

Energy Ideas Said Needed For Free Market Survival

By JUNE BONARRIGO

As she drove along a lonely stretch of Texas state Highway 6 Alice Bentley's car slowed to a crawl and sputtered to a dead stop about seven miles outside of town. Having no mechanical inclinations, Alice glanced at the instrument panel on the dash to see if she could determine what ailed her automobile.

She quickly noticed the gasoline gauge indicator had slumped drastically since she last checked it and it now registered a bright red "E". All she could do was walk the five miles to Joe's Garage where she could get some help. Unfortunately, Joe had run out of his monthly supply of gas and Alice would find no help.

"I'm sorry, Alice, but most of the other filling stations have used up their monthly quota of gas, too. With this energy shortage none of us seem to be able to get enough of a supply to last a month," Joe said.

Last summer many service stations were forced to close because they couldn't maintain an adequate supply of gasoline and many people found themselves in similar situations.

Across the nation in the big cities and small towns there is a concerted effort to curb the use of energy. People are buying small economy cars and taking fewer trips. Industries are turning thermostats up to use less air conditioning power. Petroleum refineries are recycling waste heat to conserve fuel. Jet planes have cut air speeds and are operating with fuller loads.

Some economists feel the current crisis is a result of bad planning combined with the recent price freeze on gas. Dr. W. Phillip Gramm, associate professor of economics, said recently that "Price controls distort production seriously. There has been a history of the ineffectiveness of price controls for over 2,000 years and they have never been successful from the point of view of stopping inflation.

"The imposition of a price ceiling on natural gas at the wellhead (point of extraction) is as much as 30 percent below the going world market price," he said.

Gramm blamed quotas and duties on foreign oil imports and environmental constraints for the current energy crunch.

Over the past five years environmentalist groups have virtually stopped the rapid expansion of nuclear reactors and nuclear development to produce electricity by non-pollutant methods. They have forced electricity producers to convert from coal, a traditionally cheap source of fuel, to oil in some large cities and have consequently driven oil prices up.

"Environmentalists have forced the stoppage of the Alaska pipeline and have placed limitations on offshore drilling," he said.

The Sept. 10 issue of Nation said a U.S. geological Survey disclosed "massive sedimentary deposits on the Continental Shelf just off Long Island and New Jersey at least twice as extensive as any previously known."

"Commercial exploitable reserves along the entire length of the Continental Shelf are estimated at 30 to 42 billion barrels of oil, five to six billion barrels of liquid natural gas and 183 to 211 trillion cubic feet of natural gas."

Although environmentalists are concerned over the possibility of spills from deep sea drilling they say the real damage will come from day-to-day chronic leaks from pipeline breaks, oil transfer equipment and near shore facilities.

The major oil companies have been accused of fabricating the shortage situation or at least of capitalizing on it. U.S. News said "Major gas suppliers have used the shortage to cut their marketing areas down to the most profitable size and have begun to increase competition with independent nonbranded dealers."

But Otto W. Glade, coordinator of creative services for Exxon in Houston, said recently that the shortage is a result of simple supply and demand. He blames the shortage on three major developments:

There has been a rapid growth in energy demand at 17 percent a year over the last 18 months as compared with a seven percent increase yearly from 1965 to 1971. The unrealistic price ceiling on natural gas made it non-competitive with coal and oil and discouraged further exploration for new supplies.

"In addition, environmentalists restricted the use of coal through air quality regulations such as the Clean Air Act. And no one wants nuclear

reactors or generating plants in their communities," Glade said.

The June 18 issue of Nation accused oil companies of "reaping windfall profits." It blamed the industry for discouraging the development of new refinery capacities saying, "Companies have done little or nothing over the past five years to avoid shortages."

"Rather than increase refinery capacity in the United States, oil companies have concentrated construction in the Caribbean where local tax advantages make refinery development extremely attractive and affords greater marketing flexibility."

Nation accused the major oil companies of "consciously under-producing fuel oil during the fall and early winter months of 1972, thereby aggravating, if not creating, the fuel shortage."

Glade insists that all refineries in the country are running at full capacity.

"The reason we don't build more refineries is because of the uncertainty of crude oil supplies, the uncertainty of future environmental regulations and the difficulty of finding sites to build." No one wants refineries nearby, either.

Refineries in Texas are using imported crude oil," he said. "There is a growing gap filled by imported crude oil but the world demand is increasing faster than the U.S. demand for it. Spare production capacity throughout the world has essentially dropped to zero," Glade said.

Nixon is aiming for energy self-sufficiency for the nation in three to five years. He has strongly supported the Alaska pipeline, encouraged the development of deep water super-tanker ports, and authorized the stripping of western coal reserves. He has promised to speed up licensing of nuclear power plants and has begun piping oil from California reserves held for military emergencies.

Some large industries have already begun operating on an energy conservation program. U.S. News of Sept. 10 said that DuPont shows an average savings of 10 percent or one and a half million dollars based on 1970 figures.

Lockheed of California saved \$1 million in utility bills in 1972 by raising air conditioning settings from 72 to 75 degrees. U.S. Steel recycled natural gas waste given off by coke ovens for use as fuel in other operations. Aluminum Company of America recently patented a new process that will enable it to cut electric power usage in new plants by one-third.

The Environmental Protection Agency reports that if the average car weighed 2,500 instead of 3,500 pounds we would save 2.1 million barrels of crude oil a day.

Federal government support of research into solar energy has increased from next to nothing in 1971 to \$13 million during the current fiscal year according to Newsweek of July 16.

"Over the past decade about 25 homes have been constructed in parts of the U.S. with heating systems powered largely by solar energy," Newsweek said. The University of Delaware developed an experimental house that uses the sun for heating and cooling and converts sunlight into electricity to run home appliances. Batteries charged by the sun during the

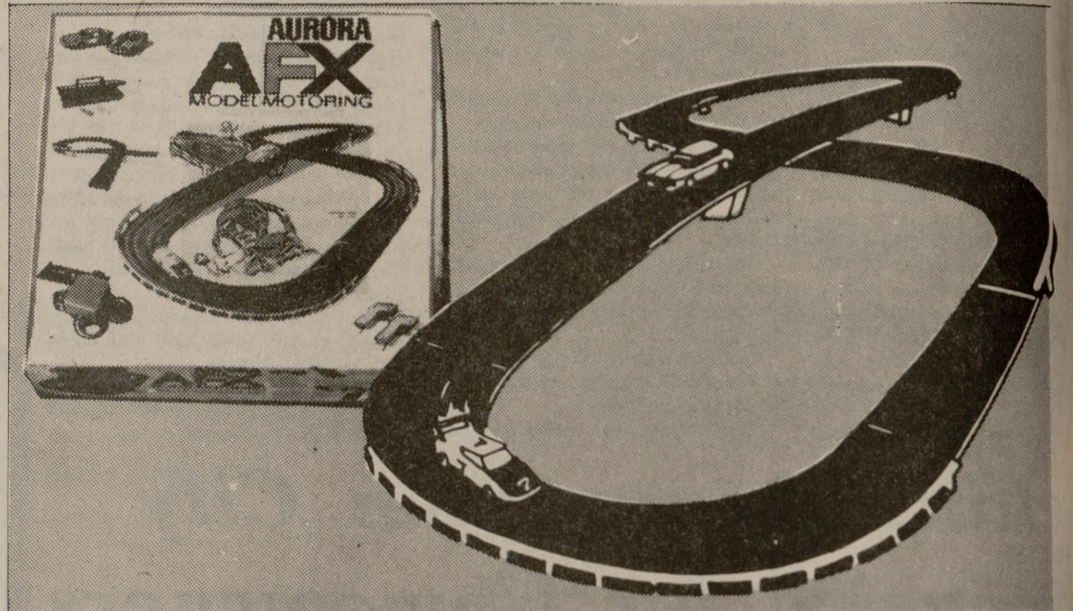
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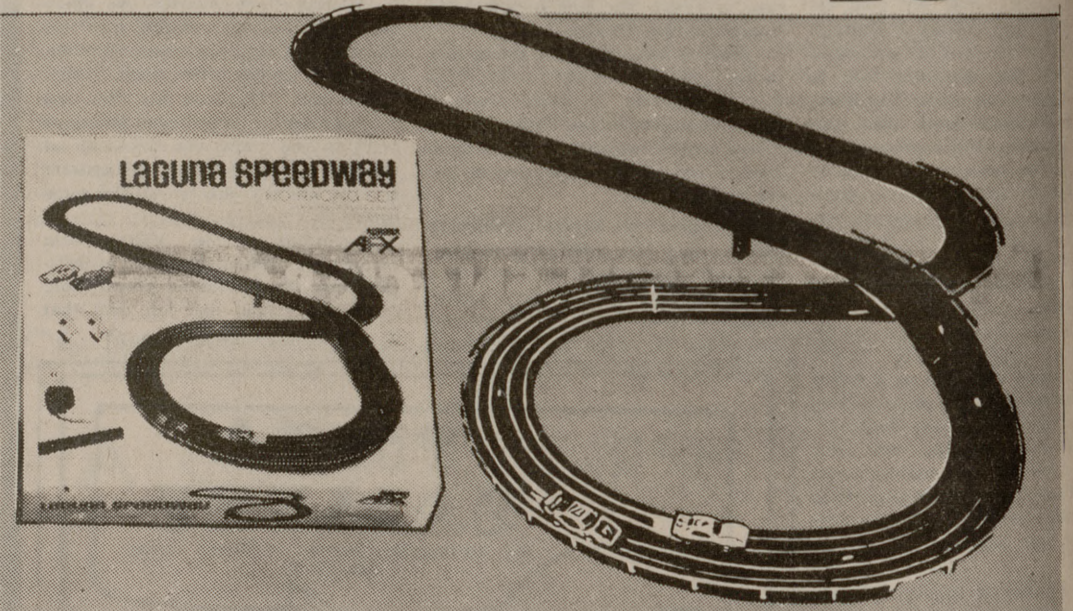
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