customers an average of 7.8 cents a gallon.

One source said the heating oil that Sun sold to Northeast was refined at its Puerto Rican subsidiary from crude

oil bought from Venezuela under terms of a long-term contract. This source said Sun paid about \$5 a barrel for the crude oil, which at other refineries came out to a selling price of about 16 cents a gallon for heating oil.