

Local



Staff photo by Greg Gannon

Sighting in

Engineering geology major Brandon Quinn sights in on his compass Sunday afternoon to take a bearing in front of the Halbouty Geosciences Building. The Geology 209 class is using the compass exercise to map a layout of the building using paced off distances and compass bearings.

Oil decontrol may increase drilling efforts

By CINDY GEE  
Battalion Staff

Less money, fewer vacations and smaller cars are the results many people are seeing from rising gasoline costs, but local experts agree the end results of oil deregulation will greatly benefit Americans.

"I'm very much in favor of deregulation of crude oil prices," Dr. Earl Cook, Texas A&M University dean of geosciences, said. "Not because it has been unfair to the American producer relative to the foreign producer, which it has. Not because it will provide the oil companies with more money to try and find more oil, which it will. But because I think we need to have the cost... of petroleum products rise still further to encourage us to save what we eventually will not have."

Cook, whose background is in mining engineering, geology and resource geography, has written about energy problems for 15 years.

"There's no way the United States could become independent of foreign oil in a short term," said Dr. Robert Berg, Texas A&M director of research. "But with the declining supplies of conventional oil and gas, the oil companies may find it profitable to produce the unconventional methods."

Berg, who has field experience in petroleum geology, said the unconventional methods — obtaining oil from shale, coal or tar sands — require great capital investments before there is any return. He said the United States will soon be in a position where it will have to resort to those methods.

One major oil industry executive said that free enterprise, an overall competitive system, will allow Americans to buy at the best price. He said competition will keep the cost of gasoline from skyrocketing, but if gasoline is more expensive, it will lead people to develop alternative resources.

Because of deregulation, the executive said there will be a continued strong effort in drilling, and oil companies will take higher risks to go after expensive oil. With time and without government control that oil will be marketable, he said.

When oil seemed to be plentiful, the person who could find more oil and sell it below his neighbor's price made more money. Everyone tried to sell his product a little bit cheaper. Ultimately, the consumer who paid

about 30 cents a gallon for gasoline benefited.

But in 1973, the Arabs realized that their reserves would run out. They increased the world market price, while the United States kept its price at a much lower rate. That year the world market price was \$12 a barrel, while the price for U.S. oil remained at \$5 per barrel due to government-imposed price ceilings.

Before deregulation, United States old oil (oil produced from wells that were drilled prior to 1973) sold for \$6.50. At the same time new oil sold for about \$18 per barrel. Currently the world price is about \$40 per barrel.

"Old oil" is oil discovered before 1973; "new oil" is oil discovered after 1973. The federal government's price controls on old oil encouraged exploration. By artificially deflating the price of already-discovered oil, the government encouraged oil firms to concentrate efforts on searching for new wells, rather than developing old ones.

Berg said the oil regulations made companies more or less frantic to find more new oil. Exploration speeded up, because if U.S. companies couldn't sell the oil for the world market price, the next best thing they could do was to find more oil to sell at the new oil price.

Cook said the United States was importing half of its petroleum a few years ago, and half of that oil that was refined was used for transportation fuel.

"An awful lot of the wealth of this country has been going to pay for imported oil," he said. "Last year it was over \$80 billion."

An imbalance between these foreign oil outlays and our export revenues contributed strongly to inflation, he said.

In addition, oil companies are keeping interest rates up because they are borrowing a great deal of money for exploration, Cook said. He said it might be better to use some of that exploration money to develop alternative energy sources.

Yet, exploration is relatively cheap compared to drilling because of the equipment and labor involved, Berg said. Drilling is expensive because companies are having to drill deeper and in harder-to-get-at places, such as off shore and in Alaska, he said.

In other words, until now there was more of an incentive for the companies to find new oil rather than to continue drilling an old oil field. Usually only one-third of the oil in a well is recovered, Berg said. The other two-thirds are more expensive and harder to extract.

Higher gasoline prices will encourage Americans to decrease their gasoline usage, which in turn will cut down on the enormous payments to foreign oil producers, and will get the United States to move a little faster in developing alternatives to petroleum, Cook said.

"In the energy business the individual still makes a lot of important decisions," he said. "We're still able to decide what size car we're going to

buy and how we're going to use that car."

"We've gotten into an inflationary kind of thinking and it goes this way: 'Well \$1.25 a gallon is an awful lot compared to what it used to be, but the papers tell me it's going to be \$2 by the end of the year, so maybe I better buy what I can now and use it up until I get so poor, or it gets so

high in price I can't afford it.'"

As profits to the oil companies go up, profits to the government will also go up because of the windfall profits tax. This tax allows the government to tax a certain percentage of the oil companies' profits, and as Carter indicated, to pass the money back to the public via certain social programs.

Advisory council to discuss issues

By SHARON D. RENFROW  
Battalion Reporter

Even a president needs advice; that's why Student Body President Brad Smith formed an advisory council when he came into office.

"It was something I felt we needed to do," Smith said. The Texas A&M University student body by-laws allow for an advisory council each year made up of student leaders from groups on campus and there has not been one for several years, he said.

On Sept. 10, these leaders met with Smith and a council was formed. Its members are:

- Sherrie Balcar, president of the Residence Halls Association.
- Gary Branch, president of the Class of '82.
- Ken Cross, Cadet Corps Commander.

— Jay Cross, president of the Class of '84.

— Ernen Haby, president of the MSC Council and Directorate.

— Greg Hood, president of the Traditions Council.

— Aubrey Johnson, president of the Graduate Student Council.

— Mike Lawshe, president of the Class of '83.

— Jess Mason, president of the Class of '81.

— Sam Olivieri, president of the International Student Council.

— Mark Outlaw, head yell leader.

— Paula Sorrells, president of the Off-Campus Aggies.

— Brad Smith, president of the student body.

— Brien Smith, president of the Married Student Council.

The main purpose of this council is to improve the representation of the student government, Smith said.

"We are an umbrella over all the student groups and it would be bad if I went through the year without talking to the president of the Class of '83 or the president of the International Student Council," he said.

Not only does the president get to know the groups but they get to know each other. "This council gives everybody a chance to get together and discuss their issues and ideas," Smith said.

The council meets once a month to discuss topics of concern and current bills. Some topics under discussion are teaching effectiveness on campus

and the possibility of limited student enrollment.

"We aren't looking for solutions, just opinions," Smith said. "We have to understand the problems first before we can act on it," he said.

Another important purpose of the council, Smith continued, is that it allows these leaders speaking privileges at senate meetings. "If an issue affecting their group came up at the meeting they can speak on it," he said. "And as the name implies, if they have any advice on a bill they can tell me about it at our meetings."

Smith is pleased with the accomplishments of the advisory council. "Our main goal has been met," Smith said. "We all got to know each other."

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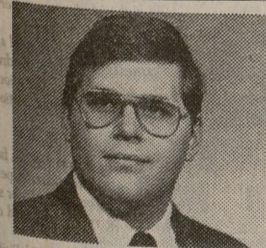
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