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The government's curious fuel 'oversights'

Knight News Service

Despite an outpouring of proclamation8 notwithatand-ing, neither Congress nor the Nixon Administration has come to grips with the two underlying problems of the energy crisis. They are:

● A serious lack of refinery capacity.

With demand for petroleum running about 17 million barrels a day, refineries in the United States can process fewer than 13 million barrles — a refining shortage of four million barrels a day.

A leveling off of crude oil production in the United States and a decline in exploration. This despite huge fieds to be tapped, largely in offshore areas and the Arctic.

Only one major new refinery has been built in the United States since the late 1960s. Construction of additional refineries, announced recently by a number of companies, already has been shelved or construction pushed back.

There are curious patterns in the Nixon Administration's approach tot he energ y crunch.

● A mandatory fuel allocation program, to take effect Dec. 27, comes down hardest on those who use a small percentage of petroleum products — families who heat homes with oil. Mines. Of that figure, 1,248,-

Demand for petroleum products last year amounted to 16,354,002 barrels a day, according to the Bureau of Mines. Of that figure, 1,248, 00 barrels a day — or just 7.6 percent of total demand — consisted of the No. 2 heating oil use for residential heating.

● While allocations provide that families who use heaging oil must turn back thermostats or risk running out of oil there is nothing to require refineries to increase heating oil production.

● Statistics by the Bureau of Mines show that during four of the first eight months of this year — the latest period for which figures are available — oil companies produced a smaller percentage of distillate fuel oil which includes home heating oil, than during the same months in the preceding four years.

● Statistics published by the American Petroleum Institute, the oil industry trade organization, show that this pattern continued well into the fall despite clear signs of shortage.

● Also placed under the mandatory allocation program was jet fuel, another small volume product. Airlines are scheduled to receive 15 percent less than last year.

Bureau of Mines data show that jet fuel demand in 1972 amounted to 1,045,000 barrels a day — or 6.4 percent of total demand for petroleum products.

● While families must cut back fuel oil consumption by 15 percent and commercial users by 25 percent, a proposed gasoline allocation program calls for only a 12 percent reduction.

Gasoline, of course, is the single largest volume product turned out by refineries. Last year, demand was 6,376,000 barrels a day — or 39 percent of total product demand of 16,354,000 barrels.

● Suspicion of shortage statistics floating out of Washington. There is indeed a shortage. But there is some question as to whether the Administration has overstated it.

For example, a fact sheet distributed by the White House last Sunday, when President Nixon announced the allocation program, lists current petroleum demand at 18.6 million barrels a day, rising to 19.7 million barrels in the first quarter of next year.

While demand runs stronger during the first and fourth quarters, the 19,-822,000 figure represents a jump of 8 percent from the first quarter this year.

Last July the Oil and Gas Journal, the industry trade publication, estimated that 1973 demand would average 17,355,002 barrels a day — a 6.1 percent increase over 1972.

An analysis of Bureau of Mines data produced just about the same figures.

During the first six months of 1973, demand was running at an increase of 6 percent over 1972.

The demand figure (19,-722,020 barrels) as set by the Nixon Administration's oil experts is important because it is the figure used to calculate cutbacks.

Thus, the planned reductions in home heating oil, and fuel oil for commercial and industrial uses, as well as jet fuel, are tied to this demand figure. If the figure is inflated — as it would appear — then the cutbacks are overstated.

Throughout all these statistics used by the federal government there is but one certainty: Each and every figure is derived from a single source — the American oil industry.

How U.S. used its oil in '72

	Pct. of Total	in 1,000's of bbls a day
Jet fuel	6.4	1045
Fuel oil for generating electricity	7.3	1109
Heating oil for homes	7.6	1248
Fuel oil for other industrial use	8.2	1340
Heating oil or other business and commerical use	10.3	1689
All other uses (including liquid propane, petrochemicals, asphalt, lubricant)	21.2	3457
Automobile gasoline	39.0	6376
	100.	16,354

Source: United States Bureau of Mines

Chart shows petroleum product sales in U.S. last year. For exmaple, demand for gasoline amounted to 6,376,000 barrels a day—or 39 percent of the total daily demand of 16,354,000 barrels. Home heating oil (No. 2 oil) on the other hand, accounted for just 7.6 percent of demand, or 1,248,000 barrels a day.

There is no government agency that either verifies data furnished by the oil industry, or collects the information independently.

This means the mandatory allocation programs that are being put into effect now, the gasoline rationing that is expected to follow, all are based on information supplied by the oil industry itself — without an outside check.

A two-month investigation, and the assembling of a wide range of statistical material by the Philadelphia Inquirer established that the energy shortage was brought on by deliberate, long-term policy decisions made by the oil companies and a series of administrafiom blunders beginning in the Eisenhower Administraiotn and continuing through the Kennedy, Johnson and Nixon administrations.

These findings run contrary to claims by both the oil industry and the Nixon Administration that an energy-guzzling American public is to blame.

The survey also found that the percenatge growth in energy consumption in Europe and Asia has far outstripped that in the United States over 20 years.

To meet that growing demand, the five major multinational American oil companies began concentrating their operations overseas.

As a result, the United States is just another market — and not necessarily the largest — for these five companies — Exxon, Mobil, Texaco, Gulf, and Standard of California.