SFChronicle Ford AD NOV 9 1974

Ford's Nominee And Subsidy Issue

Washington

Andrew E. Gibson, who said yesterday that he is still the candidate for federal energy administrator, headed the Federal Maritime Administration when it gave a $90.6 million subsidy to a tanker-building venture that included a company that he later joined.

The subsidy apparently was signed by Gibson's deputy about one month before Gibson took another Commerce Department job and six months before Gibson became president of Interstate Oil Transport Co., an indirect beneficiary of the subsidy.

After only 16 months with Interstate, Gibson left that job with "severance" payments to total $880,000 over ten years, Gibson himself has confirmed.

Spokesmen for the Maritime Administration have been telling reporters that the $90.6 million subsidy was granted by Gibson's successor, the present maritime administrator, Robert J. Blackwell.

A copy of the subsidy contract provided by the spokesmen yesterday bore a typewritten notation that it was signed June 30, 1972, by Blackwell, then Gibson's deputy, as "chairman" of the Maritime Subsidy Board.

But the spokesmen admitted that Gibson was legally both maritime administrator and chairman of the subsidy board until Aug. 8, 1972.

The revelation of Gibson's $1 million severance contract with Interstate has raised a flurry of doubts about his selection by President Ford to replace John C. Sawhill as head of the Federal Energy Administration (EA).

The FEA manages the nation's petroleum allocation and price control systems and performs key staff work on energy policy development.

Interstate Oil Transport Co., as its name indicates, has close business ties with the oil industry. The firm negotiated a tanker-building deal — which was canceled about the time Gibson left Interestate — with Tenneco Oil Co.

Associated Press