The original documents are located in Box 8, folder: "Press Releases (2)" of the Frank Zarb Papers at the Gerald R. Ford Presidential Library.

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

JUNE 11, 1975

FEDERAL AND STATE GOVERNMENTS ANNOUNCE
JOINT VOLUNTARY ENERGY CONSERVATION PROGRAM

A major new initiative combining joint efforts of the States and the Federal Government to undertake and promote a comprehensive voluntary energy conservation program was announced today by Federal Energy Administrator Frank G. Zarb and Vermont Governor Thomas Salmon, Chairman of the Natural Resource and Environmental Management Committee of the National Governors' Conference.

The announcement was made at the Sixty-Seventh Annual Meeting of the National Governors' Conference in New Orleans, Louisiana.

At the Federal level, the President has proposed strong energy measures to Congress and continues to stress the need for immediate action to forestall the perils of reaction later.

Many States have already taken, or are planning to take, significant independent conservation actions. "We are both keenly aware, however," Administrator Zarb and Governor Salmon said, "that the greatest response can come only from a coordinated effort. It is important that all levels of government participate actively and creatively in efforts to restore the Nation's self sufficiency in energy."

Zarb said further: "Through this voluntary program that we are announcing today, each participating State will be encouraged to analyze its energy use and to take energy conservation actions specifically tailored to its own economic and social needs.

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03010, 05190, 19232, 05186,
01728, 08936, 04000,

"The new initiative will place programs into an overall framework covering the whole Nation. It is conceived to achieve unity of purpose -- to achieve the massive task of using energy more efficiently -- while maintaining flexibility and diversity in approach.

"It will provide a forum to achieve energy conservation in areas and through means chosen to produce net benefits in a way that will be supportive of the continued maintenance of our quality of life. It will accelerate the achievement of efficiency in the use of energy resources now, before the exigencies of decreasing supply and rising prices necessitates less attractive choices."

The voluntary State/Federal energy conservation program will encourage the States: (a) to collect energy consumption data and project energy needs; (b) to analyze potential conservation actions, to establish or expand their own energy conservation plans and; (c) to select and implement their own action programs. Technical assistance will be available from the Federal Government for development and implementation of their programs and methods of measuring their effectiveness.

The program will provide for the systematic exchange of information on energy use and for the sharing of energy conservation opportunities among the States and between the States and the Federal Government. It will help the many States which have already developed and embarked upon innovative and effective approaches to expand their efforts.

Examples of actions that might be considered by the States (some of which have already been implemented successfully by some States) include:

- Adoption of new residential and commercial building standards;
- Required restructuring of utility rates to include peak load pricing and other load management techniques;
- Implementation of Weatherization programs to insulate existing homes occupied by the poor;
- Adoption of tax incentives for insulating homes and commercial buildings;
- Changes in real estate taxes to remove financial disincentives to thermally upgrading homes;
- Sponsorship of vanpool and carpooling programs and changes of laws that may inhibit such programs (e.g., requiring auto insurance to cover carpools automatically, allowing exchange of money for carpooling);
- Changes in State laws and regulations to improve traffic flow (e.g., right turn on red lights);
- Implementation of programs to collect and use waste oil;
- Implementation of programs to encourage use of solid waste as a fuel source;
- Increased efforts to enforce the 55 m.p.h. speed limit;
- Adoption of preferential treatment for carpools and buses (special lanes, financial incentives, financial disincentives for parking);
- Construction of bicycle pathways and secure storage racks;
- Improvement of public transportation;
- Increased taxes on energy fuels;
- Declaration of an "Energy Conservation Month";
- Mounting of public information campaigns to homeowners, automobile drivers, building owners and industrial users;
- Requirements that energy consumption education be incorporated into primary, secondary and higher education curricula;
- Adoption of systematic energy management programs in State operated buildings and auto fleets including changes in State procurement policy to reflect life-cycle costing.

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Administrator Zarb expressed his delight with the "dynamic leadership demonstrated by the Governors' Conference in working with the Federal Energy Administration to develop this program."

He has assured the National Governors' Conference that FEA will actively lead the Federal contribution to this program, including promoting the involvement of all appropriate executive agencies in assisting the States to develop, implement, and strengthen their energy conservation action programs.

Zarb has further requested the Chairman of the National Governors' Conference to advise him within nine months of the effectiveness of the program and to recommend any needed modifications.

-FEA-

(Note to Editors: A program description of the State/Federal Energy Conservation Program containing elements of the program and program schedule is available from the FEA Press Room, Office of Communications, and Public Affairs, 11th and Pennsylvania Avenue, N.W., Room 220, Washington, D.C. 20461, telephone: (202) 964-3538.)

Media Inquiries: (202) 964-4781
Press Room: 964-3538
Telephone Inquiries: 634-7610

Media Contact: Jim Merna

E-75-182 REVISED

Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE JUNE 10, 1975

FEA UPDATES OIL IMPORT REGULATIONS
TO CONFORM WITH PRESIDENT'S PROCLAMATION

The Federal Energy Administration announced today that it has amended its Oil Import Regulations to conform with President Ford's May 27 Proclamation.

The amendments implement the President's action raising effective June 1 the supplemental import license fees on all crude oil, unfinished oils, and finished products (except ethane, propane, butanes, and asphalt). The supplemental fee on crude oil rose from $1 to $2 June 1. The fee on most petroleum products rose from zero to 60 cents a barrel, also effective June 1.

FEA stated that because the new fees have been in effect since June 1, it was necessary that the regulation changes become effective immediately in order to avoid confusion concerning the amount of fees actually due. However, the conforming amendments are subject to further amendment upon the receipt of public comments and hearings to be held on June 26 and 27 (beginning at 9:30 a.m., on both days) in Room 2105, 2000 M Street, N.W., Washington, D.C.

The President's proclamation also specified that certain technical changes be made in the Mandatory Oil Import Program including changes affecting the calculation of refunds and the applicability of the fee to certain imported products. FEA said it would propose amendments to its regulations shortly in order to implement these changes.

The Agency invites all interested persons to submit their comments on the conforming amendments to Executive Communications, Room 3309, Federal Energy Administration, Box DG, Federal Building, Washington, D.C. 20461. Comments should be identified on the outside of the envelopes and on the documents submitted to FEA with the designation, "Conforming Regulations to Presidential Proclamation No. 4377" and should be submitted by June 20.

-FEA-

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Media Contact: Bob White

E-75-184

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19200,

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JUNE 11, 1975

UTILITIES CAN SAVE $49 BILLION,
REDUCE OIL USE BY 1 MILLION BARRELS DAILY;
ZARB SAYS

The Nation's electric utilities industry can reduce its use of imported oil for electric power generation by as much as 1.3 million barrels per day and its need for new installed capacity by about one-third, representing a potential capital savings of at least 49 billion dollars over the next decade, Frank G. Zarb, Federal Energy Administrator said today.

These objectives can be attained through effective load management and related conservation programs at a manageable annual growth rate of about five percent for electric sales, or kilowatt hour usage, and about four percent for peak demand, Zarb added.

Speaking before an FEA-sponsored Load Management Conference at the Shoreham Americana Hotel in Washington, Zarb said that the effective utilization of generating capacity and judicious use of electricity is one of the few areas of action open to the country which truly has something for everyone.

"Consumers can benefit both from personal decisions to defer energy consumption until off-peak hours, if incentives are provided, and from increased utility efficiency, moderating requirements for increased rates.

"Utilities can benefit from load shifts which allow more balanced plant utilization, minimizing the need for construction of new generating capacity.

"Environmental and consumer groups can take heart from successful load management which permits deferral of new installations, while still providing adequate electric power to supply overall needs."

-more-

E-75-185

01770, 06096, 10010, 03048,
13584, 05584, 02830,

Zarb pointed out that "electric power utilization provides the only major opportunity for energy conservation involving a relatively uncomplicated change in consumption patterns, causing little or no inconvenience to consumers -- and perhaps even saving them money, and at the same time, protecting and enhancing utility financial integrity. All these aims can be accomplished through load management."

Historically, total electricity demand has been rising slightly less than 7 percent each year while peak demand has increased at somewhat more than 7 percent a year.

"The aim of load management," Zarb stressed, "is to reverse this historical trend while lessening the rate of growth for both total demand and peak demand. This would decrease consumer costs by reducing the need for plant expansion."

"Our aim," Zarb said, is not to simply curtail total usage of electricity -- this would seriously impair utility profits and their overall financial health. Rather, our aim is increased efficiency for use of electric power, as for all energy."

In his remarks to utility industry executives, consumer, and environmentalist representatives, Zarb pointed out that FEA recently agreed to fund seven pilot projects totaling more than 1.5 million dollars to help State and local governments promote greater efficiency in electric power usage.

He also announced that FEA anticipates funding additional projects of this type in fiscal year 1976 to test innovative rate concepts, load management strategies, and more consumer conservation alternatives.

As an effective example of innovative load management techniques, Zarb cited the Smithsonian Institution in Washington, D. C. which achieved a 22 percent saving in total energy consumption by following FEA's lighting and thermal guidelines. And by installing an on-site load management process computer, it was able to realize an additional 17 percent reduction in energy consumption. Further, the computer paid for itself in four months.

The June 11-12 Load Management Conference is sponsored by FEA in association with the American Public Power Association; Edison Electric Institute; the National Association of Regulatory Utility Commissioners, and the National Rural Electric Cooperative Association.

-FEA-

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E-75-185

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

JUNE 18, 1975

ENERGY ANT AND HIS CREATOR

Energy Ant is a friendly symbol who is fast emerging to join Smokey the Bear as a leading spokesman bringing an important message to the American people.

Energy Ant's message from the Federal Energy Administration is simple:

We must conserve energy so the country can reduce its oil imports and thus be less vulnerable to future shortages.

Energy Ant's message is aimed at school-age children whom he tells about energy and how to use it wisely.

The creator of Energy Ant is FEA artist Anthony J. (Tony) Ranfone, a former combat correspondent in Vietnam and staff artist for Pacific Stars & Stripes (1966-68) and author of the cartoon anthology, "How to Live in Vietnam for Less than 10 cents a Day."

But why an ant as the energy saving symbol? "An ant receives a greater return on his investment of energy than any creature in nature," says Tony. He explains that "the ant evolved while we were brainstorming possible FEA symbols as part of the Government-wide Federal Design Program."

Energy Ant is the protagonist of FEA's new Energy Ant Activities Book which is full of energy history, riddles and games to encourage children to save energy. For example, the game "Trip to the Moon" rewards the player who lands on a square that says the television was turned off and penalizes the player who lands on a square that says the hot water was wasted.

-more-

Copies of the Activity Book are available, for $1.40 each, from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Currently on the drawing board or in the planning stage are Energy Ant filmstrips, a poster, and a lower cost version of the Activity Book.

Smokey has goodnaturedly cajoled Americans to prevent forest fires for more than 20 years. He is credited with saving millions of dollars worth of forestland, and his name is instantly identifiable by more than 90 percent of all children and adults.

FEA hopes that Energy Ant will equal Smokey in popularity as he carries the energy conservation message to America's children and through them to their parents.

-FEA-

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Contact: Hector Mimiaga

E-75-194

Anthony J. Ranfone, FEA Visual Information Specialist and creator of Energy Ant. Books, filmstrips, posters and advertisements are all part of a Federal Energy Administration "Energy Ant Campaign which will teach children about energy and how to use it wisely.

NOTE TO EDITORS: Reproducible line drawings of Energy Ant and a glossy 8 x 10 picture of creator Tony Ranfone are available, free of charge, for use by the news media, from Federal Energy Administration, C&PA, Graphics Branch, Washington, D.C. 20461.

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

JUNE 19, 1975

ZARB SEES SUFFICIENT GASOLINE SUPPLIES
FOR SUMMER, SOME GASOLINE PRICE HIKES

Federal Energy Administrator Frank G. Zarb today assured the American public that there should be enough gasoline for summer driving.

The Energy Chief noted that current FEA statistics show that gasoline stocks have declined by six percent over the same time a year ago, but that crude oil stocks are up by five percent.

An FEA team at Zarb's request has recently been querying every major oil company to determine the cause of the situation and why average oil refinery use is running at 80 to 85 percent of capacity.

"I want to assure the public that based on these early facts, there should be enough gasoline for summer driving and the FEA will take proper steps to avoid any possible shortages," Zarb added.

Zarb indicated that he has a staff study underway to determine to what extent FEA Allocation Regulations affect production of various petroleum products.

He further pointed out that stories of gasoline shortages that are not checked out with proper authorities do the Nation an injustice, since many people may be frightened into buying gasoline they do not need and thereby could cause spot shortages.

In a related matter, Zarb discounted reports that gasoline prices could soar by 15 to 20 cents per gallon to 75 or 80 cents. He stressed that even with the imposition of the second dollar import fee, gasoline should only rise by one to one and one-half cents per gallon.

"Even including two to three cents per gallon for operating costs of those stations not charging the authorized limit under the law, the greatest increase for a gallon of gasoline would be five cents," Zarb said. "Elementary addition will tell you that with gasoline now selling nationally for 54 to 55 cents per gallon, a four to five cent increase will still keep gasoline prices under 60 cents."

Zarb further added, "Even while assuring that gasoline should be in supply, I do want to reiterate my dedication to energy conservation. This is as important as ever during the summer driving season."

"I will do my job to see that we don't have shortages but I ask every American citizen to save gasoline by carpooling and watching driving habits, especially the 55 mile per hour speed limit."

-FEA-

Contact: Gene Curella

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E-75-199

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JUNE 20, 1975

ZARB ELABORATES ON KENNEDY SUBCOMMITTEE TESTIMONY

Federal Energy Administrator Frank G. Zarb today released the text of a letter he dispatched last night to Senator Edward M. Kennedy following his appearance before the Senator's subcommittee hearing on the FEA compliance and enforcement program.

Zarb's letter concluded as follows:

"I am attaching for the Subcommittee's record a summary of compliance actions taken over the past six months which indicates some of the major steps taken by FEA to assure compliance with regulations. I hope that the summary will assist the members of the Subcommittee in assessing the results of FEA's compliance program to date. I also hope that it will demonstrate my personal commitment, and FEA's commitment as an agency, to vigorous and fair enforcement of Federal regulations."

(TEXT OF LETTER AND SUMMARY ARE ATTACHED)

-FEA-

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Media Contact: Kathy Litwak

E-75-201

03904, 03328, 18240, 07938,
07984, 08128, 08130, 08000,
08088, 06970, 06400,

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

JUN 19 1975

OFFICE OF THE ADMINISTRATOR

Honorable Edward M. Kennedy
U. S. Senate
Washington, D. C. 20510

Dear Senator Kennedy:

I appreciated very much the opportunity to appear today before the Subcommittee on Administrative Practice and Procedure of the Senate Judiciary Committee. The courteous reception and the incisive questions of the Subcommittee members were very much appreciated.

As I noted in my testimony and during the question-and-answer period, FEA's compliance program has experienced some delays and problems, partly due to the initial temporary life-span of the regulations, partly due to the administrative complexities inherent in establishing any program of the magnitude necessary to oversee petroleum regulations and enforce their provisions, and partly due to legal and other factors beyond our control.

Improvements in the compliance program have been made, are being made, and will continue to be made wherever changes in procedure or practice can help us to accomplish the stated objectives of the Emergency Petroleum Allocation Act more efficiently and equitably.

In spite of the fact that there have been shortcomings in the program, I feel that the track record of the past six months shows significant progress both in developing a better set of rules of compliance and in being more effective in enforcing those rules.

June 19, 1975

SOME

COMPLIANCE ACTIONS IN THE LAST SIX MONTHS

December

- Announced at first staff meeting my commitment to a vigorous compliance program.
- Set up briefing on the status of compliance program.
- Learned of plans to reduce staffing for compliance; directed immediate floor on compliance staffing levels.
- Directed evaluation of adequacy of staffing levels.
- Directed preparation of Compliance Action Plan for timely completion of redeployment among program areas.

January

- Approved Compliance Action Plan.
- Secured from Civil Service Commission ruling on reemployment rights (required to implement Compliance Action Plan).
- Issued instructions to regions on personnel procedures to effect redeployment.
- Advertised vacancies in gaining regions.
- Forwarded to White House nomination for Assistant Administrator in charge of compliance and other regulatory activities.
- Directed preparation of overall compliance strategy.
- Directed preparation of issue paper on national versus regional responsibilities and authorities for compliance.
- Approved 20 percent increase in size of regional general counsel staff to support compliance.
- Met with Regional Administrators to urge more vigorous compliance activity.
- Initiated utilities supplier project.
- Initiated audits of crude independent producers.
- Conducted training in producer audits at conference in Kansas City.

I am attaching for the Subcommittee's record a summary of compliance actions over the past six months which indicates some of the major steps taken by FEA to assure compliance with regulations. I hope that the summary will assist the members of the Subcommittee in assessing the results of FEA's compliance program to date. I also hope that it will demonstrate my personal commitment, and FEA's commitment as an agency, to vigorous and fair enforcement of Federal regulations.

Sincerely,

/s/ Frank G. Zarb

Frank G. Zarb

Attachment

- Conducted briefing on propane investigations for directors of Compliance and Enforcement in Houston.
- Issued utilities investigation program guidelines.
- Drafted instruction for transfer pricing report.

February

- Developed training course for utilitites investigation.
- Completed and distributed new auditor/investigator handbooks.
- Conducted auditor/investigator intensive training course in Dallas.
- Issued instructions on how to apply equal application rule to refiners.
- Directed regions that C&E positions would not be diverted to other FEA programs.
- Revised refinery audit approach to incorporate discrete modules as opposed to a single comprehensive audit.
- Organized task forces to conduct comprehensive review of allocat and pricing regulations to identify changes in case of future shortages.
- Hired special assistant to concentrate on survey of regional operations.
- Began review of basic refiners' reporting forms.

March

- Issued instructions to improve FEA and Customs cooperation on investigation.
- Issued supplement to utilities investigation guide.
- Issued refinery audit modules.
- Issued instructions on utilities reporting requirements.
- Began audit of jet fuel sales to Department of Defense.
- Conducted basic refiner audit course in Atlanta.

- Conducted basic auditor/investigator courses at Dallas and Kansas City.
- Began development of entitlements training course.
- Initiated study of compliance implications of gasoline rationing.
- Formed separate Office of Compliance in the General Counsel.
- Directed development of comprehensive Regional Operation Plan and Headquarters Operation Plan to serve as basic management structure for all FEA programs.
- Met with Regional Administrators; issued instructions on relationships between Regional Administrators and Assistant Administrator for Regulatory Programs.

April

- Implemented pilot program of systematic sample selection for compliance targeting in wholesale/retail sectors in Region II.
- Initiated revision of basic compliance reporting forms.
- Expanded staff in utilities investigation.
- Issued instructions on use of notices of probable violations.
- Conducted basic refiner audit course in Dallas.
- Began development of advanced RARP seminars and NGL training course in anticipation of NGL enforcement effort.
- Senate confirmed Deputy Administrator and Assistant Administrator in charge of compliance and other regulatory programs.
- Issued guidelines on application of class of purchaser ruling.

ay

- Directed a significant expansion of utilities investigation.
- Drafted and circulated for comment Regional Operation Plan.
- Conducted first of a series of on-site review of regional compliance programs with national office team.
- Distributed revised chapters of compliance manual for review and comment.
- Conducted three-day meeting with regional compliance directors in Atlanta.
- Issued six revised and expanded refinery audit modules.
- Conducted basic refiner audit course in Dallas.
- Submitted nominations to White House for Deputy Administrator and Assistant Administrator for Management and Administration.
- Directed hiring of 50 additional compliance personnel by July 1.
- Issued proposed rulemaking to provide for consent orders and procedural regulations.
- Received initial data for implementation of transfer pricing ruling.
- Issued guidelines on collateral investigations for utilities project.
- Requested explanation for staffing shortages in regional compliance programs.
- Sent team from Management and Administration to Dallas to resolve budgetary problems.
- Requested GAO review and evaluation of utilities investigation.
- Requested regional administrators' comments on regional organization of operations and compliance.

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JUNE 23, 1975

FEA TO FORMALIZE COMPLIANCE EFFORTS IN PREPARING ENVIRONMENTAL IMPACT STATEMENTS

The Federal Energy Administration announced today it will issue regulations covering its compliance efforts in preparing Environmental Impact Statements as required by the National Environmental Policy Act (NEPA).

"We at FEA must continually recognize the importance of environmental concerns in formulating our plans, programs, and policies," said Administrator Frank G. Zarb. "The proposed action we announced today is another step forward in our continuing efforts to strike the appropriate balance between the energy facts of life and the crucial need to protect our environment."

Under the new proposal -- published in today's (June 23) Federal Register -- FEA would fulfill all requirements under the NEPA to assure that any adverse effects which might result from its energy actions are fully considered as early as possible in the decision-making process. In planning energy actions, FEA would take both environmental and non-environmental factors into account and "strike the proper balance" before making a final decision.

The Environmental Impact Statements would be prepared under a two-stage process, with a draft of each statement to be circulated among other agencies and the public for comment prior to preparation of the final statement.

A minimum of 45 days would be allowed for public comment on the draft statements, with the draft statements usually available 90 days before FEA took any action which could have a major impact upon the environment.

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Comments should be identified with the designation "Part 208--NEPA Compliance" on the outside envelope and 15 copies should be submitted. All comments received by August 1 will be considered by FEA before final action is taken.

Copies of FEA's notice on the Environmental Impact Statement have been submitted to the Administrator of the Environmental Protection Agency for comment. His comments accompany FEA's detailed notice in today's Federal Register.

-FEA-

Media Inquiry: 202/964-4781
Press Room : 964-3538

CONTACT: Bob White

E-75-203

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JUNE 24, 1975

OIL EXCHANGES BETWEEN U.S. AND CANADA UNDER CONSIDERATION

Oil exchanges between U.S. and Canadian refineries could contribute to reducing supply and transportation costs, helping consumers in both countries, Federal Energy Administrator Frank G. Zarb said today.

Several alternatives for oil exchanges between U.S. and Canadian refiners, including possible longer-term arrangements for the exchange of Alaskan oil, were discussed by energy officials of both nations last week in Ottawa.

"U.S. and Canadian officials agreed to consider adjusting or removing legal, fiscal and administrative impediments to commercially workable and mutually beneficial oil exchanges consistent with their respective national policies," Zarb said.

Canada has announced its intention to gradually reduce U.S. exports until 1983 when exports will be cut off altogether.

Zarb announced that the Federal Energy Administration shortly will contact U.S. refineries historically dependent on Canadian oil imports to advise them of the results of the discussions.

An exchange involves the supply by one company of oil to another company's refinery offset by the second company's returning oil to the first company's refinery at another location. The exchange results in transportation and other savings for both companies.

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The decision to encourage oil exchanges was reached during a meeting between officials of the Department of State and the Federal Energy Administration and the Canadian Ministries of External Affairs and Energy, Mines and Resources.

In a related activity, the FEA is considering establishing a system for allocation of Canadian crude oil imports. However, such action, if implemented, cannot be expected to provide more than short-term relief to U.S. refiners dependent on Canadian oil.

-FEA-

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Contact: Donald Creed

E-75-205

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

JUNE 24, 1975

GASOLINE, CRUDE PRICES UP, FEA REPORTS

As expected, the average price for a gallon of regular gasoline rose by 1.8 cents from February to May due to the $1 import fee implemented February 1, 1975, the Federal Energy Administration announced today.

"The 1.8 cent impact from the first dollar import fee is a good indication of the expected effect of the second dollar imposed June 1," FEA Administrator Frank G. Zarb said.

"Recent stories that gasoline prices will jump to 70 or 80 cents a gallon this summer simply are not accurate," Zarb added.

The national average selling price for a gallon of regular gasoline was 52.5 cents in February, 52.6 cents in March, 53.5 cents in April, and 54.3 cents in May.

All 21 major oil companies contacted by FEA for its monthly gasoline price survey reported increasing prices in May. This was the first time all 21 firms in the survey reported increasing prices since the survey began in October 1973.

While the average selling price for regular gasoline rose 0.8 cents per gallon from April to May, the average price charged by oil companies to retail marketers rose 1.1 cents per gallon, bringing average dealer margins down 0.3 cents per gallon.

E-75-206

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07050, 07046, 08960,

In a related development, the FEA released a listing of national average gasoline prices from 1960 through 1974, along with what those prices would be if adjusted for the effects of inflation. The adjusted prices are calculated in constant 1967 dollars.

The FEA figures show that adjusted for inflation, the price of a gallon of regular gasoline in 1974 was higher than in any year since 1961, but lower than the 1960-61 period.

From 1967 to 1973, the average pump price for a gallon of regular gasoline rose 5.6 cents per gallon. But when adjusted for the effects of inflation, gasoline prices show a decline of 5.3 cents over the same period.

From 1973 to 1974, the quadrupling of world crude oil prices after the Arab oil embargo pushed gasoline prices up 13.8 cents per gallon. But when similarly adjusted for inflation this rise becomes 5.9 cents per gallon.

From 1967 to 1974, the average price for a gallon of regular gasoline, expressed in constant 1967 dollars, rose only 0.7 cents, compared to its actual increase in the marketplace of 19.4 cents per gallon over the same period.

Other national average selling price data announced by FEA today include:

---Diesel fuel from service stations at 51.0 cents per gallon in May, up 0.4 cents per gallon from April.

---Diesel fuel from truck stops at 50.3 cents per gallon in May, down 0.2 cents per gallon from April.

---Wholesale residual fuel oil at $11.69 per barrel in March, down 26 cents from February.

April figures for heating oil show that, of 21 major oil companies, 8 increased prices, 2 decreased prices, while 11 left prices unchanged from the previous month.

FEA also reported that the average wellhead price for a barrel of U.S. crude oil not under price controls was $11.57 in April, up 10 cents from the revised March price of $11.47.

The national average wellhead price for a barrel of price-controlled crude oil remained $5.25 in April.

The preliminary average of domestic controlled and uncontrolled costs for crude oil purchased by refiners in April was $8.20, down 18 cents from the revised March figure of $8.38 per barrel.

Preliminary data also indicate the refiner acquisition cost for a barrel of imported crude oil dropped to $13.17 in April from the revised March figure of $13.28.

The preliminary composite of domestic and imported costs for crude oil purchased by refiners in April was $9.82 per barrel, a 9 cent drop from the revised March figure of $9.91 per barrel.

These prices and costs represent national averages from various FEA sources. They will be published in greater detail in the July issue of FEA's Monthly Energy Review. This publication is available at a cost of $36 per year from the National Technical Information Service, Sales Dept., 5285 Port Royal Road, Springfield, Virginia 22151.

-FEA-

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PETROLEUM PRODUCTS

	PERIOD TO WHICH PRICE APPLIES	NATIONAL AVERAGE SELLING PRICE	AVERAGE DEALER MARGINS
REG. GASOLINE (Retail, inc. tax)	May 1975	54.3¢/gal.	8.3¢/gal.
#2 DIESEL FUEL (Retail, inc. tax)			
Service Station Outlets	May 1975	51.0¢/gal.	7.7¢/gal.
Truck Stop Outlets	May 1975	50.3¢/gal.	7.0¢/gal.
RESIDUAL FUEL OIL (Wholesale)	Mar. 1975	$11.69/bbl.	

CRUDE PETROLEUM (Ex-tax)

	Feb. 1975	Mar. 1975	April 1975
Domestic "uncontrolled"*	11.39R	11.47R	11.57P
Domestic "controlled"	5.25	5.25	5.25
mported**	13.05R	13.28R	13.17P
Domestic average** (uncontrolled and controlled)	8.29R	8.38R	8.20P
Composite (domestic and foreign)	10.09R	9.91R	9.82P

*Wellhead prices

**Refiner acquisition cost (including fees and transportation to refinery).

PPreliminary figure subject to later revision.

RRevised from previously published figure.

NOTE: Refiner acquisition costs do not necessarily vary in proportion to changes in wellhead prices -- since the latter are posted for a given month and reported to FEA by producers, while the former vary with changing cost passthrough arrangements and are reported to FEA by refiners.

GASOLINE PRICES IN CONSTANT 1967 DOLLARS (INCL. TAX)

YEAR	REAL DOLLAR PRICE	CPI*	CONSTANT DOLLAR PRICE
1960	31.13	88.7	35.1
1961	30.76	89.6	34.3
1962	30.64	90.6	33.8
1963	30.42	91.7	33.2
1964	30.35	92.9	32.7
1965	31.15	94.5	33.0
1966	32.08	97.2	33.0
1967	33.16	100.0	33.2
1968	33.71	104.2	32.4
1969	34.80	109.8	31.7
1970	35.69	116.3	30.7
1971	36.43	121.3	30.0
1972	36.13	125.3	28.8
1973	38.82	138.5	28.0
1974	52.6	155.4	33.9

Source: Constant dollar prices derived from Platt's OILGRAM Price Service, 1960-1973 and FEA 1974.

*Consumer Price Index

E-75-206

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JULY 1, 1975

FEA ORDERS POWERPLANTS TO STOP USING OIL & NATURAL GAS

In a major effort to convert many electric utilities to the use of coal, as required by Congress in the Energy Supply and Environmental Coordination Act of 1974 (ESECA), 25 utility companies have been ordered by the Federal Energy Administration to cease using oil or natural gas as their primary energy source at 74 powerplants located at 32 generating stations.

The orders were issued yesterday following the previous issuances of notices of intent, public hearings and analysis of the resulting data.

The program is considered essential to carrying out the President's commitment to reduce petroleum imports and to reduce the impact of natural gas shortages. The conversion of these powerplants could result in yearly savings of over 64 million barrels of oil and more than 88 million MCFs of natural gas.

FEA Administrator Frank G. Zarb said, "American consumers are paying dear prices because of our increasing vulnerability and dependence on foreign oil. Unless our program for self-sufficiency succeeds, cartel nations are in a position to continue to increase prices paid by the American consumers."

He added that the prohibition orders "are essential to encourage powerplants to use coal, our most abundant energy source, while preserving important environmental objectives."

-more-

E-75-215; 0 1344, 04864, 05954, 01296
01960, 18368,

The next step is for the Environmental Protection Agency (EPA) to certify the date that each plant can burn coal and still meet air quality standards. EPA estimates that, under normal conditions, it would take three to six months to process each case from issuance of an FEA order.

During this period FEA will be assessing the environmental impact of coal burning at each of the 32 generating stations. These assessments will result in either a Negative Determination of significant environmental impacts or an Environmental Impact Statement for each station. After EPA certification and the FEA environmental analysis, with respect to each affected generating station, a Notice of Effectiveness will be issued by FEA.

-FEA-

Media Inquiry: 964-4781
Press Room: 964-3538

Contact: John Donnelly

E-75-215

List of Powerplants T)ave Received Prohibition Orders

REGION I

OWNER	POWERPLANT NUMBER	GENERATING STATION	LOCATION	CAPACITY (MW)	1973 OIL CONSUMPTION (10^3 BBLS)	1973 GAS CONSUMPTION (10^3 MCF)	EST. ANNUAL COAL DEMAND UPON CONVERSIO (10^3 TONS)
Public Service Co. of New Hampshire	4	Schiller	Portsmouth New Hampshire	50	509		114
Public Service Co. of New Hampshire	5	Schiller	Portsmouth New Hampshire	50	527		114
		TOTALS		100 MW	1036 10^3 BBLS		228 10^3 TO

REGION II

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	1973 Oil Consumption (10^3 bbls)	1973 Gas Consumption (10^3 MCF)	Est. Annual Coal Demand Upon Conver: (10^3 tons)
OFU-052	Atlantic City Electric Company	1	B. L. England	Beesleys Point, New Jersey	136	1,378	----	310
OFU-053	Atlantic City Electric Company	2	B. L. England	Beesleys Point, New Jersey	163	1,814	----	372
OFU-054	Central Hudson Gas & Electric Corp.	3	Danskammer	Roseton, New York	147	1,418	11	335
OFU-055	Central Hudson Gas & Electric Corp.	4	Danskammer	Roseton, New York	239	2,438	12	545
OFU-056	Niagara Mohawk Power Company	1	Albany	Bethlehem, New York	100	1,071	----	228
OFU-057	Niagara Mohawk Power Company	2	Albany	Bethlehem, New York	100	1,034	----	228
OFU-058	Niagara Mohawk Power Company	3	Albany	Bethlehem, New York	100	1,000	----	228
OFU-059	Niagara Mohawk Power Company	4	Albany	Bethlehem, New York	100	1,052	----	228
				TOTALS	1,085 Mw	11,205 10^3 bbls	23 10^3 MCF	2,474 10^3 to

Federal Energy Administration
June 30, 1975

REGION III

OWNER	POWERPLANT NUMBER	GENERATING STATION	LOCATION	CAPACITY (MW)	1973 OIL CONSUMPTION (10^3 BBL)	1973 GAS CONSUMPTION (10^3 MCF)	EST ANNUAI DEMAND UPC VERSION
Potomac Electric Power Company	1	Morgantown	Newburg, Maryland	626	7249	0	1427
Potomac Electric Power Company	2	Morgantown	Newburg, Maryland	626			1427
Virginia Electric Power Company	3	Chesterfield	Chester, Virginia	113	1025	0	258
Virginia Electric Power Company	4	Chesterfield	Chester, Virginia	188	1824	0	429
Virginia Electric Power Company	5	Chesterfield	Chester, Virginia	359	2717	0	819
Virginia Electric Power Company	6	Chesterfield	Chester, Virginia	694	5500	0	1582
Virginia Electric Power Company	1	Yorktown	Yorktown, Virginia	188	0	437	429
Virginia Electric Power Company	2	Yorktown	Yorktown, Virginia	188	1001	27	429
Virginia Electric Power Company	1	Portsmouth	Chesapeake, Virginia	113	610	0	258
Virginia Electric Power Company	2	Portsmouth	Chesapeake, Virginia	113	1024	0	258
Virginia Electric Power Company	3	Portsmouth	Chesapeake, Virginia	185	1666	0	422
Virginia Electric Power Company	4	Portsmouth	Chesapeake, Virginia	239	2276	0	545

REGION III (cont'd)

OWNER	POWERPLANT NUMBER	GENERATING STATION	LOCATION	CAPACITY (MW)	1973 OIL CONSUMPTION (10^3 BBL)	1973 GAS CONSUMPTION (10^3 MCF)	EST ANNUAL C(DEMAND UPON (VERSION (10·
Baltimore Gas and Electric Company	1	Crane	Baltimore, Maryland	191	2014	0	436
Baltimore Gas and Electric Company	2	Crane	Baltimore, Maryland	209	2167	0	477
Baltimore Gas and Electric Company	4	Riverside	Baltimore, Maryland	72	517	0	164
Baltimore Gas and Electric Company	5	Riverside	Baltimore, Maryland	81	719	0	185
Baltimore Gas and Electric Company	1	Wagner	Baltimore, Maryland	132	1095	0	301
Baltimore Gas and Electric Company	2	Wagner	Baltimore, Maryland	136	1282	0	310
Delmarva Power and Light Company	1	Edge Moor	Wilmington, Delaware	66	661	10	151
Delmarva Power and Light Company	2	Edge Moor	Wilmington, Delaware	66	704	0	151
Delmarva Power and Light Company	3	Edge Moor	Wilmington, Delaware	75	877	121	171
Delmarva Power and Light Company	4	Edge Moor	Wilmington, Delaware	150	1687	500	342
		TOTALS		4810 MW	36,615 10^3 BBLS	1095 10^3 MCF	10,971 10^3 TON

REGION IV

Docket No.	Owner	Powerplant Number	Generating Station	Location	Capacity (MW)	1973 Oil Con-sumption (10^3 bbls)	1973 Gas Con sump-tion (10^3 bbls)	Es Co Up si (10
OFU-060	Alabama Electric Cooperative, Inc.	3	McWilliams	Gantt, Alabama	25	----	703	57
OFU-061	Carolina Power & Light Company	1	Sutton	Wilmington, N.C.	113	546	---	258
OFU-062	Carolina Power & Light Company	2	Sutton	Wilmington, N.C.	113	1,081	5	258
OFU-063	Carolina Power & Light	3	Sutton	Wilmington, N.C.	420	2,284	---	958
OFU-064	Florida Power Corporation	1	Crystal River	Red Level, Fla.	441	3,823	---	1,006
OFU-065	Florida Power Corporation	2	Crystal River	Red Level, Fla.	524	4,159	---	1,195
OFU-066	Georgia Power Company	1	McManus	Brunswick, GA	50	449	---	114
OFU-067	Georgia Power Company	2	McManus	Brunswick, GA	94	768	---	214
OFU-068	Savannah Electric & Power Company	1	Port Wentworth	Port Wentworth, Georgia	50	351	948	114
OFU-069	Savannah Electric & Power Company	2	Port Wentworth	Port Wentworth, Georgia	54	183	708	123
OFU-070	Savannah Electric & Power Company	3	Port Wentworth	Port Wentworth, Georgia	103	319	596	235
				TOTALS	1,987 MW	13,963 10^3 Bbls	2,960 10^3 MCF	4,532 10^3

REGION V

OWNER	POWERPLANT NUMBER	GENERATING STATION	LOCATION	CAPACITY (MW)	1973 OIL CONSUMPTION (10^3 BBLS)	1973 GAS CONSUMPTION (10^3 MCF)	EST. ANNUAL COAL DEMAND UPON CONVERSION (10^3 TONS)
Wisconsin Public Service Corporation	2	Weston	Rothchild, Wisconsin	75	1.0	2,148	171
Detroit Edison Company	5	St. Clair	E. China Township, Michigan	358	1,391.6	44	816
		TOTALS		433 MW	1,392.6 10^3 BBLS	2,192 10^3 MCF	987 10^3 TON

OWNER	POWERPLANT NUMBER	GENERATING STATION	LOCATION	CAPACITY(MW)	1973 GAS CONSUMPTION (10^3 MCF)	EST. ANNUAL COAL DEMAND UPON CONVERSION (10^3 TONS)
Village of Winnetka	5	Winnetka	Winnetka, Ill.	4	--	9
Village of Winnetka	6	Winnetka	Winnetka, Ill.	4	--	9
Village of Winnetka	7	Winnetka	Winnetka, Ill.	7	--	16
Village of Winnetka	8	Winnetka	Winnetka, Ill.	13	365	30
				28 MW	365 10^3 MCF	64 10^3 TONS

REG[illegible] VII

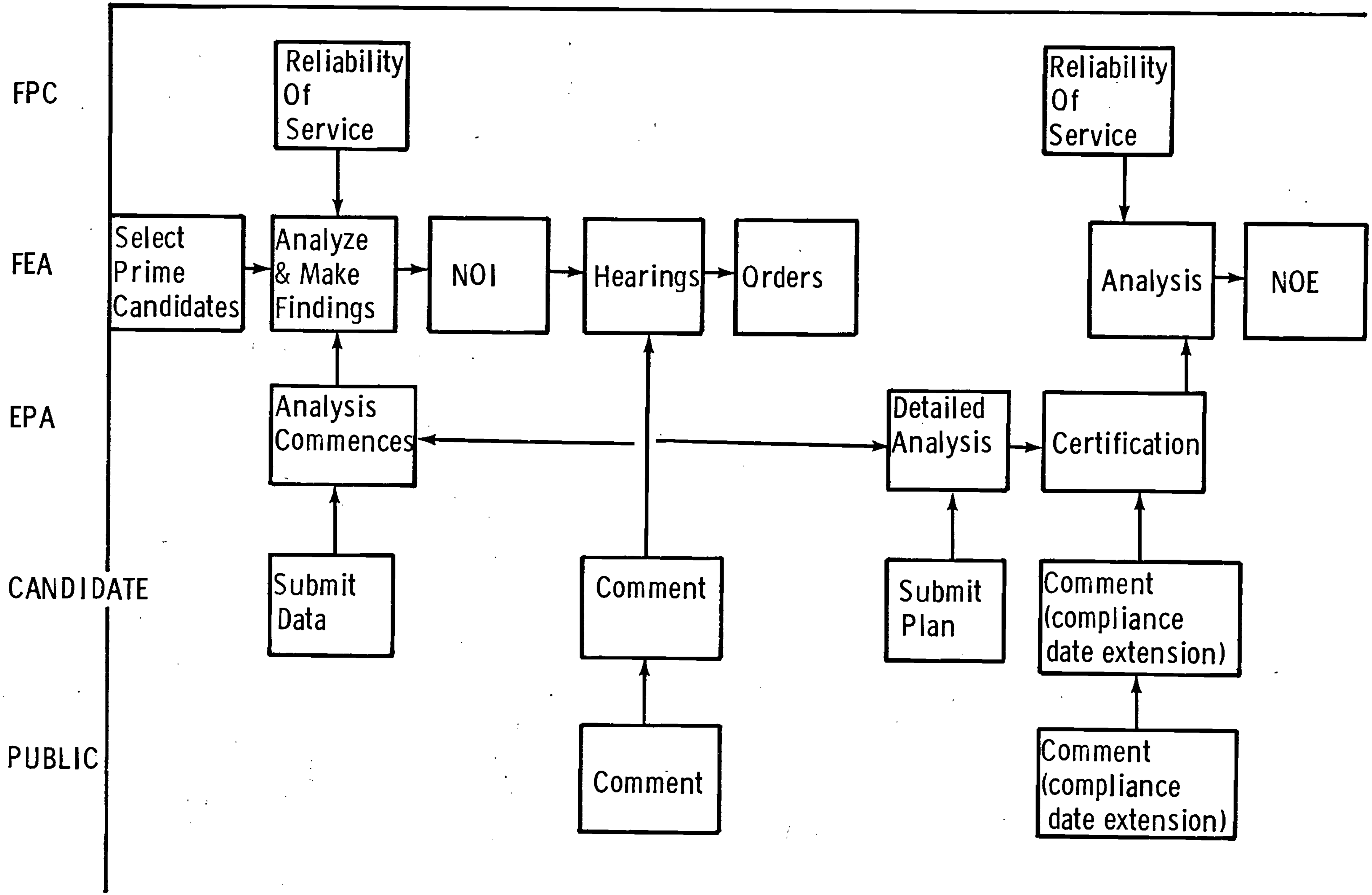
OWNER	POWERPLANT NUMBER	GENERATING STATION	LOCATION	CAPACITY (MW)	1973 GAS CONSUMPTION (10^3 MCF)	EST. ANNU[illegible]L DEMAND UP[illegible] CONVERSION (10^3 TONS)
Ames Electric Utility	7	Ames,	Ames, Iowa	33	1,509	75
Iowa Electric Light & Power Company	1	Sutherland	Marshalltown, Iowa	38	2,044	87
Iowa Electric Light & Power Company	2	Sutherland	Marshalltown, Iowa	38	1,375	87
Iowa Electric Light & Power Company	3	Sutherland	Marshalltown, Iowa	82	3,604	187
Iowa Power and Light Company	10	Des Moines	Des Moines, Iowa	70	2,135	160
Iowa Power and Light Company	11	Des Moines	Des Moines, Iowa	110	3,006	251
Iowa Public Service Company	1	George Neal	Salix, Iowa	139	4,247	317
Iowa Public Service Company	14	Maynard Station	Waterloo, Iowa	50	2,115	114
Kansas City Board of Public Utilities	1	Kaw River	Kansas City, Kansas	46	1,617	105
Kansas City Board of Public Utilities	2	Kaw River	Kansas City, Kansas	50	1,519	114
Kansas City Board of Public Utilities	3	Kaw River	Kansas City, Kansas	65	3,955	148
Kansas City Board of Public Utilities	1	Quindaro #3	Kansas City, Kansas	82	3,335	187
Kansas City Board of Public Utilities	2	Quindaro #3	Kansas City, Kansas	158	4,279	360

ION VII (cont'd)

OWNER	POWERPLANT NUMBER	GENERATING STATION	LOCATION	CAPACITY (MW)	1973 GAS CONSUMPTION (10^3 MCF)	EST. ANNUAL COAL DEMAND UPON CONVERSION (10^3 TONS)
ansas City Power and Light Company	3	Hawthorne	Kansas City, Missouri	113	1,987	258
ansas City Power and Light Company	4	Hawthorne	Kansas City, Missouri	143	2,485	326
ansas City Power and Light Company	5	Hawthorne	Kansas City, Missouri	515	1,875	1,174
ansas Power and Light Company	3	Lawrence	Lawrence, Kansas	49	2,648	112
ansas Power and Light Company	4	Lawrence	Lawrence, Kansas	114	3,958	260
ansas Power and Light Company	5	Lawrence	Lawrence, Kansas	413	16,930	942
ansas Power and Light Company	9	Tecumseh	Tecumseh, Kansas	82	3,446	187
ansas Power and Light Company	10	Tecumseh	Tecumseh, Kansas	150	1,825	342
ebraska Public Power District	1	Sheldon	Columbus, Nebraska	109	3,420	249
ebraska Public Power District	2	Sheldon	Columbus, Nebraska	120	3,565	274
pringfield City Utilities	3	James River	Springfield, Missouri	44	1,184	100
pringfield City	4	James River	Springfield,	60	3,095	137
			TOTALS:	2,873 MW	81,658 10^3 MCF	6,553 10^3 TONS*

Some of these plants may presently be burning coal due to recent natural gas curtailments.

ESECA IMPLEMENTATION - PROHIBITION ORDERS



Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE JULY 1, 1975

ZARB HITS U.S. ADDICTION TO FOREIGN OIL;
SAYS DECONTROL PART OF THE CURE

U.S. crude oil production could be 1.4 million barrels per day greater in 1985 if current price controls are phased out, according to an analysis released today by the Federal Energy Administration. In addition, continued price controls will result in large increases in energy demand.

"Since 1970 this nation's crude production has declined significantly and as this decline continues we will grow even more addicted to foreign oil supplies," FEA Administrator Frank G. Zarb said.

"Price decontrol is part of the necessary though painful cure to this dangerous addiction," Zarb said.

"While this means higher costs for consumers in the short run, achieving energy independence will ultimately mean freedom from arbitrary pricing actions of foreign oil producers and freedom from the costs of sudden supply cutoffs," Zarb said.

"And if the President's full program were implemented, the increased costs of energy from decontrol would be returned to the consumer instead of being handed over to foreign governments," Zarb continued.

"Not only is decontrol important in the long-run, but by 1980 it could add more than 500,000 barrels per day to domestic production. In contrast, by 1980, the price control provisions in the House Commerce Committee energy bill will result in a more than 500,000 barrel per day production loss from the level expected with existing controls," Zarb said.

FEA price controls currently freeze the price of about 60 percent of the nation's domestic crude production at the May 15, 1973 selling price, plus $1.35 per barrel. This averages to about $5.25 per barrel for "controlled" crude.

The FEA analysis says this average $5.25 price will inhibit increased production by denying producers enough return on their investment to meet the high costs of sophisticated recovery techniques necessary to get more oil from older wells.

In addition, the FEA analysis says that a provision of FEA price regulations which exempts from price controls oil from wells producing less than 10 barrels per day, could impede production if controls continue in the long-run.

This oil, known as "stripper well" oil, can be sold at the prevailing market price, currently about $11.50 per barrel and estimated for the FEA analysis to be at $12.50/barrel in 1985.

In the long run, oil property owners with wells producing between 10 to 30 barrels per day will have an incentive to cut back production in order to qualify for this stripper well exemption, thus reducing the nation's output.

FEA regulations control the price of crude oil produced from a property that was in operation in 1972 whose production in the current month is equal to or less than the production in the 1972 base period month. This is known as "old" oil.

Oil produced from a property in the current month above the amount produced in the 1972 base month, is permitted to be priced at the prevailing free market price. This is known as "new" oil.

In addition, a quantity of oil equal to the "new" oil produced from a property each month is permitted to be sold at the free market price. This is "released" oil.

The basic problem with continuation of FEA price controls is that in the long run, as domestic production declines, a greater proportion of that production will be price controlled at the $5.25 average price.

This will have the long range effect of providing greater disincentives to production as the disparity between "uncontrolled" and "controlled" prices widens, and the costs of increasing production from older wells increases.

The FEA analysis notes that some new oil production will occur by 1985. This is about 2 million barrels per day anticipated for delivery to the U.S. through the Trans Alaskan Pipeline, plus an estimated 3.7 million barrels per day largely from new offshore wells.

None of this new oil production would be subject to price controls, even if current controls are maintained.

The FEA analysis is attached.

-FEA-

Media Inquiry: 964-4781 Contact: Bill Pearl

Federal Energy News
Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE JULY 1, 1975

FEA ALLEGES GULF OVERCHARGE OF $2 MILLION TO VEPCO

The Federal Energy Administration has issued a Notice of Probable Violation (NOPV) to Gulf Oil Company alleging that Gulf overcharged the Virginia Electric Power Company (VEPCO) by $2,017,969.83, FEA Administrator Frank G. Zarb announced today.

The alleged overcharges by Gulf involve the sale of distillate fuel oil to the Virginia utility between October 1973 and April 1975, Zarb said. The NOPV was issued on June 16, 1975. Gulf has responded to the NOPV and its comments are being evaluated.

Last summer FEA began a nationwide investigation into overcharges for fuel oil to utilities. To date, the investigation has resulted in $4,551,370 in utility and non-utility related refunds. "I want to emphasize that this agency's investigation will continue until every dollar of overcharges to utilities in violation of FEA price regulations is routed out and refunded," Zarb said.

-FEA-

Media Inquiry: 964-4781
Press Room: 964-3538

Contact: Ed Vilade

E-75-219; 02496,12672,04080,10018,10010
07060, 06014,

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JULY 1, 1975

FEA ISSUES INDEPENDENT ESTIMATE OF
OIL & GAS RESERVES

A preliminary study published today by the Federal Energy Administration, "Initial Report on Oil & Gas Resources, Reserves, and Production Capacities", states that as of December 31, 1974, the U.S. had proved reserves of 38.2 billion barrels of crude oil and 237 trillion cubic feet of natural gas.

These preliminary estimates are based on a year-long survey by FEA of all oil and gas field operators in the U.S. Questionnaires were sent to over 22,000 operators, 15,000 of which were found to be active in 1974.

After the information submitted by the operators had been checked, more than 13,000 telephone calls were made to resolve questions and/or obtain additional information. Special checks were made on a random sample of approximately 1,000 operators.

It shows proved oil reserves in the U.S. to be 11 percent higher than previous figures published by the American Petroleum Institute (API).

The API estimated proved crude reserves at 34.2 billion barrels and AGA published estimates of 233.2 trillion cubic feet of proved natural gas reserves.

The AGA figure of 237.1 trillion cubic feet of natural gas proved reserves has been adjusted to subtract 3.9 trillion cubic feet which has already been produced and is now being held in underground storage.

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Both FEA and the industry trade groups define proved reserves as those oil and natural gas resources that have actually been discovered and can be produced under current economic and technological conditions.

FEA's estimates do not include indicated secondary and tertiary reserves--those quantities of oil believed to be economically producible from known reservoirs using proven but not yet installed recovery technology. Additional information on indicated reserves is still being developed by FEA.

The study points out that even greater quantities of recoverable oil and gas remain undiscovered. Some of this is in undiscovered reservoirs in known fields (inferred reserves). However, the greater portions are in undiscovered fields. The U.S. Geological Survey (USGS) estimates that the total of inferred reserves and undiscovered recoverable resources probably equals 105 billion barrels of oil and 686 trillion cubic feet of natural gas.

These estimates are subject to wide estimating errors. The chances are 19 in 20 that the oil potential is at least 73 billion barrels and only one in 20 that it will be as much as 150 billion barrels. Estimates of natural gas potential range from 524 trillion to 857 trillion cubic feet.

Processing natural gas from yet undiscovered reservoirs may also recover between 17 and 28 billion barrels of natural gas liquids.

Estimates of oil and natural gas resources in the study were prepared by USGS for FEA and by statisticians in four leading universities. FEA's report compares these figures with three previous estimates published by USGS and with studies made by the National Academy of Sciences, the National Petroleum Council, The American Association of Petroleum Geologists, the Potential Gas Committee and independent energy consultants.

The information developed in the study is required under Section 15(b) of the Federal Energy Administration Act of 1974.

A later report, scheduled to be completed in September, will present final estimates of proved reserves from FEA's survey of oil and gas field operators and additional information from the survey on indicated reserves and productive capacity. This later report will also include the results of engineering studies of 34 additional fields along with the 25 field studies in this current report. This will then cover over half the nation's proved oil reserves and about 30% of our natural gas reserves.

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 964-3538

Media Contact: John Donnelly

E-75-218

Federal Energy News
Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE JULY 3, 1975

FEA COLLECTS DATA ON NATURAL GAS SHORTAGE TO MEASURE DEMAND FOR ALTERNATIVE FUELS

The Federal Energy Administration is collecting data on natural gas shortages to measure changes in demand for petroleum products expected to develop as firms switch from natural gas to petroleum fuels, FEA announced today.

The Federal Power Commission (FPC) will also participate in the data collection effort.

"The nation was short about 2 trillion cubic feet of natural gas in 1974, out of a total usage of about 22 trillion cubic feet. This 8 to 10 percent shortfall could be considerably worse next winter, and we must be prepared to deal with it," FEA Administrator Frank G. Zarb said.

Zarb said the FEA is spearheading an interagency task force which later this month will provide preliminary recommendations to the President on how the government can best deal with natural gas shortages. A complete contingency plan will be presented to the President by the end of September.

FEA needs the natural gas data because it is responsible for allocating any shortages of petroleum products which might develop as firms switch from natural gas to petroleum fuels.

The energy agency also needs the data to make accurate assessments of the economic impacts of natural gas shortages in different parts of the country.

The data on natural gas and alternative fuel demand will be collected on forms sent out this week to about 1600 natural gas distributors, pipeline companies and municipal gas systems which do business within the boundaries of a single state.

An identical form will be sent out by the FPC to pipeline companies which ship gas across state lines.

Respondents will be required to provide FEA by August 1, 1975:

--The names and addresses of all natural gas users they supply.

--How much natural gas they sold to each user last year, and how much they are committed to sell through August 1976.

--The amount of natural gas service cut back last year, and the amount they will be short through August 1976.

--The amount and type of alternative fuels their customers have facilities to use if faced with natural gas shortages.

Respondents will also be required to provide FEA with periodic updates of this information.

Data reported to FEA will be made available to the Federal Power Commission and to appropriate state commissions which regulate natural gas rates and service.

Authority to collect this data stems from the Federal Energy Administration Act of 1974 and the Emergency Petroleum Allocation Act of 1973.

The data form was developed jointly by the FEA, the FPC, other Federal agencies, and the National Association of Regulatory Utility Commissioners. A limited number of copies are available to press and public from the Federal Energy Administration, Office of Data Collection and Services, Room 7300, 2000 M Street, N.W., Washington, D.C. 20651. (Tel. 202-264-5246). It is FEA Form G101-Q-0.

A copy of the letter of transmittal to natural gas distributors is attached.

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 964-3538

Media Contact: Bill Pearl

E-75-221

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00412, 18240, 18496,

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

OFFICE OF THE ADMINISTRATOR

Dear Sir:

The Federal Energy Administration (FEA) requires that you complete and return to the FEA, pursuant to Section 13 of the Federal Energy Administration Act of 1974 and Emergency Petroleum Allocation Act of 1973, the enclosed FEA Form G101-Q-0. This form will provide the information needed by the FEA and other agencies to assess the problems caused by natural gas curtailments and assist in determining the resultant demand placed on alternative fuels. The form was developed as a joint effort by the FEA, the Federal Power Commission and the National Association of Regulatory Utility Commissioners in consultation with other agencies of the Federal Government. The data reported on this form will be made available by the FEA to the Federal Power Commission, and the data concerning particular states will be made available by the FEA to the appropriate state commissions engaged in the regulation of gas rates and service.

The FEA has responsibility under the Emergency Petroleum Allocation Act of 1973 for allocating oil and petroleum products equitably among all regions of the United States and sectors of the petroleum industry, and among all users. In order to continue to meet this statutory requirement and other requirements of the Emergency Petroleum Allocation Act and the Federal Energy Administration Act of 1974 in a timely fashion, we need to be able to project the likely regional demand for oil and petroleum products due to current and projected curtailments of natural gas. The FEA will use the data obtained by the forms primarily in its fuels allocation program and in economic analyses of the impact of curtailment.

FEA realizes that the cooperation of direct end-use customers in providing the reporting company with the required information is essential to FEA's data collection effort and urges the full cooperation of such customers.

Filing of the enclosed forms is mandatory. The enclosed forms should be completed and mailed to the Federal Energy Administration, Code 2899, Washington, D.C. 20461, no later than August 1, 1975. You will be required to report similar quarterly data to FEA no later than 30 days after the end of each reporting quarter. Appropriate forms will be furnished to you well in advance of these requirements.

Your complete and accurate reporting of the required data in a timely manner will assist FEA in fulfilling its responsibilities concerning the serious impact of natural gas curtailments on the Nation. If you have any questions, please call the FEA Office of Data Services at (202) 254-5014, or write directly to the address to which the forms are required to be sent.

Sincerely,

Eric R. Zausner
Deputy Administrator Designate

Enclosures

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

For Immediate Release July 3, 1975

ZARB ASKS GOVERNORS TO ENFORCE SPEED LIMITS

The Federal Energy Administration today released a letter sent by FEA Administrator Frank G. Zarb to each State Governor urging strict enforcement of the national 55 mile per hour speed limit, especially during summer vacation time.

A copy of the Zarb letter, which was sent to the Governors today is attached:

FEA

E-75-224 08896, 01748,

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

OFFICE OF THE ADMINISTRATOR

July 3, 1975

Dear Governor

Apparently many Americans have forgotten the lessons learned during the oil embargo of 1973-74. Auto and truck speeds are up sharply. Accidents resulting in injury or death, and serious property damage have greatly increased, and gasoline conservation is no longer practiced as universally as it must be if we are to reverse increases in gasoline consumption.

Summer months are traditionally the period when gasoline consumption reaches its highest level. Last year, during the week ending August 2, gasoline consumption hit an all-time high of more than 7.3 million barrels a day. We anticipate that a new record will be set this summer.

With these facts in mind, I noted with great interest the policy position on energy conservation adopted recently at your National Governor's Conference in New Orleans:

> "The Governors pledge not only to provide leadership in the energy conservation effort but also to enlist the cooperation and support of their legislatures. They will also work with private individuals and organizations as well as with officials of local governments."

That leadership, cooperation, support, and work is especially needed now.

One specific goal endorsed by the Governor's Conference -- to "support and enforce state 55 miles-per-hour speed limits" -- is of particular importance today.

We urgently need to impress upon all drivers that failure to observe the 55 MPH speed limit and carelessness in planning vacation travel, cost them money and can compound our energy problems in the weeks ahead.

By driving at 55 rather than at 70 MPH motorists can cut gasoline use by as much as 20%. With gasoline prices rising even higher than current levels, sensible driving can result in significant savings for the pocketbook. However, last year, 47% of all vehicles traveled regularly at speeds in excess of 55 MPH, and indications are that the law is being even more flagrantly abused this year.

With vacation time at hand, you will probably be putting extra patrols on the highways to ensure safe driving. We hope that this effort will include strict enforcement of the national speed limit.

We are most grateful for your past support in encouraging public energy conservation and in providing outstanding examples of conservation by state agencies. We very much need your continued support in keeping the public mindful of the need for continuing conservation as a permanent part of lives of all Americans.

Sincerely,

Frank G. Zarb
Administrator

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JULY 10, 1975

FEA NAMES OIL COMPANIES WITH POSSIBLE $165 MILLION IN COST DISALLOWANCES

The Federal Energy Administration today released the names of 12 U.S. oil companies that may be required to refund or rollback overcharges that could total as high as $165 million from intra-company transactions during the Arab oil embargo.

Under FEA's pricing regulations, the companies in late June received notices that they may have used excessive "transfer prices" during the embargo.

"Transfer prices" are those charged for imported oil in transactions between U.S. companies and their foreign trading branches.

If these prices are finally reduced by FEA, the firms will be required to make refunds or roll back prices to the extent that transfer prices in excess of those permitted by FEA resulted in higher charges to customers.

Not all companies have passed their higher transfer prices along to customers. Some companies "banked" costs for future pass-through. In these cases the "banks" will be reduced by the amount of the overcharges and refunds or rollbacks may not be necessary.

FEA emphasized today that companies receiving notices of disallowance are not charged with any wrongdoing, since the data available to FEA was more extensive and may differ from the data available to individual companies. This could result in differences between the transfer prices used by the companies during the embargo period and FEA's calculations of allowable costs.

07246, 07424, 00656, 01976,
02060, 04866, 07056, 07057,
07168, 07060, 09600

-more-

E-75-230

The ceiling for transfer prices calculated by FEA was based upon all arms-length sales (sales between unaffiliated companies) reported to FEA. To make these calculations, FEA has established the most complete system for reporting foreign crude oil transactions ever developed by any government.

The FEA transfer price rules, issued last October 28, are designed to protect American consumers against artificially high prices for products refined from crude oil purchased by U.S. firms from their overseas subsidiaries.

(NOTE: For additional information see FEA press release 75-202, dated June 22, 1975.)

(The list of involved oil companies is attached.)

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 964-3538

Media Contact: Donald Creed

E-75-230

PROPOSED DISALLOWANCE*
(In thousands)

COMPANY	Oct. 1973	Nov. 1973	Dec. 1973	Jan. 1974	Feb. 1974	March 1974	April 1974	TOTALS
Arco	0	3,308	1,012	3,759	3,124	8,949	3,963	24,115
Ashland	0	0	0	0	0	0	796	796
Continental	0	0	1,453	0	0	232	1,063	2,748
Getty	0	497	0	0	0	0	0	497
Gulf	0	8,746	9,486	10,776	10,879	13,945	4,182	58,014
Mobil	2,852	4,038	4,591	414	825	454	993	14,167
Phillips	235	1,537	273	2,722	1,499	5,257	1,595	13,118
Standard Oil of California	0	689	1,032	62	66	0	233	2,082
Standard Oil of Indiana	0	1,136	7,648	3,274	1,350	3,569	10,676	27,653
Sun	1,586	2,044	1,248	5,278	3,160	2,403	1,930	17,649
Texaco	0	302	0	0	64	0	0	366
Union	0	55	1,308	232	1,060	798	927	4,380
							GRAND TOTAL	165,585

*Exclusive of exchanges.

E-75-230

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

July 11, 1975

FOR IMMEDIATE RELEASE

FEA PROPOSES EXTENSION OF PRICE-ANDERSON ACT -- ZARB
CITES NUCLEAR POWERPLANT SAFETY RECORD

The Federal Energy Administration announced today its support for continuing the Federal Government's role in protecting the public against nuclear powerplant incidents. Legislation mandating that role, the Price-Anderson Act which expires August 1, 1977, is now up for extension in Congress.

In announcing his support for extension of the Act, FEA Administrator Frank Zarb stressed that "in eighteen years there hasn't been a single nuclear mishap causing injury to the public. He also pointed out that "no Federal funds have been paid out under the Act".

The Price-Anderson Act provides $435 million in Federal insurance over the $125 million in private accident insurance currently available for nuclear powerplants.

The Act also facilitates the collection of claims in the event of a nuclear incident. It bars technical legal defenses such as "contributory negligence" and "short statute of limitations". A claimant need only demonstrate damage to himself or his property in testimony in a Federal district court.

President Ford recently endorsed the recommendation of his Labor-Management Committee to extend and modify the Price-Anderson Act.

-more-

Last year the President vetoed an extension to the Price-Anderson Bill, H.R. 15323, because it contained a provision giving Congress authority to nullify the extension after the President signed the bill into law. In his veto message, the President stated that such a provision was of doubtful constitutionality.

After two decades of safe operating experience, the need for Government insurance is being increasingly questioned. FEA agrees that, in the long run, private industry should pay the costs involved in undertaking commercial activity.

FEA therefore proposes modifications to the Act which will phase out Governmental insurance provisions. Originally, no realistic assessments of the risks were possible and the Government's insurance provisions were designed to help protect the then fledgling nuclear power industry against unforeseen and unknown accidents.

FEA's modifications would still have a built-in liability ceiling but after the Government insurance feature is phased out, no specific dollar ceiling would be fixed. Thus, the liability ceiling could rise substantially above the current $560 million limit and provide even more coverage for the public.

Even if Congress fails to extend the Act, 90 existing nuclear powerplants would have the present protection for several decades.

As required by the National Environmental Policy Act of 1969, FEA has assessed the environmental considerations of this proposed legislation. FEA also concluded that the Final Environmental Impact Statement issued by the Atomic Energy Commission in August, 1974 applies to this proposal.

-FEA-

Media Inquiries: (202) 964-4781
Press Room: 964-3538

Media Contact: John Donnelly

E-75-232

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JULY 15, 1975

FEA INTENSIFIES MONITORING OF GASOLINE PRICES

The Federal Energy Administration today announced an expanded retail compliance program, designed to guard against unlawful retail gasoline prices during the peak summer driving period. FEA's Administrator Frank G. Zarb said that the agency's field personnel have been ordered to make spot checks of dealers' prices, paying particular attention to retail compliance with price and octane posting regulations.

A second facet of the intensified monitoring program involves opening of 48 telephone numbers around the country to deal with consumer complaints and queries about gasoline price and supply.

FEA also plans to simplify and speed up its retail investigative procedures to allow its field personnel to make more investigations.

The agency will also distribute simplified instruction booklets to gasoline dealers to tell them how to comply with FEA regulations.

-more-

04173,
08360, 07680, 03328, 07060,
07960, 06088, 07744, 07236,
07104, 07051, 15360,

E-75-237

04170, 04256

"In recent months," explained Zarb, "FEA has directed its investigation away from the retail area and toward refineries and producers where we felt the potential for violation and the benefit to the public were greater.

"This was possible because of the relatively plentiful gasoline supplies in recent months and the highly competitive retail market that developed diminished the potential for price violations at the pump. However, reports and predictions from some quarters of a tight gasoline supply this summer indicated a need for us to re-emphasize and expand our compliance effort at the retail level.

"The purpose of our stepped-up retail enforcement campaign is to reassure ourselves and the public that it is not being overcharged for gasoline, without taking manpower away from such other vital areas as our refinery audit teams and utility investigations. In fact, FEA is also closely monitoring gasoline price increases by refiners to determine whether the prices charged retail dealers are lawful. Preliminary checks of such increases are ordinarily made within 10-15 days after the increases take place."

The 48 public inquiry numbers will be open from 8:30 A.M. to 4:30 P.M., Monday through Friday, to receive complaints and answer questions (a complete list is attached). The program will be expanded, Zarb said, if substantial numbers of violations are discovered.

Where violations are suspected, investigators require dealers to submit complete price documentation to an FEA compliance officer for review. Civil penalities will be sought

FEA will use its compliance information system to identify problem areas and, when necessary, to select targets for investigation.

Zarb said that the agency's intensified monitoring program will continue as long as we perceive a potential problem for gouging the American consumer on gasoline prices.

-FEA-

Media Inquiries: (202) 964-4781 Media Contact: Ed Vilade
Press Room: 964-3538

E-75-237

RETAIL GASOLINE COMPLIANCE PLAN

In order to insure that gasoline prices being charged at the retail level comply with FEA price rules, a retail gasoline enforcement plan has been implemented. This plan is designed to provide a credible response to public complaints about retail price changes, without severe disruption of our other important ongoing compliance activities.

Among other things, the plan includes:

1. Public inquiry telephones in all FEA Regional and Area Offices, to be manned by personnel capable of responding to consumer inquiries and complaints about retail gasoline pricing.

2. A simplified booklet to guide gasoline retailers in complying with FEA posting and price rules.

3. A contingency plan to train and use FEA personnel other than those already assigned to compliance to assist with retail compliance activities when necessary.

4. Use of FEA and commercially generated data to monitor gas price movements and identify potential and actual problem areas.

5. Development and use of simplified compliance forms designed specifically for retail gasoline compliance investigations.

6. A Public Affairs Campaign at both National and Regional levels to inform the public of gasoline price and supply situations.

Public Inquiry Numbers

Region I

Boston, Massachusetts	(617) 223-3720
Hartford, Connecticut	(203) 244-3245

Region II

Albany, New York	(518) 472-7260
Syracuse, New York	(315) 473-6854
New York, New York	(212) 620-6715
New York, New York	(212) 732-5000
Newark, New Jersey	(201) 645-2271
Smithtown, New York	(516) 724-6700
Buffalo, New York	(716) 842-3336

Region III

Baltimore, Maryland	(301) 962-3983
Richmond, Virginia	(804) 782-2241
Pittsburgh, Pennsylvania	(412) 644-5798
Philadelphia, Pennsylvania	(215) 597-4550

Region IV

Atlanta, Georgia	(404) 526-2816
Nashville, Tennessee	(615) 749-5543
Columbia, South Carolina	(803) 765-5555

Region IV
Continued

Louisville, Kentucky	(502) 582-5713
Jackson, Mississippi	(601) 969-4498
Orlando, Florida	(305) 896-0863
Birmingham, Alabama	(205) 229-1274
Greensboro, North Carolina	(919) 275-5683

Region V

St. Paul, Minnesota	(612) 835-6888
Chicago, Illinois	(312) 591-6025
Milwaukee, Wisconsin	(414) 224-1335
Detroit, Michigan	(313) 226-7332
Indianapolis, Indiana	(317) 269-6118
Cleveland, Ohio	(216) 522-3444

Region VI

Dallas, Texas	(214) 749-7931
New Orleans, Louisiana	(504) 589-2192
San Antonio, Texas	(512) 225-4624
Houston, Texas	(713) 226-5681
Oklahoma City, Oklahoma	(405) 231-5081
Tulsa, Oklahoma	(918) 581-7986
Midland, Texas	(915) 682-4397

Region VII

Kansas City, Missouri	(816) 374-3348
St. Louis, Missouri	(314) 425-6200
Des Moines, Iowa	(515) 284-4069
Omaha, Nebraska	(402) 221-4210
Wichita, Kansas	(316) 267-6311 Ext. 516

Region VIII

Lakewood, Colorado	(303) 234-3195
Salt Lake City, Utah	(801) 524-5205

Region IX

San Francisco, California	(415) 556-7300
Los Angeles, California	(213) 688-2673
Honolulu, Hawaii	(808) 546-2184

Region X

Seattle, Washington	(206) 442-7285
Anchorage, Alaska	(907) 265-5363
Portland, Oregon	(503) 221-3363
Boise, Idaho	(208) 342-2711 Ext. 2857

Federal Energy News

Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JULY 16, 1975

FEA SENDS AMENDMENT ON PHASE OUT OF OLD OIL TO CONGRESS

The Federal Energy Administration has issued and sent to Congress today an amendment to its Petroleum Allocation Regulations activating President Ford's July 14 decision to phase out price controls on domestic crude oil gradually over a 30-month period ending January 31, 1978.

The amendment also imposes a ceiling price of approximately $13.50 on all domestic crude oil other than stripper well oil to prevent future price increases by OPEC from triggering higher domestic crude oil prices.

Congress has five legislative days to act on this amendment. Should Congress not act, the President's plan will go into effect on or about July 23, 1975, and the control of price regulated oil will be phased out at a rate of 1 percent in July and 3.3 percent a month in each succeeding month until January 31, 1978.

Price-controlled domestically produced oil (old oil) now represents about 60 percent of total U.S. production. The remaining 40 percent of U.S. oil production is considered new, released, or stripper well oil, and today sells for about $12.25 per barrel.

New oil is that oil produced in excess of amounts above 1972 production levels on a month-by-month basis. Released oil is a bonus allowed by FEA that matches the amount of new oil from a production field. Stripper well oil is oil from wells which produce less than 10 barrels a day. The first sale of stripper well oil is exempt from price controls.

The ceiling price imposed on all domestic crude oil except stripper well oil is equal to the highest price charged in January, 1975 in sales of uncontrolled domestic oil (about $11.50) plus $2 a barrel for an average of $13.50. The additional $2 per barrel accounts for the February 1 and June 1 import fees already in effect. If uncontrolled domestic crude oil was not sold from a property in January 1975, the ceiling price is $13.50.

FEA's amendment affects only crude oil sales at the producer level. It does not affect the allocation in price regulations for any other product at any level of distribution.

Federal Energy Administrator Frank G. Zarb said that the decontrol amendment "will help curb domestic consumption and spur domestic production, thus furthering our important national goal of reducing dependence on imported crude oil."

Zarb further emphasized that an additional benefit of the decontrol program will be "the elimination of economic distortion caused by the present two-tiered pricing system -- a system which has inevitably caused cost disparities among the refiners and marketers of petroleum products."

06932, 06372, 08096, 18048, 07058,

"Although these disparities have been substantially reduced by the crude oil entitlements program," Zarb observed, "they can never be entirely eliminated while the two-tiered pricing system exists.

"Such cost disparities significantly hinder FEA's ability to assure that the competitive viability of the independent sector of the petroleum industry is maintained."

Zarb added that "the existing complicated structure of price controls tends to be self-defeating over the long run."

This is true, he said, because "the cost disparities resulting from the two-tiered system reduce normal incentives toward increased production and control and eliminate the petroleum industry's ability to engage in long-range business planning."

Zarb said FEA came to the following conclusions before drawing up its amendment on decontrol:

• No shortage of crude oil now confronts U.S. refiners. Worldwide production capability substantially exceeds current demand. U.S. petroleum estimates show that inventories on hand will last approximately 167 days -- considerably higher than the 123 days of stocks available in April 1974.

• The proposed exemption (from controls) will have no adverse effects on the supply of any other oil or refined petroleum products subject to the Emergency Petroleum Allocation Act.

• Price controls on crude oil are not necessary to carry out the Act. Inasmuch as crude oil shortages no longer exist, the necessity for price controls on old oil to carry out the Emergency Petroleum Allocation Act is no longer apparent.

"On the basis of all these considerations," added Zarb, "the FEA has concluded that price controls on crude oil are not necessary to carry out the Act."

Zarb also reiterated President Ford's July 14 statement that "there is no cost-free way to reduce our dependence on increasingly expensive foreign oil."

He emphasized that the Administration's gradual decontrol plan will result in a price increase of less than 1 cent per gallon on all petroleum products by the end of this year and seven cents by 1978.

"As the President has observed, this is a small enough price to pay for our national independence from the costly whims of foreign petroleum suppliers."

Along these lines, Zarb noted that the proposed decontrol amendment and the import fees imposed earlier by the President "will reduce our dangerous reliance on foreign oil by almost 900,000 barrels a day in just over two years."

Complete details of FEA's proposal to decontrol all old domestic oil are published in the July 16 Federal Register.

-FEA-

Media Inquiry: 964-4781
E-75-238

Contact: Bob White

Federal Energy News

Federal Energy Administration
Washington
D.C. 20461

EMBARGOED FOR RELEASE UNTIL
9:00 A.M., SATURDAY, JULY 26, 1975

FEA ADMINISTRATOR ZARB SEES ENERGY OPPORTUNITIES FOR BLACKS IN NATIONAL URBAN LEAGUE MESSAGE

Federal Energy Administrator Frank G. Zarb today sent greetings to the National Urban League's 65th Annual Convention and said, "if blacks are to take their place in the new and developing energy fields, many more young blacks should give thought to the applied sciences."

Zarb's message is contained in a special edition of FEA's Black News Notebook featuring "Careers in the Energy Industry," which will be distributed to NUL members.

Noting that more than 400,000 black students are enrolled in liberal arts programs at colleges and universities, but less than 10,000 blacks are enrolled in applied science programs, Zarb said, that the U.S. goal of energy independence promises to open whole new careers and opportunities over the next decade.

Founded in 1910, the National Urban League is an interracial community service organization, which works closely with its 103 local affiliates and regional offices in promoting minority opportunities in health, education, housing, job training and social welfare.

FEA's Public Information Officer, Gerry Jackson, will participate in the NUL Education Council meeting which will discuss "the Black Community and Education."

-FEA-

Media Inquiry: 202-964-4781 (Wash., D.C.)
404-526-2062 (Atlanta, Ga.)
Press Room: 202-964-3538

Contact: Gene Curella
Gerry Jackson

E-75-251

03070, 05726, 05728,
05920, 09996,

Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE JULY 30, 1975

FEA PROPOSING REMOVAL OF 60-CENT FEE ON PRODUCT IMPORTS

Decontrol of domestic crude oil prices would allow the Federal Energy Administration to remove the current 60-cent fee on imported petroleum products, FEA Administrator Frank G. Zarb said today.

Decontrol could be achieved gradually through Congressional acceptance of the President's 39-month phased decontrol plan, proposed last Friday. It could also come all at once, on August 31, with the expiration of the Emergency Petroleum Allocation Act of 1973, the sole authority for price controls.

FEA is proposing a set of regulations that, if adopted, would reduce to zero the 60-cent fee on imports, Zarb said. They will be published in the Federal Register shortly.

"The President imposed a 60-cent import fee along with the second dollar of import fees on crude oil June 1 as both a method of conservation and a disincentive to the continued high level of imports," Zarb said.

"Given the present set of circumstances, with the President being forced to rely solely on steps he can take administratively to implement his program," Zarb continued, "we need the 60-cent fee.

"However, decontrol of domestic oil prices will have the effect of stimulating domestic production and increasing energy conservation. With this important part of the President's program implemented, we will have the freedom to remove the 60-cent fee and alleviate the economic plight of small product importers serving consumers along the East Coast and California."

06208, 06132, 06790,
06788, 07045, 07237,

Imported product prices must remain somewhat above domestic prices, Zarb explained, as a continued incentive to domestic refinery building and crude oil exploration and production.

The complex interaction of FEA's crude oil entitlements program -- which is intended to alleviate crude oil cost disparities among domestic refiners -- and the mandatory oil import program -- which levies fees on crude oil and product imports in order to discourage importation and promote domestic refining capacity -- currently provides crude oil importers with approximately $1.80 per barrel cost advantage over product importers. While FEA intends to preserve the incentive for domestic refining, the present advantage appears to be sufficient even with the removal of the 60¢ fee.

About 2 million barrels per day of refined products are imported into the United States, including about 1.6 million barrels of residual oil for electric utilities and industrial use, and about 300,000 barrels per day of distillate oils, primarily used for home heating.

FEA has a study under way to determine exactly how much differential is needed in the long run to provide adequate stimulation for domestic refining.

"Pending the outcome of the study," Zarb said, "decontrol, with its immediate effects, would allow us to offer the interim relief of removal of the 60¢ import fee, reducing the differential to approximately $1.20."

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Removal of the fee would reduce prices of imported oil products to consumers by about $1.2 million per day, Zarb said.

"The President is committed to a total decontrol program," Zarb said, "and one of the aims is removal of regulations that cause distortions in the marketplace. Another of the aims is getting this country independent in energy with the least possible adverse effect on the consumer. Removal of the product import fee is consistent with both of those aims.

"If the President's decontrol plan is accepted by the Congress, Zarb concluded, "the 60¢ product fee will be removed. Without decontrol, the President will need every other tool at his command to continue on the course upon which he has embarked."

-FEA-

Media Inquiries: (202) 964-4781 Media Contact: Ed Vilade
Press Room : 964-3538

E-75-255

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

July 30, 1975

OFFICE OF THE ADMINISTRATOR

Honorable Clarence Brown
House of Representatives
Washington, D.C. 20515

Dear Bud:

You asked me this morning if the President would accept an extension of the Emergency Petroleum Allocation Act beyond its August 31 expiration date.

As I testified yesterday, the Administration cannot accept such an extension in the absence of a program to begin the decontrol process on September 1, and thereby make progress toward a solution to our domestic energy problems. The President feels strongly that additional delays of any variety can only deepen this Nation's vulnerability. A delay would be seen by foreign producers as further evidence that we lack the capability to formulate and implement the tough domestic policy required to lessen our dependence on their oil. In view of the OPEC Ministerial price meeting scheduled for September 4, and the lack of time for Congress to act before their return from recess, this is not a desirable result.

We are deeply troubled and confused by the hesitancy on the part of the Congress to accept the compromise proposal. Indeed, you and many Democratic members met with the Administration for many hours attempting to construct a program which would honestly meet the objections to the 30-month decontrol program. Every one of those substantive objections has been responded to in our most recent submission. The American people want a demonstration that the President and the Congress can respect each other's views and make progress in solving this serious National problem. The President's compromise represents a real opportunity to move ahead.

Some say that if the House of Representatives legislates a decontrol program similar to the President's before it leaves for its August recess, that would be ample progress. But that legislation would be part of a bill which itself includes controversial provisions. It would be many weeks before such a bill would get to the President's desk -- if ever. That simply means additional delay, more question as to the final result, and lack of real progress. By allowing the President's program to take effect on

E-75-256 Attch.

September 1, the Congress retains its ability to review and reject the plan in ninety days. Surely this is sufficient time to insure that legislation is promptly enacted.

Bud, the President has made an honest and forthright attempt to meet all of the objections to his initial decontrol plan. He cannot accept any measure which simply puts off to another day material progress in this important area. By accepting the President's administrative program the Congress will say to the foreign oil producers that this Nation has begun its firm and unhesitating program to regain energy independence. It will signal to those who are considering new and arbitrary price increases for imported oil that this Nation is now joined together in a common effort to free the American people from their vulnerability.

Many members from both parties contributed to the development of this compromise. I sincerely hope that the Congress will adopt it, and from this common start, we can continue toward the completion of a comprehensive National energy program.

Sincerely,

Frank G. Zarb
Administrator

E-75-256 Attch.

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Federal Energy News
Federal Energy Administration
Washington D.C. 20461

FOR IMMEDIATE RELEASE

JULY 31, 1975

STATEMENT BY FRANK G. ZARB, ADMINISTRATOR OF THE FEDERAL ENERGY ADMINISTRATION, ON HOUSE ACTION REJECTING PRESIDENT FORD'S OIL DECONTROL PLAN

"We are extremely disappointed that the Congress disapproved the President's compromise plan to decontrol domestic oil over a 39-month period. That plan represented yet another attempt on the part of the Administration to demonstrate bipartisan cooperation in the design and implementation of a National energy policy.

"With foreign oil producers scheduled to meet shortly on oil pricing, it is unfortunate that a majority of the Congress is not willing to make the hard choices needed to lessen this Nation's dependence on foreign oil.

"This Nation cannot afford further delay in establishing a firm energy policy. Our increasing vulnerability leaves no choices but to act now. At the President's direction, FEA is making necessary preparations for an orderly transition upon expiration of the Emergency Petroleum Allocation Act on August 31, the sole authority for price controls."

Mr. Zarb further pointed out:

--Domestic oil production has been declining since 1970 (it is down 11% since early 1973) and is now about 8.4 million barrels per day (MB/D), a decline of more than 500,000 barrels per day from last year.

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02056, 02057, 03152, 05888,
06132, 02336, 03068, 06208,
06788, 07050, 07045, 07046,
07240, 07032, 12800, 18240,

--Imports are predicted to average about 6.5 million B/D, but are expected to rise to up to 7 MB/D by the end of this year, which is about 40% of domestic consumption.

--Imports are expected to grow to an average of more than 7.5 MB/D in 1977, if no action is taken to reduce demand or increase supply. The added imports in the next two years are expected to come mainly from Arab nations and could double our vulnerability to an embargo.

-FEA-

NOTE TO EDITORS: Attached is a letter of July 30, 1975, from Administrator Zarb to Congressman Clarence Brown on the extension of the Emergency Petroleum Allocation Act.

Media Inquiries: (202) 964-4781 Media Contact: Bill Pearl
Press Room: 964-3538

E-75-256

Federal Energy News
Federal Energy Administration Washington D.C. 20461

FOR IMMEDIATE RELEASE AUGUST 12, 1975

ZARB AND DUNLOP ANNOUNCE FORMATION OF POWERPLANT ACCELERATION TASK FORCE

Formation of a Powerplant Acceleration Task Force was announced today by Frank Zarb, Federal Energy Administrator, and John T. Dunlop, Secretary of Labor. The Task Force was created to identify and solve the problems related to insuring the availability of adequate electric powerplants capacity.

FEA Deputy Administrator, John A. Hill, will serve as Chairman of the Executive Committee, with Donald B. Craven, FEA's Acting Assistant Administrator for Energy Resource Development, as Vice Chairman.

Establishment of the Task Force was recommended by the President's Labor-Management Committee to help increase electric utility construction and energy availability. The Committee's recommendations were endorsed by the President, released on June 13, and provided that:

> "The Federal Government should establish a small task force of experts, with assistance drawn from labor and management with experience in the field of utility constuction, to serve as troubleshooters, to discover the impediments to the completion of electric utility plants and to take steps to relieve the particular situation wherever possible. The difficulties will vary from case to case; the problems may include unreasonable environmental restrictions and delays in processing papers, financing, regulatory delay, collective bargaining disputes, production delays in component parts, scheduling of manufactured components, design issues, etc. This task force can expedite the completion of electric utility plants and getting power on stream."

In situations involving manpower, labor-relations or related issues, the President's Collective Bargaining Committee in Construction will provide assistance.

-more-

E-75-266

01856, 09480, 10010, 02825, 02834, 02838, 05186, 07026, 07029, 10048, Members of the Executive Committee will include representatives of the Departments of Labor, Commerce, Treasury, Interior; the Energy Research and Development Administration; Environmental Protection Agency; Federal Power Commission; and the Office of Management and Budget. The Nuclear Regulatory Commission will have a participating observer.

Staff support of the Task Force will consist of 25 fulltime employees with about half coming from FEA and the rest from the other Federal agencies.

In preparation for the Task Force, FEA conducted a field survey to define current powerplant delay problems. FEA's survey teams visited 72 utility systems to develop specific data on 230 generating units. These included 130 nuclear plants; 64 coal plants; 14 hydro, 18 oil/gas, and 4 geothermal units. Meetings were also conducted with 27 consumer organizations, eight financial institutions and seven equipment manufacturers and construction companies.

In the survey, industry representatives cited three major delay-causing factors: financing difficulties, uncertainties surrounding future demand, and Federal and State regulatory practices and legislative requirements.

Zarb said that "major concerns such as these will be addressed by the Powerplant Acceleration Task Force, in order to assist all participants in focusing their attention on the substantive issues in a coordinated manner."

Among the recommendations of the survey is the development of bi-monthly reports by the utilities. The reports will identify utilities' problems and the status of action intended to resolve those problems.

-FEA-

Media Inquiry: 964-4781

Contact: John Donnelly

Federal Energy News
Federal Energy Administration
Washington
D.C. 20461

FOR IMMEDIATE RELEASE

AUGUST 28, 1975

FEA ISSUES PRELIMINARY REPORT ON NATURAL GAS SHORTAGE; MID-ATLANTIC STATES TO BE HIT WORST; ZARB CALLS PROBLEM TOUGH BUT SOLVABLE

Anticipated natural gas shortages this winter are expected to concentrate in the mid-Atlantic States, from southern New York to South Carolina, and in several other States such as Ohio, West Virginia and Kentucky, according to a Federal Energy Administration publication, "The Natural Gas Shortage: A Preliminary Report," issued today.

The report indicates that while alternative petroleum fuels are expected to be available, companies which cannot make substitutions for gas or which cannot remain competitive if forced to purchase higher priced petroleum products, could face possible shutdowns.

"This report points to the seriousness of the natural gas problem, but it also points to the possibilities for solutions if the Administration, the Congress, and the States work together," FEA Administrator Frank G. Zarb said.

The report says the nation's network of interstate gas pipelines will be short 1.3 trillion cubic feet (Tcf) of the 9.0 Tcf of gas needed for the upcoming winter heating season. This represents a shortage 30 percent greater than the nation endured last winter.

On an annual basis, the report predicts the nation will be short 2.9 Tcf of the approximately 20 Tcf it will need, a cutback 45 percent worse than that endured a year earlier.

Industry and electric utilities which burn gas as a boiler fuel, are expected to bear the brunt of shortages, since Federal Power Commission regulations provide that residential and commercial customers should receive priority treatment in the event of insufficient supplies. Most gas suppliers under State jurisdiction have adopted a form of this FPC priority system.

The impact of the shortages will be felt by consumers through the higher prices charged to them for goods and services which will be more expensive to produce using higher-priced petroleum fuels than using natural gas at present controlled price levels.

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01742, 02768, 05956, 05960,
06104, 06592, 07027, 07053,
10112, 13936, 18880, 05965,
19232, 07680,

About two-thirds of the 20 Tcf of natural gas the nation will use next year flows through interstate pipelines and its price is controlled by the Federal Power Commission.

The report says the severity of the shortages in terms of price and employment will depend on:

-- How cold a winter develops. This will determine how much gas priority residential and commercial customers will need for heating.

-- How fast industrial activity dependent on natural gas continues its recovery from the recession.

-- The ability of industries to obtain and utilize higher priced petroleum products while remaining competitive.

-- The actual extent of supply deficits.

The FEA report shows that of the 48 major interstate pipelines, five which move gas from producing States to the eastern half of the U.S. account for nearly 80 percent of this winter's projected cutbacks in service. Seventeen of the 48 expect no deficiencies, while among the 10 largest pipelines, one shows no deficiency. More than 100 interstate pipeline companies operate in the United States.

The report concludes that because supplies will depend on each particular pipeline's supply situation, shortages will be distributed unevenly throughout an affected State or region. Some areas may have adequate supplies, while other areas face severe cutbacks in service.

Background:

Natural gas is used by over 40 million homes, 3.4 million businesses and 200,000 industries in the United States. It represents about one-third the Nation's total energy consumption and almost one-half the non-transportation energy used.

Industry accounts for the greatest proportion of natural gas use, about 46 percent, while home use accounts for roughly 25 percent, electrical utility use 17 percent, and commercial use 12 percent.

More than 30 percent of U.S. natural gas use and 50 percent of gas used for electric power production occurs in Texas, Louisiana, Oklahoma, and Arkansas. The smallest use of natural gas occurs in New England, which accounts for less than 2 percent of the total.

U.S. marketed production of the clean-burning fuel has grown at a 6.5 percent annual rate since the 1950s, peaking in 1973 at 22.5 Tcf. In 1954 when price controls were established for natural gas sold across State lines, marketed production was only 9.4 Tcf.

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In 1974, natural gas production declined for the first time to 21.2 Tcf, a drop of almost 6 percent from the 1973 level. This drop is the equivalent of over 230 million barrels of crude oil.

The extent to which demand for natural gas outpaces supply is worsened by continuation of Federal Power Commission price controls, which are in large part responsible for supply shortages of interstate pipeline companies which will affect many areas of the nation this winter.

These controls effectively force interstate pipeline companies out of the natural gas market by keeping the price producers can charge interstate pipelines far below what they can receive by selling their gas for distribution within the State where it is produced.

Since 1970, the market share of interstate pipelines has declined by about 5 percent, while new natural gas reserves have largely been sold for distribution within producing States.

Domestic production is concentrated in six States: Texas, Louisiana, Oklahoma, California, New Mexico, and Kansas, with most production taking place in Texas and Louisiana.

Since 1968, the United States has been producing and consuming more natural gas each year than the nation has been finding in the form of new reserves. Current natural gas reserves in the lower 48 States stand at 205.3 Tcf, the lowest level since 1952.

The long-range challenge is to find enough natural gas reserves in Alaska and the Outer Continental Shelf to meet future demand and to develop an economically sound and environmentally safe synthetic gas industry.

The Task Force Preliminary Report on Natural Gas is available to the press from the FEA Press Room, (room 220), Office of Communications and Public Affairs, Washington, D.C. 20461.

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ZARB WEIGHS VENEZUELA NATIONALIZATION OF U.S. OIL COMPANIES' EFFECT ON AMERICAN CONSUMERS

"Nationalization of U.S.-owned oil companies by Venezuela will not affect U.S. consumers," Federal Energy Administrator Frank G. Zarb said today.

Zarb said Venezuelan officials have assured the United States that the transition from private to public ownership will not result in any disruption of supply or the price of petroleum. Venezuela is the major supplier of oil to the United States, sending this country about 1.8 million barrels a day or about 23 percent of total U.S. imports.

"This move by the Venezuelan Government has been expected and does not come as a surprise," Zarb added.

The nationalization resulted from legislation passed by the Venezuelan Congress which provides payment of a yet-unspecified compensation on the net book value of the oil companies' fixed assets, giving the government 100 percent ownership of the oil industry.

The American companies affected include Exxon, Gulf, Texaco, Mobil and several smaller companies.

Venezuela produces about 2.4 million barrels per day of crude oil compared to U.S. domestic production of 8.4 million barrels per day. Venezuelan daily consumption is 279 thousand barrels per day compared to the U.S. consumption of 16.6 million barrels per day.

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Of Venezuela's 2.4 million barrels per day production, 55 percent is exported to the U.S. either as crude oil or refined product. Venezuela is the world's fifth largest oil producer and third largest exporter.

Zarb stated today, "Venezuela has traditionally sought to treat foreign investment on an equal basis with its own domestic investment. The oil industry has played an important role in the development of the Venezuelan economy. It can continue to do so in this transition period as well as in the years ahead."

"We believe this legacy of cooperation will continue to work to the mutual benefit of both our nations," Zarb added. "We look forward to continuing good relations with Venezuela as a friend of the U.S. and a reliable partner in our energy trade."

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