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**Date:** 11/6/75

**Office of the Administrator**

**To:** Ron Nessen

For your information.

Frank Zarb

**Federal Energy Administration**

**Room 3400**

**Ext. 6081**

SUMMARY OF SIGNIFICANT INFORMATION  
Week Ending October 31, 1975

	Week ended 10/24/75	4 Weeks Ended 10/24/75	Week ended 10/25/74	4 Weeks ended 10/25/74
Total Demand	16,171	15,943	18,273	17,250
Distillate	2,590	2,485	3,030	2,834
Residual	2,246	2,213	3,170	2,829
Mogas	6,956	6,808	6,788	6,641
Total Imports	5,922	6,076	7,312	6,570
Crude	4,233	4,357	4,248	3,735
Products	1,689	1,719	3,064	2,835
Crude Production	8,339	8,327	8,645	8,660

Petroleum

- Imperial Oil, Ltd., a Canadian subsidiary of Exxon, recently estimated that North America's Arctic regions (including Alaska's Prudhoe Bay field and Canada's Beaufort and Sverdrup Basins) could contain 40 billion barrels of proved oil reserves and 400 trillion cubic feet of natural gas reserves. The investment needed is estimated at \$15,000 per barrel of output, almost the same as for tar sands extraction, but 30 times the \$500 per barrel investment in the Middle East. The well head costs (excluding profits) of Arctic oil would be about \$7.50 to \$9.00 per barrel compared with Middle East production costs on the order of \$.25 to \$.30 per barrel.
- Director David M. Hickok of the Arctic Information and Data Center said Alaska's next big oil and gas discovery may be on the northwest coast, which could trigger a Federal lease sale offshore in the Chukchi Sea sooner than now planned.

Natural Gas

- The U.S. Court of Appeals for the Fifth Circuit has ruled that the FPC can collect information on intrastate natural gas sales and prices, even though it is not empowered to regulate such sales. The Court did specify that the FPC could only release a general outline of the information, omitting the names of the companies and other specific information that could benefit competing firms.

- Exxon has finally found natural gas in a deep reservoir in West Virginia with a wildcat well drilled to 17,675 feet and costing more than \$5 million. This is the fourth well drilled under joint efforts beginning more than two years ago with Columbia Gas Transmission Corporation. Three other wells were dry holes.
- Two tankers carrying LNG from Algeria arrived at U.S. East Coast ports in July, one more in August and another in September of 1975--the first shipments since October 1973. Distrigas Company reports that an initial schedule of 14 cargoes per year should start in 1976.

### Nuclear

- Florida Power and Light Company and South Carolina Electric and Gas have also sued Westinghouse for uranium contract default, bringing the total number of utilities filing suit to 11. Westinghouse revealed that as of January 1, 1976, the company will have defaulted on approximately half the domestic uranium required for utilities for the 1975-84 period.
- Problems created by the Westinghouse default have perturbed a number of public utility commissions. The Iowa Commerce Commission, Missouri PUC, and Wisconsin PUC have recently made formal declarations to press utilities for thorough economic comparisons of fossil and nuclear alternatives prior to approval of new projects.
- The 49 nuclear powerplants in commercial operation performed at 59 percent of capacity during September, down from the August figure of 68 percent. Although the average operating power level for these plants also decreased 4.4 percent to 19,704 megawatts, nuclear power provided a record 9.2 percent of the nation's total generation for the month.

### Coal

- Pacific Gas and Electric expects to initiate California's first coal fired electric generating plant after reevaluating a previous heavy commitment to nuclear power sources. Support is being provided by Utah environmentalists who would rather see coal than electric power transported.

### Electric

- Many of the electric utilities reporting third quarter 1975 financial data show earnings substantially above those of last year. Analysts tend to attribute the higher earnings to rate increases and, in some cases, improved kilowatt hour sales.

Date: NOV 14 1975

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

SUMMARY OF SIGNIFICANT INFORMATION  
Week Ending November 14, 1975

THOUSANDS OF BARRELS PER DAY

	Week Ended 10/31/75	4 Weeks Ended 10/31/75	Week Ended 11/1/74	4 Weeks Ended 11/1/74
Total Demand	15,659	15,812	18,370	17,490
Distillate	2,318	2,526	3,427	3,009
Residual	2,163	2,138	2,661	2,740
Mogas	6,787	6,727	6,937	6,685
Total Imports	6,168	5,953	6,949	6,765
Crude	4,465	4,246	3,942	3,870
Products	1,703	1,707	3,007	2,895
Crude Petroleum	8,343	8,322	8,653	8,645

Petroleum

- U.S. crude oil production from stripper wells averaged 1.13 million b/d in 1974, up 72 thousand b/d from 1973 levels, according to the Interstate Oil Compact Commission and the National Stripper Well Association. Stripper output made up 13.5 percent of total U.S. production in 1974.
- Canada's new energy minister, A. W. Gillespie, said that increasing energy prices will benefit Canada by stimulating new investment. In mentioning the incentives needed for oil industry investment and the growing domestic petroleum supply shortage, the Minister said that Canadian prices "will continue to move toward the world price."
- Algeria is asking potential lifters of crude oil under long-term contracts to agree to sell only in specified markets and thus control the destination of crude oil exports. According to industry sources in Paris, the Algerians want particularly to supply the United States market themselves.

Natural Gas

- ERDA dedicated its Synthane coal gasification plant in Bruceton, Pennsylvania on November 5, 1975. The \$15 million plant will process 72 tons of coal per day into 1.2 million cubic feet of pipeline quality gas.
- The first direct purchase of intrastate gas for delivery via interstate pipeline by an industrial user was approved October 23 by FPC. Dan River, Inc., in Danville, Virginia.

will now be able to buy natural gas directly from a Duval County, Texas producer without regard to federally-set price controls. FPC authorized Transcontinental Gas Pipe Line Corporation to take delivery from a producing company in Texas, of one million cubic feet of gas a day.

### Electric

- 1975 electric utility capitalization ratios were improved by large equity sales, and the industry should have little trouble raising capital in 1976, according to Merrill Lynch. The firm foresees total debt sales of \$8.4 billion in 1976 divided into \$7.3 billion for new capital and \$1.1 billion for refinancing of maturing debt. The 1975 total of \$7.4 billion was split between \$5.5 billion in new financing and \$1.9 billion for refinancing. Merrill Lynch expects 1976 average capital ratios of 52 percent debt, 13 percent preferred stock, and 35 percent common stock--approximately the same as the projected 1975 year-end mix.

### Coal

- Significant increases in Iowa coal reserves have been reported by state geologists. Estimated reserves have been increased from 732 million tons by an additional 435 million tons with speculation that up to 10 billion tons may be found. However, many veins are below 130 feet and will require underground extraction, BTU content is specified at 9,600 to 11,450 with 2.3 to 11.7 percent sulfur reported. Although 1974 Iowa production was only 680 thousand tons, Amax and Peter Kiewit coal companies have expressed interest in the additional reserves.

### Nuclear

- In response to a Westinghouse request for an interpleader action, Judge Herbert Sorg of the U.S. District Court, Pittsburgh, issued a 10-day restraining order on all suits brought by the utilities affected by the Westinghouse uranium default. Pending a hearing under Sorg's auspices November 10, the judge could accept jurisdiction and consolidate all suits, but strictly for the purpose of allocating the current Westinghouse uranium stocks.

### Other

- FEA completed the Federal Energy Information Locator System Directory this week. Publication and distribution are expected to be completed within the next 8 weeks through the National Technical Information Service. This directory contains descriptive data identifying 261 sources of energy data in 44 separate Federal agencies.

Date: NOV 20 1975

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081



SUMMARY OF SIGNIFICANT INFORMATION  
Week Ending November 14, 1975Petroleum

	Wk Ended 11/7/75	4 Wks Ended 11/7/75	Wk Ended 11/8/74	4 Wks Ended 11/8/74
Total Demand	16,379	15,942	17,129	17,599
Distillate	3,121	2,654	2,714	2,905
Residual	2,330	2,237	2,943	2,858
Mogas	6,653	6,667	6,435	6,639
Total Imports	6,367	6,063	6,094	6,699
Crude	4,575	4,371	3,116	3,733
Products	1,792	1,692	2,978	2,966
Crude Production	8,300	8,320	8,652	8,648

- Arabian American Oil Co. (ARAMCO) production was down sharply in October to 5.6 million barrels per day from 8.1 million barrels per day in September. Refining companies in industrialized countries adjusted for this by draining from inventories built up in the previous month. ARAMCO November production is expected to approach a more normal level of 6.5 to 7.0 million barrels per day.
- Canadian government sources say the National Energy Board's unreleased report on Canada's crude oil reserve/demand position recommends a reduction of crude oil exports to the United States to about 500,000 barrels per day, effective January 1, 1976, from a previously specified limit of 750,000 barrels per day. U.S. receipts of Canadian crude averaged 500,000 and 684,000 barrels per day, respectively, during the second and third quarters of 1975.

Natural Gas

- The Board of Education of Monroeville, Ohio, will shut both of its schools through January and part of February, in a program to save natural gas. The board ordered 24 Saturday classes during the balance of the year and the closing when its supplies were cut 40 percent below the preceding year. A spokesman for the board reported that the program has been successful with 94 percent of the pupils attending the Saturday classes that have been held so far.

- An engineering study made for the New York Public Service Commission recommends that the State prohibit the use of pilot lights on all gas appliances after January 1, 1979, or 24 months after suitable replacements are found. The study estimates that 79 percent of gas used for pilot lights, the equivalent of 1.6 billion cubic feet (Bcf) per year in New York is wasted.

### Electric Power

- Operating revenues of privately-owned electric utilities in July 1975 totaled \$4.04 billion, up 18.7 percent from \$3.4 billion in July 1974, the Federal Power Commission has reported. Revenues for the 12-month period ending July 1975 were \$42.11 billion, up 27.9 percent from \$32.9 billion for the same period ending in July 1974.

### Solar

- Fairfax County, Virginia, may include a Saudi Arabian funded heating and cooling system in a new Reston school. The Fairfax County School Board has been offered a grant by the University of Petroleum and Minerals in Dhahran, Saudi Arabia, to cover the full cost of the engineering, construction, and installation of the solar system. The System will require approximately 7000 square feet of Owens Illinois "Sun Pak" evacuated tubular solar collector and will cost \$613,000.

### Coal

- West Virginia State legislators are calling for Federal investigation of radioactive fallout from burning western coal. According to a Marshall University study, analysis suggests that lower grade western coal may contain more radioactive matter than higher grade eastern coal.

### Nuclear

- The U.S. Supreme Court has reversed the 7th Circuit Court of Appeals ruling on the Bailly, Indiana, nuclear powerplant. In March, the Circuit Court held that the Atomic Licensing and Safety Board had ignored its own siting criteria in the issuance of a construction permit, and ordered the Indiana Public Service Company to back-fill the excavation. Construction will not immediately continue, however, as the high court referred other contentions against construction permit issuance to the lower court for consideration.

- Long Island Lighting and Consolidated Edison have joined others in litigation against the Westinghouse Corporation, this bringing the total to sixteen utilities filing thirteen suits in response to the Corporation's uranium default. In addition, it was learned that the U.S. Judicial Panel on Multidistrict Litigation will meet December 12 in Philadelphia to decide on a consolidation of all the Westinghouse suits, both in pretrial matters and actual trial of the various cases.
  
- A recent study by the Consolidated Edison Company of New York, the nation's highest electricity cost region, estimates that a nuclear unit going on line in 1985 would cost about \$1.125 billion to construct, and anticipates uranium prices of \$34 per pound. Total operating costs of 40.9 mills/kwh include 34.5 mills/kwh for operation and maintenance and 6.4 mills/kwh for fuel. An Ebasco study, however, depicting nuclear powerplant costs nationwide, concluded that on the average, nuclear units should generate power for 2 mills/kwh less than coal-fired units, assuming 75% capacity.

Date: ~~12/18/75~~

Office of the Administrator

To: Ron Nessen

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For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

SUMMARY OF SIGNIFICANT INFORMATION  
Week Ending December 5, 1975

Petroleum

	Wk Ended 11/28/75	4 Wks Ended 11/28/75	Wk Ended 11/29/74	4 Wks Ended 11/29/74
Total Demand	17,516	16,464	18,334	17,719
Distillate	3,340	2,918	3,140	3,147
Residual	2,530	2,323	3,079	3,052
Mogas	6,784	6,598	6,311	6,544
Total Imports	6,089	6,243	7,223	6,960
Crude	4,185	4,449	4,492	3,995
Product	1,904	1,794	2,731	2,965
Crude Production	8,297	8,280	8,662	8,572

Gas

- Producer's Gas Co. has notified FPC that it is making a 60 day emergency sale to 18 distribution companies at what is believed to be a record price of \$1.75 per million Btu. Producer's, an intrastate gatherer and transporter of gas, will provide the gas on a best efforts basis to Panhandle Eastern Pipeline, which in turn will deliver it to Columbia Gas Transmission Corp. for redelivery to its distributors.
- FPC ordered that hearings be held starting January 22, 1976 on proposals by ANG Coal Gasification Co. to sell Michigan-Wisconsin (Mich-Wis) Pipeline Co., coal based synthetic natural gas (SNG). Michigan-Wisconsin estimates the initial cost of the SNG at the tailgate of the plant in Mercer County, North Dakota, at \$2.52 per Mcf. FPC stated in its order that the incremental cost of the SNG delivered into Mich-Wis market area could equate to \$3.70 per Mcf including transportation charges. Mich-Wis proposes to roll the cost of the SNG in with other lower cost gas supplies rather than to sell the gas on an incremental basis.

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- Iran, the U.S.S.R., and a European consortium signed a 20-year contract to supply Iranian natural gas to the U.S.S.R., and Soviet natural gas to West Germany, France, and Austria. Delivery of the 400 billion cubic feet of gas is to begin in 1981. The price delivered to the U.S.S.R., believed to be \$0.96 per Mcf, is keyed to low sulfur residual fuel oil prices in West Germany. About 15 billion cubic feet of gas will be supplied annually to Soviet industrial regions and an equal amount of Soviet gas will be supplied to three West European countries.

### Coal

- In a filing with California's Public Utilities Commission, Pacific Gas and Electric of Sacramento has revealed firm plans to construct an 800 megawatt coal-fired generating plant. This will be California's first coal-fired plant. Schedule start-up date is July 1983 with location being on the shores of Montezuma Slough at the upper end of San Francisco Bay.

### Nuclear Power

- Hearings on the Nuclear Fuel Assurance Act were held last week by the Joint Committee on Atomic Energy with Zarb of the FEA and others testifying for the Administration. Although it was agreed that domestic enrichment capacity must be increased, the NFAA bill to provide \$8 billion for a new gaseous diffusion enrichment plant was met with great reservation. Primary concern was over the absence of adequate Congressional control over the program. Zarb and Seamans were charged with clarifying the financial details and revising the language of the Act so as to eliminate this concern.
- The Price-Anderson Act extension which provides a \$560 million ceiling on Federal insurance for nuclear facility accidents is expected on the House floor for vote this week. Major debate is anticipated and amendments by Representatives Bingham (NY) and Jeffords (VT) will be presented respectively to end the ceiling and limit the extension of the Act to five years.

### Solar

- A solar home heating project in Greenbelt, Maryland is expected to be completed and in operation during early January. The project, which is part of a joint effort between Greenbelt Homes, Inc. and the NASA Goddard Space Flight Center, may allow an estimated 50% reduction in the fuel oil required for four attached residences. The system will cost about \$25,000 and will include 56 3'x6' collectors, ten 250 gallon tanks for hot water storage, and pumps and controls.

Date: 12/22/75



Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

**Federal Energy Administration**

**Room 3400**

**Ext. 6081**

SUMMARY OF SIGNIFICANT INFORMATION  
Week Ending December 12, 1975

Petroleum

	Wk Ended 12/5/75	4 Wks Ended 12/5/75	Wk Ended 12/6/74	4 Wks Ended 12/6/74
Total Demand	17,699	16,619	18,056	17,950
Distillate	3,749	3,048	3,755	3,407
Residual	2,807	2,420	2,633	2,974
Mogas	6,851	6,569	6,704	6,611
Total Imports	6,751	6,442	6,455	7,051
Crude	4,941	4,644	3,762	4,157
Product	1,810	1,798	2,693	2,894
Crude Production	8,218	8,260	8,686	8,656

Oil

- Loop, Inc. the New Orleans-based combine of six oil companies, is expected to file an application this week to construct the nation's first deepwater port, according to U.S. Coast Guard sources. SEADOCK, a Houston group seeking to build a facility in the Gulf of Mexico, will file its application December 15.

Gas

- To avoid any misunderstanding regarding Canada's natural gas export plans for this winter, the Canadian Minister of Energy Mines and Railroads recently stated that no additional curtailments of gas exports to the U.S. are expected during the 1975-76 heating season (November-March). Curtailments are already in effect on the Northwest Coast of the U.S. as a result of Canadian field production problems.

Electric Power

- The installed generating capacity of the nation's electric utilities is generally adequate to meet the expected peak loads in all U.S. regions this winter. An FPC study projects a 1975-76 winter reserve margin of 148,762 megawatts, or 45.2 percent of the estimated 329.157 megawatts peak load. U.S. dependable resources are expected to be 477,919 megawatts at the time of winter peak.



## Coal

- The Bureau of Mines revised its 1974 estimates of bituminous coal and lignite production and consumption. Production at 603.4 million tons increased 2.4 million tons over earlier estimates. According to the new 1974 production figure, the increase over 1973 production was 2.0 percent.
- Consumption estimates of bituminous coal and lignite for 1974 were revised upward to 552.7 million tons, an increase of 1.4 million tons. Electric Utility consumption estimates were increased by 1.9 million tons to 390.1 million tons while general industry consumption estimates decreased 0.5 million tons to 162.6 million tons. In comparison to 1973, the latest 1974 industry consumption figure shows a decrease of 0.6 percent.

## Nuclear

- Union Electric, one of the twenty domestic utilities affected by the Westinghouse Electric Corporation's default on future uranium contracts, has filed a letter of intent to purchase a base quantity of 1 million pounds of uranium from the Western Nuclear Company. Planned for delivery in the late 1970's, the uranium has been priced at \$40 per pound subject to further negotiation. Western Nuclear has specified that the total cost of the base quantity must be paid in advance.
- According to the Edison Electric Institute, in the period 1965 to 1974 the plant capacity factor for nuclear units of 600 MWe or larger was 59.61 percent, while similar size fossil-fired units (predominantly coal-fueled) performed at 58.08 percent.

**Date:** 12/31/75

**Office of the Administrator**

**To:** Ron Nessen

For your Information

Frank Zarb

**Federal Energy Administration**

**Room 3400**

**Ext. 6081**

FEA ENERGY HIGHLIGHTS, WEEK ENDING DECEMBER 19, 1975

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 12/12/75	4 Wks Ended 12/12/75	Wk Ended 12/13/74	4 Wks Ended 12/13/74
Total Demand	17,459	17,077	18,206	18,083
Distillate	3,770	3,356	3,919	3,526
Residual	2,614	2,530	3,130	2,975
Mogas	6,952	6,752	6,266	6,578
Total Imports	6,670	6,608	7,099	6,987
Crude	4,789	4,772	3,966	4,072
Product	1,881	1,836	3,133	2,915
Crude Production	8,201	8,251	8,629	8,661

COAL

New Coal Conversion Plant to be Located In Illinois

The Energy Research and Development Administration (ERDA) has chosen a vacant, previously strip-mined area in New Athens, Illinois, to be the site of a coal conversion plant. ERDA selected this particular place for several reasons: (1) Missouri coal is also readily available; (2) there is a minimum of zoning, land use, and environmental obstacles; (3) with 2,000 acres, the site offers much potential for expansion; (4) Illinois has agreed to co-fund the project with \$25 million. Projected date for completion by Coalcon Co. of New York, the prime contractor, is 1980. Two thousand and six hundred tons of high sulfur coal will be pulverized, heated, and then reacted with hydrogen to product daily 3,900 barrels of liquid fuels to be used in boilers and 22 million cubic feet of synthetic gas.

NATURAL GAS

Conversion of Texas Gas Pipeline to  
Petroleum Products Carrier

The FPC has authorized Texas Eastern Transmission Corp., a large interstate pipeline corporation, to abandon 202 miles of its Provident City to Beaumont, Texas, gas pipeline in order to transfer the line to the company's Products Pipeline Division, which will use it to transport much needed petroleum products to the Midwestern and Northeastern markets for the 1975-76 heating season.

## NUCLEAR

### Discovery of Uranium in New Mexico

The Phillips Petroleum Company has announced a uranium discovery in the San Juan Basin in northwest New Mexico. Drilling in the Basin, which lies in the Grants Mineral Belt, one of the three most significant domestic uranium regions, has indicated the existence of some 12,500 short tons of uranium, enough to fuel two 1000 MWe reactors for a full 30-year (design) lifetime.

### EEC Foresees Open Market Uranium Production Insufficient by 1985

A report prepared by European Economic Community (EEC) energy and raw material experts estimates that by 1985 the Community's minimum uranium requirements cannot be satisfied by the open market. Citing figures developed by the Organization for Economic Cooperation and the International Atomic Energy Agency, the EEC experts foresee competition for uncommitted supplies coming not only from Japan but also the United States.

### ESTIMATED URANIUM PRODUCTION CAPACITY AND CONTRACT COMMITMENTS BY 1985 (short tons)

<u>Producer</u>	<u>Amount</u>	<u>Existing Contracts</u>	<u>Balance Available on Open Market</u>
Canada	11,500	7,500	4,000
Australia	3,250-15,000	2,250-3,000	1,000-12,000
South Africa (including Namibia)	13,800	3,800	10,000
United States	50,000	50,000	--
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	78,550-90,000	63,550-64,300	15,000-26,000

The Commission believes that by 1985, EEC requirements above those already covered by contracts (excluding French needs) will be between 18,000 and 20,000 tons. Even accounting for other possible free world suppliers, uranium shortfalls will be large unless significant production increases are realized in Australia, where the greatest potential for expanded production may exist, but where current export policy leaves production capacity in question.

The toppling this month of Australia's Gough Whitlam's Labor government by a Conservative coalition under Malcolm Frazer has set the stage for a new uranium export policy in that country. Where Labor Minister of Minerals and Energy Resources Rex Conner had banned the export of many raw materials, including uranium, his Conservative successor, Douglas Anthony, foresees the resumption of exports in the near future. Subject to the evaluation of a 3-man environmental commission which is considering impacts of resource exploitation, Aboriginal land rights, and the "morality of export," a policy decision may be formed by April, and the Ranger 1 resources of the Northern Territory (Darwin), second largest in Australia, may be developed for export.

Date: 1/2/76

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING DECEMBER 26, 1975

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 12/19/75	4 Wks Ended 12/19/75	Wk Ended 12/20/74	4 Wks Ended 12/20/74
Total Demand	16,663	17,183	18,447	18,261
Distillate	3,285	3,492	3,617	3,608
Residual	2,599	2,629	3,196	3,010
Mogas	6,397	6,682	6,914	6,549
Total Imports	6,138	6,574	6,856	6,908
Crude	4,302	4,704	3,838	4,014
Product	1,836	1,870	3,018	2,894
Crude Production	8,236	8,238	8,664	8,660

Third Quarter Profits of CMB Petroleum Companies Down

The third quarter financial data on the Chase Manhattan Bank's group of petroleum companies is in, and a preliminary analysis shows that the companies are in poorer financial condition than they were last year. The first three quarters of 1975, compared to the first three quarters of 1974, reveal the following changes in the key financial indicators:

Gross operating revenue:	+ \$13.2 billion
Cost of doing business:	+ \$17.5 "
Income taxes (federal):	- \$ 1.1 "
Direct taxes (incl. foreign):	+ \$ 1.2 "
Net income (profit):	- \$ 4.3 "
Capital expenditures:	+ \$ 3.7 "

Drop in November Retail Gasoline Prices

Retail gasoline dealers lowered their prices for regular gasoline during November. The national average retail price of regular gasoline dropped 0.5 cents in November, to 58.4 cents per gallon.

## Price of #2 Heating Oil Stable in November

The national average price of #2 heating oil sold to residential customers during November remained stable at 39.4 cents per gallon. FEA's survey of 21 of the Nation's largest producers of heating oil revealed that 7 companies raised their prices during November, while the remainder held prices constant, indicating gradually firming market conditions for distillate.

## Banked Costs of Petroleum Products Show Stable Trend

For 1975, the total banks for the 30 largest refiners ranged from a high of 1.7 billion dollars in April to a low of 1.1 billion dollars in July. Although the rate of cost recoupment and corresponding "banked costs" of petroleum products vary according to current market conditions and particular seasonality of the individual products, the amount of unrecouped costs (banks) have stabilized around 1.3 billion dollars for the months of August, September, and October 1975.

## Domestic Products Cheaper Than Foreign

A recent study has indicated that domestic product prices remain lower than foreign product prices, which included transportation charges and appropriate import fees. One exception is foreign residual fuel oil, which, on a landed basis, has been less expensive than domestic residual fuel oil since the spring of 1975.

## NATURAL GAS

### Recent Curtailment of Interstate Natural Gas Deliveries

In a staff report issued November 28, the FPC revealed that 26 interstate natural gas pipeline companies curtailed firm deliveries by a total of 655,287,872 Mcf for the 3-month period ended September 30, 1975, excluding curtailments by one reporting company to another. During the prior quarter, 22 companies had curtailed firm deliveries by 668,524,389 Mcf. Of the 26 reporting companies for the latest 3-month period, only Eastern Shore, Mississippi River, and Northwest Pipeline had zero curtailments.

## NUCLEAR

### Brunswick 2 Reactor Achieves Commercial Status

Brunswick 2, an 808 megawatt boiling water reactor owned and operated by the Carolina Power and Light Company, achieved commercial status in early November, thus bringing the total domestic units in commercial operation to 50. These 50 reactors, with a total capacity of 32,828 megawatts, performed at 58 percent of capacity during that month.



Date: 1/12/76

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING JANUARY 2, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 12/26/75	4 Wks Ended 12/26/75	Wk Ended 12/26/74	4 Wks Ended 12/26/74
Total Demand	17,998	17,478	18,171	18,220
Distillate	3,944	3,719	3,375	3,666
Residual	2,709	2,691	3,152	3,028
Mogas	6,821	6,769	6,346	6,558
Total Imports	6,667	6,598	7,347	6,939
Crude	4,453	4,655	4,158	3,931
Product	2,214	1,943	3,189	3,008
Crude Production	8,223	8,220	8,700	8,670

Alaska and DOI Dispute Beaufort Sea Acreage

Alaska is still trying to work out a joint leasing agreement with the United States Department of Interior on disputed acreage in the Beaufort Sea just north of Prudhoe Bay. The State could decide to lease acreage farther to the east, where there is no dispute, but the potential for oil is less there.

NATURAL GAS

FPC Releases Study on Prices Received  
by Natural Gas Companies

The FPC released a staff study of prices received by 95 natural gas companies that are subject to the Commission's jurisdiction for sales under 504 intrastate contracts executed in the first half of 1975. The report indicates the monthly weighted price for new intrastate contracts averaged \$1.26 per Mcf for January through June 1975. These prices ranged from \$1.04 per Mcf in March to \$1.54 per Mcf in April. The range for renegotiated or amended contracts ranged from 76.4¢ per Mcf in March to \$1.67 per Mcf in April, with a six month average of \$1.42 per Mcf.

## ELECTRICITY

### Study Reveals Utility Construction Cutbacks Will Not Affect Power Sufficiency

A Westinghouse analysis of recent data on utility construction cutbacks indicates that the present level of cutbacks will still permit sufficient capacity in the late 1970's and 1980's. Westinghouse officials warned, however, that a new wave of cutbacks beyond the present level may have serious consequences.

## NUCLEAR

### Possible International Implications from Westinghouse Uranium Default Case

Three Swedish utilities affected by the Westinghouse uranium default have filed suits in Swedish District Court primarily, it is believed, to place their complaints on record. The international implications of the suits are difficult to assess, but reciprocity from rulings on similar suits in U.S. courts will probably be exercised. The contracts involve a total of 7250 tons of  $U_3O_8$ , enough to meet the requirements of the 5 Swedish reactors presently operating (3312 megawatts total capacity) for the period 1975 through 1984.

### Westinghouse to Implement New Uranium Resource Organization

In further developments, Westinghouse has made a formal announcement that it will implement a new uranium resources organization specifically to discuss utilities' uranium requirements; provide management support of litigation involving contracts; plan and manage new worldwide uranium exploration, production, and acquisition; and interface with government agencies that may affect uranium supply. A.L. Bethel, director of the new group, stressed the Company's interest in restoring customer confidence, noting his organization would provide the best manner "to reach a fair and amicable resolution of disputes between Westinghouse and the utilities."

### Comecon to Construct 150 Nuclear Reactors in East Europe

The two special nuclear organizations within Comecon (Communist Economic Community), Interatominstrument in Warsaw and Interatomenergo in Moscow, will construct some 150 nuclear reactors in East European Bloc countries. Most of the units would be of the Voronezh pressurized 440 Mwe water reactor type, small by U.S. standards, but of a highly reliable Russian design. No large reactors (1000 Mwe) are planned for Comecon members until after 1985 at the earliest.

Date: 1/16/76

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING JANUARY 9, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 1/2/76	4 Wks Ended 1/2/76	Wk Ended 1/3/75	4 Wks Ended 1/3/75
Total Demand	17,421	17,404	17,970	18,100
Distillate	3,344	3,590	3,678	3,649
Residual	2,993	2,749	2,996	3,118
Mogas	6,268	6,610	6,456	6,500
Total Imports	6,949	6,648	6,308	6,902
Crude	4,807	4,622	3,614	3,894
Product	2,142	2,026	2,694	3,008
Crude Production	8,242	8,226	8,644	8,659

NATURAL GAS

Texas Railroad Commission Phases Out Natural Gas Use

The Texas Railroad Commission has issued an order phasing out the use of natural gas for generating electricity in Texas. The order, however, exempts existing sales "so long as they are not modified to extend the term or quantities." It applies whether the gas is used as boiler fuel to generate steam or to power turbines during electric generation.

Shell Oil to Operate Deepest Offshore Platform

Shell Oil Company will be the operator for a group of 8 companies building a 100-million-dollar platform to develop their offshore oil and gas fields in 1000 ft. of water offshore Louisiana. This is the deepest water in which a platform has been planned. The structure will be 1220 feet high and will accommodate 56 wells.

## U.S. Launches First LNG Supertanker

The Quincy Shipbuilding Division of the General Dynamics Corporation recently launched a 936-foot, 125,000-cubic-meter liquefied natural gas tanker, the first ship of its class to be built in the U.S. Quincy has contracted to build 8 of the 750-million-dollar tankers which will be chartered to Burmah Oil Tankers, Ltd., of Glasgow, U.K. The first three ships will transport LNG from Algeria to the U.S. east coast under a 22-year contract between the U.S. firm Eascogas LNG, Inc., and the Algerian State Company SONATRACH. The remaining five supertankers will deliver LNG from Indonesia to Japan.

## NUCLEAR

### National Academy of Sciences Report Foresees Uranium Shortage by Early 1980's

In a recent report, "Reserves and Resources of Uranium in the United States," the National Academy of Sciences concludes that current data on uranium "reserves" are reliable, but that figures for "potential undiscovered resources" are of uncertain validity. Unless the "resources" can be verified at a satisfactory rate, it is concluded that a supply shortfall will occur in the early 1980's. The Academy's recommendations include: increased U.S. Geological Survey activities in exploration and mapping of known uranium districts, expansion of research and development of uranium exploration and mining techniques, the radiological assessment of all wildcat oil well sites in and around potential uranium districts, and increased industry-government cooperation in exchange of information, including data on abandoned areas and "barren holes."

### Erwin, Tennessee, "MUF" Due to Ledger Error

Nuclear Fuel Services Incorporated has assured the Nuclear Regulatory Commission that their "MUF" (Materials Unaccounted For) incident in an Erwin, Tennessee, plant is due entirely to a bookkeeping discrepancy. The company's bi-monthly inventory assessment made in December revealed a "positive MUF" in which more highly-enriched uranium was on site than had been statistically received. A "special projects shop" for fuel fabrication, according to a company spokesman, and a variable rate of material throughput can compound the problem of foolproof bookkeeping. Nonetheless, a "positive MUF" is highly unusual and can be attributed only to a ledger error.

Date: 1/26/76

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING JANUARY 16, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 1/9/76	4 Wks Ended 1/9/76	Wk Ended 1/10/75	4 Wks Ended 1/10/75
Total Demand	17,170	17,366	18,211	18,071
Distillate	3,793	3,596	3,389	3,516
Residual	2,401	2,686	3,464	3,202
Mogas	6,430	6,479	6,381	6,527
Total Imports	7,329	6,816	6,094	6,651
Crude	5,127	4,706	3,194	3,701
Product	2,202	2,110	2,900	2,950

COAL

BOM Figures Show No Increase in Domestic Coal  
Consumption for First Nine Months of 1975

The U.S. Bureau of Mines released the September domestic consumption figure for bituminous coal and lignite totaling 43.8 million tons. The consumption total of 414.5 million tons for the first nine months of 1975 is on the same level as the nine-months consumption total of 414.7 million tons for 1974. However, there has been a shift within the different consuming sectors between the 1974 and 1975 nine-months totals. Consumption by electric utilities, which account for approximately 70 percent of total domestic coal consumption, increased by 3.1 percent over 1974 consumption, whereas the other consuming sectors -- industrial, residential and commercial, and transportation -- decreased their consumption by 7.5 percent.

NATURAL GAS

FPC Approves Limited-Term Price of \$1 per Million  
Btu to Columbia Gas Transmission Corporation

A price of \$1 per million Btu (MMBtu) has been approved by a Federal Power Commission administrative law judge for one-year limited-term sales by four natural gas producers in Louisiana to Columbia Gas Transmission Corporation. The decision is subject to Commission review. The issue in the case was whether the limited-term price was the lowest for which gas could be obtained for the interstate market. Producer-supporting evidence was an intrastate contract for \$1.275 per MMBtu to begin when the limited-term expires.



AGA Estimates 1975 Total Gas Utility Industry  
Sales Down 6% from 1974

Preliminary estimates by the American Gas Association put total 1975 gas utility industry sales at 15.0 quadrillion Btu (14.7 Tcf) -- a 6% decrease from the 1974 total. Residential sales were up 4.8% and commercial sales were up 5.5%, but industrial sales were down 16% from the 1974 levels. Operating revenues were up 27.6%, a fact reflecting both approval of higher rates by many State regulatory commissions and an increase in sales on a firm contract basis.

NUCLEAR

Senate Committee Evaluates Nuclear Export Policy

The Senate Government Operations Committee, chaired by John Glenn (D-Ohio), recently met to discuss policy for nuclear materials and technology and, specifically, the provisions of Senate 1439, the "Export Reorganization Act of 1976." Included on the panel were Herbert York, director of the government's hydrogen bomb laboratory in the post-war era, Nobel Prize winner Hans Bethe, director of theoretical physics for the Manhattan Project, and David Lilienthal, Chairman of the Board of Consultants on International Control of Atomic Energy, and former Chairman of the Atomic Energy Commission. All three men saw the need for increased support of the International Atomic Energy Agency, the Vienna-based organization responsible for inspection of fuel inventories and nuclear power plants operated by signatories of the Non-Proliferation Treaty of 1964. In addition, the inadequacies of the NPT, which does not call for an embargo of nuclear sales, were cited. Lilienthal called for an immediate unilateral ban on all exports, "a drastic action" by his own admission, but necessary in light of the "terrifying" spread of nuclear bomb capabilities abroad; and Bethe urged banning, in particular, the export of fast breeder reactors and isotope separation plants.

Powerplant Licensing Procedures Streamlined

The Environmental Protection Agency submitted a memorandum of understanding to the Nuclear Regulatory Commission which declares the EPA intention of issuing a water discharge permit "as far as possible in advance of authorization by the NRC of any commencement of construction or issuance by NRC of a license or early site approval." The commitment also charges that EPA will make an early determination on any application for exemption or variance concerning thermal discharges under section 316 of the Federal Water Control Act. This revision is important for all utilities planning fossil as well as nuclear power plant projects. Individual States that hold the power of permit issuance will be encouraged by the NRC and EPA to establish a comparable procedure for early issuance of water discharge permits.

## California Utility Manager Declares Plant Postponement, Calls for Conservation

The Sacramento Municipal Utility District (SMUD) has indefinitely postponed a second nuclear unit at their Rancho Seco site, where their existing 913 MWe pressurized water reactor has been out of service since June, when it suffered massive turbine damage. Rancho Seco 2, planned as a 1,100 MWe PWR unit, would have raised the contribution of nuclear power to 70% of the entire SMUD generating capacity, highest in the country. William C. Walbridge, general manager of SMUD, declared that conservation "should become a major part of this country's efforts to alleviate the energy crisis" and called for appropriate mandatory programs to be initiated by both State and Federal Governments.

### INTERNATIONAL

#### IEA Governing Board Will Meet to Finalize Long-Term Program

The International Energy Agency Governing Board has reached preliminary agreement on a comprehensive program of long-term cooperation and is expected to formally adopt the program at its January 29-30 meeting. The program covers four main areas: alternative energy sources, conservation, energy research and development, and non-discrimination. The section on alternative energy sources provides for joint energy projects by two or more participating countries and establishes a minimum safeguard price (MSP) of \$7 per barrel fob Persian Gulf. The conservation section provides for the establishment of 1980-85 group conservation targets and an annual review of national conservation programs to monitor progress toward these group targets. The section on R&D establishes an international R&D cooperative program among consumer nations that might well change producers' perceptions on the long-term market for their oil. Finally, the long-term program will pledge IEA governments to use their "best endeavors" to assure that nationals of other IEA countries are not treated less favorably in the energy areas than their own nationals.

Date: 2/4/76

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING JANUARY 23, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 1/16/76	4 Wks Ended 1/16/76	Wk Ended 1/17/75	4 Wks Ended 1/17/75
Total Demand	18,984	17,990	17,948	17,907
Distillate	4,977	4,019	3,714	3,540
Residual	2,868	2,754	3,279	3,223
Mogas	6,469	6,497	5,930	6,280
Total Imports	7,200	7,067	6,711	6,615
Crude	4,940	4,851	3,802	3,692
Product	2,260	2,216	2,909	2,923

Weekly Rotary Drilling Rig Count

	Wk Ended 1/23/76	4 Wks Ended 1/23/76	Wk Ended 1/24/75	4 Wks Ended 1/24/75
Offshore	117	123	89	94
U.S. Total	1,683	1,710	1,601	1,615

Drilling Activity Up 17 Percent in 1975

API reported that 4,073 wells were drilled in December, bringing the 1975 well count total to 37,092, up 17 percent from 1974 and up almost 40 percent from the number drilled in 1973. Oil wells showed the largest increase, up 28 percent from 1974. Gas wells increased 4 percent, reaching an all-time high for the third year in a row. A summary of drilling activity over the past three years is provided in the table below.

Wells Drilled in U.S.

Year	Oil	Gas	Dry	Total
1975	16,336p	7,505p	13,251p	37,092p
1974	12,784	7,240	11,674	31,698
1973	9,902	6,385	10,305	26,592

## Consumption of Residual and Distillate Fuel Oils Up Due to Colder Weather

The weather for the three weeks ending January 17 has been considerably colder than during the same period last year, with the result that there have been increases in the consumption of both residual and distillate fuel oils. Nationwide, the period has 25.0 percent more degree days (colder) than in the 1974-75 heating season and 5.4 percent more than normal. Estimates for the East Coast, where most residual fuel is consumed, revealed that it has been 29.5 percent colder than last year and 5.3 percent colder than normal.

### COAL

#### BOM Figures Show 1975 Total Coal Production Up

The Bureau of Mines has released the December 1975 total monthly bituminous coal and lignite production figure of 51.5 million tons. Total 1975 bituminous coal and lignite production is 640.0 million tons, 6.1 percent higher than the 1974 total.

### NATURAL GAS

#### BOM Estimates 1975 Marketed Production of Natural Gas Was Down

The Bureau of Mines estimates U.S. marketed production of natural gas declined 7 percent in 1975, to about 20.1 Tcf, with consumption also down 7 percent, to 19.7 Tcf.

#### FPC Authorizes Additional Interstate Delivery of Gas to Industrial Users

In the fifth application of its policy permitting interstate delivery of gas from producers directly to industrial users, the FPC authorized Columbia Gas and Panhandle Eastern to deliver gas from Lear Petroleum Company's wells in Oklahoma to 8 plants of the Wheeling-Pittsburgh Steel Corporation in Ohio and West Virginia. Lear will sell Wheeling-Pittsburgh up to 5 MMcf/day until March 31 at a price of \$1.70 per Mcf.

#### Natural Gas Pipeline Petitions FPC to Permit Withdrawal of Stored Gas in Excess of Legal Limitations

Natural Gas Pipeline has petitioned the FPC to amend its certificate, allowing the company to withdraw gas from its Iowa and Illinois underground storage fields in excess of seasonal and peak day withdrawal limitations. Natural said it has about 9.5 Bcf available in excess of its certificated seasonal withdrawal capacity which could be used. In addition, under proper reservoir conditions, cushion gas could be withdrawn on an emergency basis. Natural said that if it receives FPC approval, it may be able to make withdrawals sufficient to avoid curtailments this winter.

## ELECTRIC POWER

### A Variety of Problems Results in Cancellation or Postponement of Planned Nuclear Generating Units

Last year a combination of financing problems, a second year of little growth in peak demand, and economic and technological problems with nuclear plants resulted in the cancellation or postponement of 98 planned generating units representing over 90,000 Mw of capacity, according to a recent "Electrical Week" survey. Two-thirds of the affected capacity -- 56 units representing over 61,000 Mw -- is nuclear. Of the more than 78,000 Mw (87 units) deferred during 1975, over 50,000 Mw (46 units) were nuclear. Eleven units (11,000 Mw) were cancelled, including 10 units (10,000 Mw) of planned nuclear capacity.

## NUCLEAR

### Power Plants Produce Record Amount of Electricity for December

For the month of December, the 51 nuclear reactors in commercial operation, totaling 32,376 megawatts capacity, performed at an average 67 percent capacity factor and produced 16,197,000 megawatt hours of electricity, a record 9.6 percent of total U.S. generation over a one-month period.

Date: 2/13/76

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING JANUARY 29, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 1/23/76	4 Wks Ended 1/23/76	Wk Ended 1/24/75	4 Wks Ended 1/24/75
Total Demand	19,259	18,275	18,204	18,070
Distillate	4,455	4,148	4,062	3,711
Residual	2,961	2,807	3,572	3,328
Mogas	6,764	6,483	6,113	6,220
Total Imports	7,422	7,225	7,471	6,646
Crude	4,828	4,926	4,462	3,768
Product	2,594	2,299	3,009	2,878

Weekly Rotary Drilling Rig Count

	Wk Ended 1/30/76	4 Wks Ended 1/30/76	Wk Ended 1/31/75	4 Wks Ended 1/31/75
Offshore	121	122	90	92
U.S. Total	1,640	1,685	1,607	1,612

Oil Company Profits Fall in 1975

Seventeen of the largest U.S. oil companies report that their fourth quarter 1975 net income (or profits) fell 7.1 percent, to \$2.45 billion, from their net income of \$2.64 billion during the fourth quarter 1974. For the full year of 1975, profits were off by 23.8 percent from the previous year, declining from \$12.3 billion to \$9.4 billion. Geographically, most of the profit decline occurred overseas. Foreign oil and gas profits fell about \$2 billion, and foreign chemicals declined by about \$0.5 billion. The major factors contributing to the profits decline include: recession - weakened demand, higher crude oil costs, the anticipated absence of the inventory profits recorded in 1974, changes in accounting standards issued by the Financial Accounting Standards Board (FASB) in 1975, changes in taxation resulting from the U.S. Tax Reduction Act, and foreign nationalizations.



Annual Revenue and Net Income of Major Oil Companies  
(millions of dollars)

	<u>1975</u>	<u>1974</u>	<u>Percent Changes</u>
Total Revenue (14 companies)	\$161,792	\$153,868	5.1
Net Income (17 companies)	8,914	11,797	-24.4

Cost of U.S. Imports from OPEC Countries Increasingly  
Offset by U.S. Exports to OPEC

Total 1975 petroleum imports by the U.S., including Puerto Rico and the Virgin Islands, rose from a 1974 average of 6.33 million barrels per day, costing \$26.5 billion, to a 1975 average of 6.49 million barrels per day, costing \$27.0 billion. Petroleum imports from OPEC countries rose an estimated \$400 million, from \$15.6 billion in 1974, to \$16.0 billion in 1975. Concurrently, U.S. exports of all commodities to OPEC countries rose \$3.1 billion, from \$6.7 billion in 1974, to an estimated \$9.8 billion in 1975.

COAL

1975 Coal Exports Up From 1974

The U.S. Department of Commerce released the December 1975 bituminous coal export figure totaling 4.5 million tons. Total bituminous coal exports for 1975 were 65.7 million tons, an increase of 9.6 percent over 1974 exports.

NATURAL GAS

FPC Issues Sixth Direct Purchase Order

The Federal Power Commission, in its approval of a sixth direct purchase order, authorized Transcontinental Gas Pipeline Corp. to transport via interstate commerce gas purchased by PPG Industries, Inc., a fiberglass manufacturer, for delivery in North Carolina. The gas was purchased from three producers at a price of \$1.50 Mcf. PPG has contracted to purchase up to 4 MMcf per day for one year from South Coast Corp., Ocean Production Co., and Exchange Oil and Gas Corp.

NUCLEAR

Australia's Conservative Government Outlines Plans for  
Development of Nation's Uranium Reserves

The Australian Conservative Coalition, under Prime Minister Malcolm Fraser, is moving quickly to allow export of uranium, where their Labor predecessors had maintained a total ban. In a broad policy statement made recently, Douglas Anthony, Minister of Minerals and Energy Resources, called for orderly exploitation of the Northern Territory deposits by private enterprise with "short term" government involvement.

## Australia's Recently Discovered Uranium Reserves Thought to be Largest in the World

In a January 28 announcement, Pancontinental Mining Limited, a partnership of Pancontinental of Australia and Getty Oil Company, disclosed that a recent discovery in the Jabiluka district of the Northern Territory has doubled the company's uranium reserve base, now estimated at 190,000 tons of U<sub>308</sub> (enough to fuel over 30 - 1,000 MWe reactors for a 30-year lifetime), largest in the world. The reserves are very accessible, mineable by open-pit methods, and, according to reliable sources, are classified in the \$8-10 forward cost category.

## Progress Being Made on Curbing International Nuclear Proliferation

Following South Korea's declaration last week to cancel their order for a French-built reprocessing plant, additional news came from Bonn, West Germany, where the secret meetings on nuclear proliferation begun last year and are still continuing. The entire "nuclear club," including the United States, Canada, Japan, Great Britain, West Germany, France, and the Soviet Union, has agreed on principles to govern future exports of nuclear technology and related fuels. Specifically, no sale will be tendered unless a recipient nation agrees that all contracted materials and fuels, as well as fuels and waste products of subsequent electric power production, come under the supervision of the International Atomic Energy Agency in Vienna. Such an agreement in effect circumvents the Nuclear Proliferation Treaty, which has historically failed to discourage the diversion of nuclear materials for weapons production.

## INTERNATIONAL

### EEC Commission Proposes \$7/Barrel Floor Price for Oil Imports

The European Economic Community Commission has sent a resolution to the Council of Ministries proposing a \$7/barrel floor price on imports of crude oil and heavy- and medium-weight oil products, when the f.o.b. reference crude price drops below \$7/barrel. The \$7 price for imports is intended to protect petroleum investments, particularly Britain's North Sea oil, and to help safeguard EEC investment in alternative sources of energy, including nuclear power. The floor price resolution is part of a major energy policy statement recently released by the EEC, major points of which include the establishment of: 1) a cohesive EEC energy policy position; 2) an energy conservation program; and 3) government aid programs and other measures which will protect and develop energy resources in the Community.

Date: 2/18/76

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING FEBRUARY 6, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 1/30/76	4 Wks Ended 1/30/76	Wk Ended 1/31/75	4 Wks Ended 1/31/75
Total Demand	18,406	18,486	18,151	18,249
Distillate	4,134	4,345	3,782	3,737
Residual	3,116	2,839	3,703	3,504
Mogas	6,380	6,511	6,036	6,115
Total Imports	6,932	7,221	6,954	6,807
Crude	4,984	4,970	4,187	3,911
Product	1,948	2,251	2,767	2,896

Weekly Rotary Drilling Rig Count

	Wk Ended 2/6/76	4 Wks Ended 2/6/76	Wk Ended 2/7/75	4 Wks Ended 2/7/75
Offshore	128	122	89	90
U.S. Total	1,580	1,653	1,588	1,603

NATURAL GAS

Gas Companies Propose Building Coal Gasification  
Plant in Wyoming

Texaco Inc., Natural Gas Pipeline Co. of America, Montana-Dakota Utilities Co., and Pacific Gas and Electric Co. submitted a proposal to ERDA to design, build, and operate a coal gasification demonstration plant in Sheridan or Johnson County, Wyoming. The proposed facility would convert 3400 tons/day of coal into 30 million cubic feet per day of pipeline quality gas. The plant would be built over an 8-year period at an estimated cost of \$230 million, half supplied by ERDA, the other half by industry. Implementation of the project is contingent upon ERDA's selection of an applicant this summer and Congressional approval of ERDA funding for such projects.

## NUCLEAR

### Study Emphasizes Reliability-Generating Cost Relationship

In the report, "The Economics of Nuclear Power: A New England Perspective," the Massachusetts Energy Policy Office points to the apparent decrease in reliability experienced in larger capacity fossil and nuclear units and the resultant deterioration of cost savings promised by economies of scale. In nuclear plants, for example, a decrease in the capacity factor from 70 percent to 60 percent results in a 12 percent increase in generating costs. The EPO concludes that if all existing large units continue to suffer from this reliability problem then future units should be scaled down to sizes that minimize total generating costs.

### GAO Reports Deficiencies in Waste Management

In a recent report on disposal of radioactive wastes, "Improvements Needed in the Land Disposal of Radioactive Wastes--A Problem of the Centuries," the General Accounting Office cited major deficiencies in current management programs of medium-level and low-level nuclear wastes at six commercial and five major Federal installations. According to GAO, they lack sufficient hydrogeological and soil-chemical data to ensure the security of long-term storage of nuclear wastes. At some sites radiation migration has occurred through ground water formations. The GAO recommends an immediate collaboration between the Nuclear Regulatory Commission and the Energy Research and Development Administration to evaluate the geophysical facilities at all installations and to develop criteria for determining long-term reliability of existing, and future, disposal sites. It also recommends limited Federal technical and financial support for the correction of these deficiencies. However, perpetual care of such waste storage facilities must ultimately be, in GAO's opinion, the financial responsibility of the States and the private companies involved.

## SOLAR

### Water Heater Manufacturer to Produce Solar Hot Water Systems

State Industries, Inc., of Ashland City, Tennessee, the largest manufacturer of water heaters, is starting production of solar hot water systems. The 1976 production of solar water heaters is estimated at 4000 units with an aggregate collector area of 240,000 square feet, almost as much as was reported for all manufacturers of solar energy collectors during the first six months of 1975. State Industries expects to make full use of its existing marketing and distribution system, which includes Sears Roebuck, J. C. Penney, Western Auto, and other large retail organizations.

INTERNATIONAL

## USSR Energy Production Figures Released

USSR energy production figures for 1975 and production plans for 1980 were released in the official news source Pravda. USSR estimated and planned production figures are given below, along with estimates of 1975 U.S. energy production for comparison.

Commodity/ Units	USSR			U.S.	
	1975 Planned Production	1975 Estimated Production	1980 Planned Production	1975 Estimated Production	( <u>source</u> )
Raw Coal:					
Bituminous, anthracite & lignite (mil. metric tons)	695 (510)*	700 (515)*	790-810 (585)*	587	(BOM)
Crude Oil (mil. metric tons)	496	490	620-640	417	(API)
Natural Gas (bil. cubic meters)	320	285	400-435	569	(BOM)
Electric Power (bil. kwh)	1,065	1,035	1340-1380	1,902	(EEI)

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\* Soviet coal production adjusted to the U.S. average of 23.6 million BTU/ton.

Date: FEB 23 1975

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING FEBRUARY 13, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 2/6/76	4 Wks Ended 2/6/76	Wk Ended 2/7/75	4 Wks Ended 2/7/76
Total Demand	19,275	18,969	18,119	18,120
Distillate	4,311	4,485	3,751	3,827
Residual	3,082	3,051	2,830	3,346
Mogas	6,782	6,563	6,335	6,104
Total Imports	6,980	7,156	6,413	6,887
Crude	4,932	4,944	3,962	4,103
Product	2,048	2,212	2,451	2,784

Production Leadtimes for Drilling Rigs Decline

U.S. Department of Commerce recently revealed that production lead-times for large oilfield drilling rigs (those that can drill 10,000 feet and over) declined from 18 to 24 months at the end of March 1975 to 12 to 20 months at the end of January 1976; and production leadtimes for smaller rigs were down from 4 to 12 months in March 1975 to 3 to 10 months in January 1976. The decline is attributed to a decrease in new orders and a rise in U.S. rig manufacturing capacity.

Weekly Rotary Drilling Rig Count

	Wk Ended 2/13/76	4 Wks Ended 2/13/76	Wk Ended 2/14/75	4 Wks Ended 2/14/75
Offshore	131	124	95	90
U.S. Total	1,555*	1,614	1,617	1,603

\* This week's rig count reflects a total decrease of 25 rigs from the count for the previous week. Hughes Tool Company attributes this decline to "labor negotiations" among rig crews in California which resulted in a 50-rig drop in the rig count for that State alone.



## COAL

### Value of U.S. Coal Increases

The Bureau of Mines reports that 1975 estimated average value of U.S. bituminous coal and lignite was \$18.75 per ton. This represents an increase of 19 percent over the 1974 value.

## NATURAL GAS

### FPC Approves 80¢ per Mcf Long-Term Gas Sale

The Federal Power Commission approved a long-term sale by Pennzoil Producing Company to United Gas Pipeline Company at a price of 80 cents per Mcf with annual escalations of 2 cents per Mcf. The contract approved by the Commission under its "optional certification procedure" provides for the sale of about 110 million cubic feet of gas monthly over a 20-year period from an offshore Louisiana field. Four Commissioners concluded that the 80 cents rate was cost-justified and in the public interest.

## NATURAL GAS

### Capitol Hill Must Have Gas Reserve Data

The U.S. District Court recently ruled that a company's trade secrets can't be withheld from Congress merely because the firm fears that Congress may make them public. The Court decided in favor of Rep. John E. Moss and a Congressional subcommittee he heads, the Oversight and Investigations Subcommittee, which is seeking information on the gas revenues of Ashland Oil Company, one of 44 firms turning over gas reserve information to the Federal Trade Commission. Rejecting Ashland's argument that Moss might make the information public, Judge Howard F. Corcoran asserted, "The Court must presume that committees of Congress will exercise powers responsibly and with due regard for the rights of the affected parties."

Date: MAR 2 1976

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING FEBRUARY 20, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 2/13/76	4 Wks Ended 2/13/76	Wk Ended 2/14/75	4 Wks Ended 2/14/75
Total Demand	17,719	18,628	17,309	17,959
Distillate	3,914	4,214	4,029	3,906
Residual	2,943	3,031	3,051	3,289
Mogas	6,191	6,493	5,854	6,084
Total Imports	7,085	7,153	5,915	6,688
Crude	4,781	4,926	3,599	4,052
Product	2,304	2,227	2,316	2,636

Weekly Rotary Drilling Rig Count

	Wk Ended 2/20/76	4 Wks Ended 2/20/76	Wk Ended 2/21/75	4 Wks Ended 2/21/75
Offshore	123	128	99	94
U.S. Total	1,601	1,594	1,633	1,611

NATURAL GAS

New Mexico Moves to Reduce Shipments of  
New Gas Out of State

Legislation recently introduced in the New Mexico House would authorize the State's Energy Resource Board (ERB) to lay, own, and operate "through contract, lease or otherwise" intrastate gas-gathering and main lines. The State hopes to make 50 percent of its new gas production available to intrastate users by 1980. Approximately 90 percent of New Mexico's current gas production goes to the interstate market.

## Interstate Pipeline Gas Price Rises 22¢

According to the Federal Power Commission, the average price of natural gas sold by interstate pipelines rose more than 22¢ Mcf, from 64.1¢ to 86.12¢, from October 1974 to the same month in 1975; the average price of natural gas purchased from domestic producers rose 8.64¢, to 36.11¢/Mcf, during the same period; and the average price paid for total gas purchases (including imports) was 44.33¢, 14.42¢ higher than it was a year earlier. The total volume of gas purchased was down 6.4 percent.

## Chevron Sinks World's Deepest Commercial Gas Well

A 24,482 ft. development well drilled in the Texas Panhandle by Chevron Oil Company indicated a natural gas flow of 49 MMcf per day, making it the deepest commercial well producer in the world. The well, which cost \$3.3 million to drill, will be completed in the Mills Ranch Field in the Western Anadarko Basin, which is about 95 miles north of Amarillo, Texas.

## Transco Asks Advance Approval for \$1.965 Purchase

Transcontinental asked the Federal Power Commission, on January 30, 1976, for advance approval of a 60-day emergency purchase of up to 12 billion cubic feet from Amoco at a record price of \$1.965 per MMBtu.

## Gas Appliance Shipments Down in 1975

In 1975 shipments of gas ranges declined 17.3 percent, gas furnances 19.2 percent, direct heating equipment 33.2 percent, and gas boilers 29.6 percent from respective shipments in the previous year, according to the Gas Appliance Manufacturers Association. Gas water heaters and gas vented wall furnances registered the only gains among gas appliance shipments, 5 percent and 8.5 percent, respectively, from the previous year.

## NUCLEAR

### Long Island Lighting (LILCO) Company Purchases Uranium

The Long Island Lighting Company has purchased 5 million pounds of uranium from Bokum Resource Corporation of Miami, Florida, and is negotiating for additional material from Mineral Energy of Utah and Uranium Producing Corporation of Utah. Estimated costs to the utility will range from \$25 per pound for delivery in 1977 to over \$40 per pound for delivery in the mid-1980's.

## INTERNATIONAL

### 1975 U.S. Coal Exports Increase by 9.6 Percent

According to the following figures released by the Bureau of Mines, 1975 U.S. coal exports totaled 65.7 million short tons -- a 9.6 percent increase over 1974 exports of 59.9 million short tons.

#### U.S. Exports of Bituminous Coal\* (million net short tons)

<u>Destination</u>	<u>1974 Exports</u>	<u>1975 Exports</u>	<u>% Change</u>
Japan	27.3	25.4	-7
Canada	13.7	16.7	+22
E.E.C.	13.0	14.7	+13
Other Europe	2.9	4.5	+55
South America	2.3	3.3	+43
All Others	0.7	1.1	+57
	<hr/>	<hr/>	
TOTAL	59.9	65.7	

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\* Excluding shipments to U.S. military forces.

Date: MAR 4 1976

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING FEBRUARY 27, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 2/20/76	4 Wks Ended 2/20/76	Wk Ended 2/21/75	4 Wks Ended 2/21/75
Total Demand	17,397	18,163	17,211	17,591
Distillate	3,549	3,987	3,693	3,814
Residual	2,664	2,957	2,877	3,115
Mogas	6,344	6,388	6,120	6,086
Total Imports	7,714	7,180	5,946	6,307
Crude	5,551	5,061	3,695	3,861
Product	2,163	2,119	2,251	2,446

Weekly Rotary Drilling Rig Count

	Wk Ended 2/27/76	4 Wks Ended 2/27/76	Wk Ended 2/28/75	4 Wks Ended 2/28/75
Offshore	134	129	101	96
U.S. Total	1,601	1,579	1,636	1,618

NATURAL GAS

Cost of Drilling Deep Gas Wells Increases  
in 1975 While Numbers Decline

The cost of drilling deep natural gas wells (below 15000 feet) averaged \$109.80 per foot in 1975, more than \$25.00 above the average cost in 1974. The total number of deep gas wells drilled during the year dropped to 410 compared to 446 drilled in 1974.

## ELECTRIC POWER

### FPC May Allow Rate Base Broadening

Hearings on the Federal Power Commission's controversial proposal to allow electric and gas companies to include construction work in progress (CWIP) in their rate bases are scheduled for March 8 in New York. Two issues likely to be of major concern are:

-- Potential problems of competitive disadvantage of wholesale customers where wholesale rates would reflect CWIP but where the state commission would not allow this to be passed through into retail rates.

-- Whether inclusion of CWIP would influence utilities to build more capital-intensive generation facilities, especially nuclear, as opposed to fossil plants where capital costs are lower but fuel costs higher.

## NUCLEAR

### Nuclear Power Developments

The 51 nuclear reactors in commercial operation, with a total capacity of 32,675 megawatts, performed at 63 percent of capacity in January, down from 67 percent in December. The net monthly average power level for January was 21,170 megawatts, second only to the record high of 21,822 megawatts attained during the previous month. Nuclear generation constituted nearly 10 percent of the nation's total production of electricity for the month.

Beaver Valley 1, an 852 megawatt pressurized water reactor (PWR) was issued an operating license on January 30. The Beaver Valley plant, owned by the Duquesne Light Company, is located near Shippingport, Pennsylvania, where the nation's first commercial nuclear reactor began operating in 1957.



FEA ENERGY HIGHLIGHTS, WEEK ENDING MARCH 5, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 2/27/76	4 Wks Ended 2/27/76	Wk Ended 2/28/75	4 Wks Ended 2/28/75
Total Demand	17,906	18,045	17,884	17,524
Distillate	3,523	3,824	3,914	3,847
Residual	2,991	2,908	2,788	2,886
Mogas	6,543	6,465	6,649	6,240
Total Imports	6,928	7,179	7,607	6,470
Crude	4,385	4,923	5,183	4,110
Product	2,543	2,256	2,424	2,360

Weekly Rotary Drilling Rig Count

	Wk Ended 3/5/76	4 Wks Ended 3/5/76	Wk Ended 3/7/75	4 Wks Ended 3/7/75
Offshore	133	130	96	98
U.S. Total	1,545	1,570	1,671	1,640

Poor Results in Gulf of Mexico

Eighteen oil and gas leases covering 104,000 acres in the Mafla Area of the Gulf of Mexico have been surrendered after only two years of the 5-year primary lease. Test drilling has shown these blocks to be noncommercial. \$58 million in bonuses had been paid for the blocks in 1973.

COAL

Black Lung Changes Spark Wildcat Walkout

A West Virginia coal miners' wildcat strike which started March 1 idled 4,000 miners in Boone and Wyoming Counties and spread to two other counties on the second day. The wildcat picketing began in response to the miners' disapproval of the current black lung law and the proposed changes that passed the House and were sent to the Senate. The opponents of the proposed changes believe that the new, expanded black lung benefits to coal miners will lead to the creation of special pension plans for all industrial workers.

## NATURAL GAS

### FPC Allows Interstate Shipment of 4 More Direct Gas Sales to Industrial Users

The Federal Power Commission authorized the interstate transportation of gas purchased by 4 more industrial users directly from producers at unregulated prices. Transcontinental Gas Pipe Line Corp. was authorized to transport up to 3,200 Mcf per day of gas to be purchased by Celotex Corp., Lithium Corp. of America, Corning Glass Works, and Dan River, Inc. from 9 Louisiana producers. The gas in each of the transactions is to be purchased at a price of \$1.50 per Mcf.

## NUCLEAR

### Reprocessing Bottlenecks: Regulation and Finance

Regulatory and financial uncertainties continue to cloud the expected date of operating the Barnwell, South Carolina, nuclear fuel reprocessing plant owned by Allied-General Nuclear Services. The plant has cost \$250 million to date, but before operating will require extensive equipment additions according to the prescription of Federal agencies on two vital issues: The Nuclear Regulatory decision on plutonium recycle, and the Energy Research and Development Administration plan for solidification of high-level radioactive wastes. It is estimated that an appropriate plutonium conversion system will cost \$150 million, excluding any necessary safeguards, and the waste management system, between \$300-500 million. Allied-General has asked ERDA to undertake the financing of these systems as demonstration facilities subject to purchase by the company upon licensing and operational success. The Barnwell plant, with a projected capability to reprocess 1500 metric tons of spent reactor fuel annually, could operate by mid-1978; however, as a result of the large regulatory and financial questions, industry sources foresee a probable delay until 1981.

### Enrichment Price Escalation Announced

Effective April 27, long-term fixed commitment contract prices for uranium enrichment will rise from \$53.35 per SWU (separative work unit)\* to \$59.05 per SWU. The shorter term requirements contract prices will rise from \$60.95 to \$67.25 per SWU or, if less, the ceiling charge computed according to contract provisions; they will become effective August 25. The Energy Research and Development Administration pointed out that increased costs of electric power account for about 40 percent of the escalation, contract slippages account for 30 percent, and "other" associated enrichment costs account for the final 30 percent.

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\* A separative work unit (SWU) is a measure of the energy required to perform the separation of the U-235 and U-238 isotopes of uranium during the gaseous diffusion enrichment process.

## ERDA Waste Management Budget Summary

The Energy Research and Development Administration's long-awaited program for waste management will constitute the greatest portion of the Agency's \$282 million budget for fuel cycle activities for FY 1977. Waste management funding will increase 73 percent from last year's \$81 million, to \$152 million, the biggest jump in any of the ERDA research and development programs.

### INTERNATIONAL

#### EEC Natural Gas Production Growth Slows; Imports Increase

1975 European Economic Community natural gas production amounted to 5.76 TCF, an increase of 2 percent from the previous year. This compares with 1973 and 1974 increases of 14-15 percent. Imports rose by 37 percent, reflecting the EEC policy on conserving indigenous gas resources.

Date: MAR 23 1976

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING MARCH 12, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 3/5/76	4 Wks Ended 3/5/76	Wk Ended 3/7/75	4 Wks Ended 3/7/75
Total Demand	17,566	17,536	17,428	17,458
Distillate	3,062	3,512	3,389	3,756
Residual	2,982	2,882	2,855	2,893
Mogas	7,070	6,543	6,481	6,276
Total Imports	7,776	7,397	5,442	6,228
Crude	5,348	5,046	3,238	3,929
Product	2,418	2,351	2,204	2,299

(N. Kawin, 347-4101)

Weekly Rotary Drilling Rig Count

	Wk Ended 3/12/76	4 Wks Ended 3/12/76	Wk Ended 3/14/75	4 Wks Ended 3/14/75
Offshore	128	129	104	100
U.S. Total	1,520	1,562	1,672	1,653

(J. Gaynor, 961-8607)

Retail Price of Gasoline Continues Downward Trend

Retail gasoline dealers lowered their prices for regular gasoline during February. The national average retail price in January 1976 was 57.7 cents; in February it was 57.1 cents per gallon. This decrease reflects the continual downward trend that began in October 1975.

(C. Bordeaux, 961-8113)

## NATURAL GAS

### British Columbia Wants 25% Hike in Price of Gas Exports to U.S.

The British Columbia Energy Commission is requesting the Federal Cabinet and National Energy Board to hike the price of natural gas exports from B.C. to the U.S. Pacific Northwest from the current rate of \$1.60 per Mcf to \$2.00 per Mcf, effective November 1, 1976.

(J. McCarrick, 961-7696)

### FPC Ends Firm-Interruptible Contract Distinction in Curtailments

In prescribing an interim 5-priority curtailment program for Panhandle Eastern to be effective April 1, the Federal Power Commission affirmed an Administrative Law Judge's conclusion that giving preference to firm contracts over interruptible contracts in classifying gas usage for priority purposes should be eliminated. The Commission concluded that the most prudent course is to require curtailments according to end-use alone, since the firm-interruptible distinction is not a fully accurate indicator of relative need for gas.

(J. McCarrick, 961-7696)

## NUCLEAR

### NRDC Petition Could Sidetrack Breeder

The licensing proceeding for issuance of a Limited Work Authorization (LWA) for the Clinch River Breeder Reactor has encountered new problems. An intervention petition submitted to the Nuclear Regulatory Commission by the Natural Resources Defense Council (NRDC) raises specific issues that may precipitate indirect financial tangles. The NRDC petition contends that the unprecedented nature of the project should exclude the LWA option, pending a satisfactory settlement of all safety issues. Acceptance of this petition may require ERDA to return to Congress, since further delays in initiating construction are likely to boost estimated costs beyond the permitted Congressional ceiling. A decision on the petition by the Atomic Safety and Licensing Board of the NRC is due this month.

(A. Reynolds, 964-6186)

## Domestic Yellowcake Production Total Remains Unchanged

According to official statistics recently presented by ERDA, domestic uranium concentrate (yellowcake) production during 1975 totaled 11,500 tons, the same amount produced in 1974. Drilling for the year, however, increased 18 percent and totaled 26 million feet, including 17 million feet for exploration and 9 million feet for development.

(A. Reynolds, 964-6186)

## Poll Tests California Voter Sentiment

The Field Research Corporation has revealed interesting results from its poll of California voter opinion concerning the June 8 nuclear power Initiative. Should the Initiative be passed, nuclear power development in the State would be curtailed, pending resolution of liability and safety questions. Conducted in late January, the poll indicated people were about evenly divided over the issue, 48 percent being in favor, 45 percent being opposed, and 7 percent being undecided. It should be noted that the poll was conducted before the recent highly publicized resignation of three senior nuclear engineers protesting the lack of safety measures.

(A. Reynolds, 964-6186)

Date: MAR 29 1976

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081



FEA ENERGY HIGHLIGHTS, WEEK ENDING MARCH 19, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

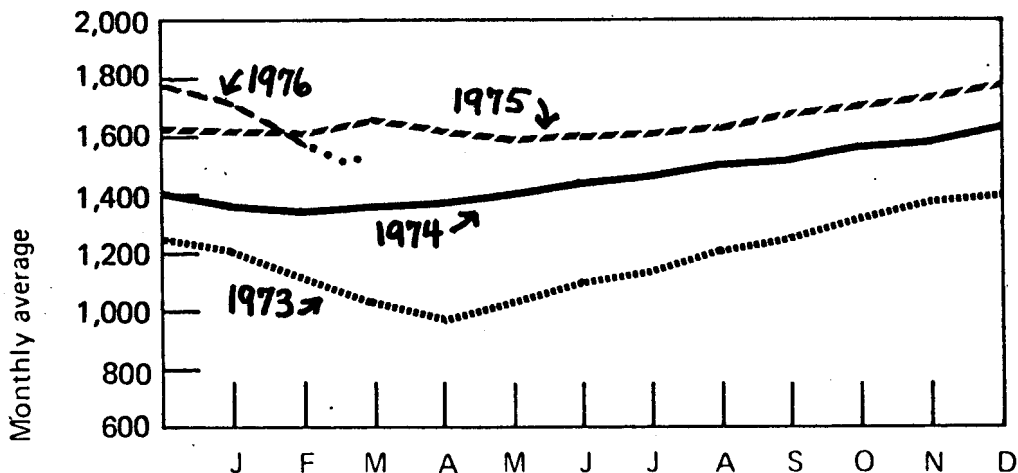
	Wk Ended 3/12/76	4 Wks Ended 3/12/76	Wk Ended 3/14/75	4 Wks Ended 3/14/75
Total Demand	17,899	17,655	15,789	17,078
Distillate	3,678	3,457	3,154	3,538
Residual	2,692	2,832	2,192	2,678
Mogas	6,716	6,683	6,360	6,402
Total Imports	8,196	7,692	5,183	6,044
Crude	5,756	5,297	3,325	3,860
Product	2,440	2,395	1,858	2,184

(N. Kawin, 347-4101)

Rotary Drilling Rig Activity Declines

The number of rotary rigs drilling for oil and gas has declined significantly since December 1975, when rig activity was at a 14-year high (see chart below). The rig count for the 4 week period ending March 19 averaged 1,543, down 250 rigs (13.9 percent) from December. Although a decline is normal during the first few months of a year, the number of rigs operating during February and March 1976 averaged 4.0 percent below the number operating during the corresponding period in 1975, the first year-to-year decline in 3 years.

Rotary Rigs in Operation



(J. Gaynor, 961-8607)

## Latest Figures Show Oil Imports at All-Time High

Imports of crude oil and petroleum products reached an all-time high of 8.2 million barrels per day for the week ending March 12. While undue importance should not be attached to the figures for a single week, the 4-week average was 7.7 million barrels per day, an increase of 1.6 million over the comparable 1975 level.

(C. Dwyer, 961-8183)

## NATURAL GAS

### Texas Eases Ban on Gas for Boiler Fuel

In response to a petition by 2 dozen utility companies in the State, the Texas Railroad Commission modified its December order prohibiting new sales of over 100,000 cubic feet per day of gas (for companies burning it as a boiler fuel) to permit sales of as much as 3 million cubic feet per day.

(J. Mc Carrick, 961-8413)

### For First Time FPC Denies Transportation for Customer Buying Direct

The Federal Power Commission, for the first time under its Order 533 policy, denied applications by pipeline companies to transport gas which industrial customers would buy directly from a producer. Rejected were filings by Columbia Gas Transmission and Transcontinental to transport up to 220 Mcf per day, from West Virginia for use in North Carolina. A December 1975 FPC staff report indicated that 75¢ per Mcf was the highest price paid in the West Virginia region under new as well as renegotiated contracts during the January through June period. Therefore, the FPC concluded that the sale at the proposed price of \$1.50 per Mcf "would create upward pressure on both interstate and intrastate prices in this region and that the public convenience and necessity would not be served by certification."

(J. Mc Carrick, 961-8413)

## NUCLEAR

### AIF Preparing Decommissioning Cost Study

The Atomic Industrial Forum has nearly completed its year-long study of nuclear powerplant decommissioning costs. Accounting for safe radiation product decay periods, a reactor decommissioning may last between 150 and 200 years and cost approximately \$20 million (constant 1975 dollars), including annual surveillance costs. Heretofore, no such costs have been included in the financing of nuclear plants.

(A. Reynolds, 964-6186)

Date: APR 5 1976

Office of the Administrator

To: Ron Nessen.

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING MARCH 26, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 3/19/76	4 Wks Ended 3/19/76	Wk Ended 3/21/75	4 Wks Ended 3/21/75
Total Demand	16,725	17,514	16,280	16,845
Distillate	3,084	3,306	3,257	3,428
Residual	2,702	2,854	2,672	2,627
Mogas	6,452	6,710	6,416	6,476
Total Imports	6,828	7,413	6,254	6,122
Crude	5,107	5,151	4,085	3,958
Product	1,721	2,262	2,169	2,164

(N. Kawin, 961-8183)

NATURAL GAS

Northern Authorized to Construct LNG Plant and to  
Use Rolled-in Pricing

The Federal Power Commission authorized Northern Natural Gas Company to construct and operate a \$36 million LNG peak-shaving plant in Hancock County, Iowa, and to treat the related costs on a rolled-in basis. The Commission concluded that the 1.21 cents per Mcf increase in the cost of gas on Northern's system is a small increment in price in exchange for the protection the plant affords the total system.

(J. Mc Carrick, 961-8413)

Net Firm Gas Curtailments Totaled 696 Bcf in  
Final Quarter 1975

The Federal Power Commission released a staff report showing that 24 interstate pipeline companies curtailed net firm deliveries by a total of 696 Bcf in the last quarter of 1975, excluding curtailments by one reporting company to another. During the prior quarter, 26 interstate companies reported net firm curtailments of 655 Bcf. Total actual net curtailments during 1975 amounted to 2,696 Bcf.

(J. Mc Carrick, 961-8413)

## NUCLEAR

### EEI Study Highlights Uranium Import Need

The Edison Electric Institute has released its two-volume study on the nuclear fuel cycle. A strong recommendation of the report was that utilities "take a position in favor of a free uranium market and urge that the government remove or further relax current restrictions on imports to assure utilities timely access to foreign uranium supply." This statement is of particular interest in light of a recent report in Nucleonics Week (March 25) which indicates that South African uranium producers are again entering the U.S. market in search of long-term (i.e., 10 years or more) sales contracts for unspecified but "sizable" quantities of uranium to be available for delivery beginning in 1977.

(A. Reynolds, 964-6186)

### ERDA Gaseous Diffusion Plan Precipitates TVA Reactor Cancellation

The Tennessee Valley Authority will cancel options on two new reactors in light of ERDA's revision of its contingency plan to supplement enrichment capacity at its Portsmouth, Ohio, gaseous diffusion plant rather than at its Oak Ridge facility, as originally planned. At the present time, TVA sees no potential customers to pick up the new power it had planned to provide Oak Ridge in the early 1980's.

(A. Reynolds, 964-6186)

Date APR 9 1976

Office of the Administrator

To: Ron Nessen

For your information.

Frank Zarb

Federal Energy Administration

Room 3400

Ext. 6081

FEA ENERGY HIGHLIGHTS, WEEK ENDING MARCH 26, 1976

PETROLEUM

Weekly Petroleum Statistics (000's B/D)

	Wk Ended 3/26/76	4 Wks Ended 3/26/76	Wk Ended 3/28/75	4 Wks Ended 3/28/75
Total Demand	17,516	17,405	16,462	16,490
Distillate	3,298	3,249	3,170	3,242
Residual	2,719	2,776	2,623	2,586
Mogas	6,871	6,786	6,328	6,396
Total Imports	7,549	7,557	6,418	5,824
Crude	5,516	5,439	4,317	3,741
Product	2,033	2,118	2,101	2,083

(N. Kawin, 961-8183)

Price of Retail Gasoline Continues to Decrease

The national average selling price of regular gasoline at full service retail outlets in February was 57.1 cents per gallon, a decrease of 0.6 cents. This was the fifth consecutive decrease since October 1975, with the cumulative decrease amounting to 2.2 cents.

(A. Whatley, 961-8113)

Domestic Refiner Acquisition Costs Rise While  
Imported Acquisition Costs Decline

While the January average "new" oil price remained essentially the same, the percentage of uncontrolled oil increased as a result of a change in the base production control level, causing the refiners acquisition cost of domestic crude to rise 46 cents per barrel, to \$9.12. The refiner acquisition cost of imported crude during January fell \$1.54 per barrel, to \$13.27, as a result of the December 22, 1975, elimination of the \$2.00 supplemental fee on imported crude.

(A. Whatley, 961-8113)

## NATURAL GAS

### Natural Gas Proved Reserves Decline for Fifth Straight Year

The American Gas Association reported that the U.S. proved reserves of natural gas declined in 1975 for the fifth straight year. Proved reserves as of December 31, 1976, were estimated at 228.2 trillion cubic feet, compared with 237.1 trillion cubic feet at the end of 1974, a drop of 4 percent. Total reserve additions during the year were estimated at 10.8 trillion cubic feet, while production was 19.7 trillion cubic feet.

(J. Mc Carrick, 961-8413)

### Gas Appliance Shipments up Sharply in First 2 months of 1976

The Gas Appliance Manufacturers Association reported that shipments of almost all categories of gas appliances and equipment registered substantial gains in the first 2 months of 1976, compared to January and February of the previous year. Shipments of gas ranges were up 45.5 percent, gas central heating units up 50.3 percent, gas water heaters up 11.4 percent, and gas-vented wall furnances up 21.1 percent.

(J. Mc Carrick, 961-8413)

## NUCLEAR

### Nuclear Contributes 9.2 Percent to Nation's Electricity in February

The 53 domestic reactors in commercial operation performed at 60 percent of capacity in February, down slightly from 63 percent in January. Three domestic reactors in power ascension, or start-up testing, generated no power during the month. Including electricity generated at the Hanford, Washington, N-Reactor operated by the Energy Research and Development Administration, nuclear power produced 9.2 percent of the nation's total electricity during the month.

(A. Reynolds, 964-6186)



INTERNATIONAL

EEC Electricity Consumption and Production Decline

The European Economic Community Statistical Office reports reduced electricity consumption and production in the European Community for 1975, a fact which may be explained by a marked decrease in industrial activity in all the member countries. Net consumption fell 1 percent, to a level of 981 billion kWh. The most significant reduction was reported for Germany, where electricity consumption fell by 2.4 percent.

(P. Baade, 961-8096)