

Loophole May Allow Fuel 'Shortages'

By Jack Anderson

In defiance of Congress, the administration has quietly given the oil industry the means of creating a costly natural gas and oil "shortage" in the next few months.

The "shortage" last winter was used by Big Oil as an excuse to keep prices up 50 per cent or more and oil profits even higher, as motorists waited in gasoline lines and homeowners shivered.

To prevent a recurrence, Congress passed a law requiring the Federal Energy Administration to conduct a "complete and independent analysis of actual (domestic) oil and gas reserves . . ."

But the FEA survey, which is supposed to give a true picture of whether there is a "shortage," has instead been run for the benefit of the oil companies, not for the benefit of the public.

Last August, the survey forms were sent out to the oil industry for suggestions, but the views of consumer advocates were not solicited. As a result, the oil companies were successful in modifying the forms pretty much to their whim.

Indeed, the FEA quietly issued a "Justification Statement," admitting that the original reporting forms had been "modified to incorporate virtu-

ally all the suggestions" from industry.

One industry suggestion adopted by the FEA has now made the survey virtually meaningless. It would allow the oil companies to report only oil that is easy to pump, and to ignore oil that is harder to recover.

Thus if a well produces 500 barrels that could be recovered at \$5 a barrel, but contains another 200 barrels that would be difficult to recover, the oil company need only report the first 500.

What this means to the unwitting consumer, of course, is that 200 barrels can be withheld from the market while Big Oil cries "Shortage!" and raises prices accordingly. When the prices have skyrocketed again, the 200 barrels can be drawn from the ground and sold at the new, higher prices. The same principle applies for natural gas, which is primarily controlled by the oil industry.

In addition, oil companies send their survey forms to the American Petroleum Institute, the industry's powerful Washington lobby. There, they can be checked before the FEA receives them.

The FEA's survey director, Dr. Daniel Rathbun, discounts the suggestion that routing the forms through the petroleum lobby is a slap in the public's

face. At first, he also insisted that under-reporting is impossible to avoid.

But under questioning by my associate Jack Cloherty, Rathbun admitted that the major oil companies had data and could report how much oil remained in the ground if ordered to do so. It was only small companies that would have trouble, he conceded.

Despite the gigantic loophole in his survey, Rathbun insisted the FEA was working on other means to find out how much oil is really in America.

Dent's Dilemma—Plain-spoken Harry Dent, the general counsel of the Republican National Committee, has been given the bitter choice of pleading guilty to a minor charge or of facing a felony indictment and a costly, painful trial.

Dent, architect of President Nixon's successful "Southern Strategy," was given the ultimatum a few days ago by Charles Ruff of the Watergate special prosecutor's office during secret talks in Washington. According to friends, Dent is now gloomily mulling over the offer in his native South Carolina.

Under Ruff's proposal, Dent would plead guilty to the misdemeanor of "aiding and abetting" the illegal "Operation Townhouse" which raised \$3 million for Republican candidates in 1970.

Although lodged in the basement of a private townhouse, the funding operation was set up by White House Chief of Staff H. R. (Bob) Haldeman and contributions were personally earmarked for candidates by President Nixon.

Mr. Nixon, of course, has been pardoned. But his former lawyer, Herbert W. Kalmbach is serving a 6-to-18 months sentence growing out of the "Townhouse." A second former Nixon aide, Jack Gleason, has pleaded guilty to running "Operation Townhouse" and faces a possible year in jail.

Dent's involvement is the most ironic of all. He learned Deep South politics at the knee of his old boss, Sen. Strom Thurmond (R-S.C.). But Dent, like his mentor, is personally regarded as honest, even by his enemies.

His candor led him privately to denounce the White House "dirty tricks" operators and to quit the Nixon team in favor of his current job. Prosecutors concede his role at the "Townhouse" was minimal.

Footnote: "Operation Townhouse" was illegal because it was not registered as a political committee. Oddly, the senators and congressmen who got money from the "Townhouse" have been spared prosecution.