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P 7-5/2 to Dir 4

APR 6 - 1976

FORD, Gerald R.

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

James T. Lynn *15/1 L*  
Frank G. Zarb *15/1 Z*

SUBJECT:

Federal Energy Administration Budget Issues

Since our meeting on March 25, OMB and FEA have worked to develop suitable compromises on the issues presented to you. These included the State conservation grant, petroleum industry audit and strategic storage programs.

We are in agreement on the following:

◦ State conservation grant program

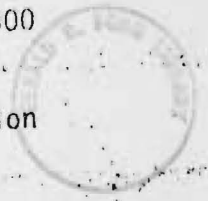
Instead of making a final decision on the structure of the State conservation grant program at this time, the OMB option and an alternative formula approach developed by FEA will be discussed with selected Governors. This approach will enable us to maintain the working relationships we have established with the Governors on energy issues while keeping all of our options open prior to your final decision.

◦ Petroleum industry audits

FEA has agreed to accept the OMB recommendation of 1,326 positions for FY 1976 and 1977.

◦ Strategic storage program

A commitment will be made to complete the first phase (150 million barrels) of the 500 million barrel storage system in three years at the lowest feasible cost per barrel. Although several aspects of the system are still uncertain (e.g. cost estimates for facilities range from \$1.00-\$1.30/barrel), \$300 million in budget authority will be requested in 1976 for construction of facilities. Outlays are estimated at \$6 million for 1976 and \$240 million for 1977. The \$300 million



in budget authority should be sufficient to meet the 150 million barrel goal--indeed, even at the high end of present per barrel estimates, it should be enough for more than 200 million barrels.

- If the \$300 million is not sufficient, a supplemental appropriation will be requested, and funds then held for oil purchases can be reprogrammed to maintain facility construction levels until the supplemental is approved.
- If, on the other hand, the full \$300 million is not required for the early system, the unutilized amount will be allocated to expand the early storage system to the 500 million barrel system intended within seven years.

OMB and FEA agree that 50 million barrels will be placed in storage in 1977, with the remaining 100 million barrels of the early system being stored in 1978.

We have also reached tentative agreement on two other issues that require your consideration: the price of oil to be included in the budget for the storage program and the industrial component of the program.

#### . PRICE OF OIL

The price of oil to be included in the budget has a major impact on outlays for 1977 and 1978, since at least 40 million barrels will be purchased in 1977 and at least 55 million barrels in 1978. Two alternatives that employ different mixes of domestic (old and new) and imported crude oil are:

	<u>price/ barrel</u>	<u>% old oil (5.75)</u>	<u>% new oil (12.40)</u>	<u>% imported oil (13.00)</u>	<u>1977 outlays \$ millions</u>
Alt. #1:	7.50	75%	-	25%	300
Alt. #2:	11.00	25%	35%	40%	440

The \$11.00 price is the national average crude oil price paid by all refiners. The \$7.50 option is an arbitrary price that could be achieved, at least theoretically, through FEA's regulatory powers. The advantages and disadvantages of these alternatives are summarized in the following:

Alternative #1: \$7.50 per barrel

- The main advantages of this option are:

- (1) A budgetary savings of \$3.50/barrel or \$140 million in 1977 and \$193 million in 1978; and
- (2) A shift of this difference in financial burden from taxpayers in general to oil consumers (the beneficiaries of the program) in particular by raising prices at the pump about 1/20¢ per gallon.

- The main disadvantages of this option are:

- (1) Additional legal risks involved in using FEA's price control authority to place the government in a preferred position vis-a-vis domestic refiners. If this could not be sustained against court challenges under the relevant statutes, and FEA's General Counsel has concluded it would be difficult, timely completion of the system would be delayed;
- (2) Little opportunity to negotiate bilateral purchases of oil at below world market prices, because foreign producers not likely to sell us oil at \$7.50 per barrel;
- (3) Difficulties in explaining to the Congress and to the public why the government has elected to use cheaper oil for storage while raising prices to consumers, although only an average of 110,000 barrels a day out of an available 4.5 million barrels a day of old oil would be used; and
- (4) The paradox of using price controls--which the Administration has opposed--to the advantage of the Federal Government to keep budget outlays down, since we would not even be paying the same price that other crude oil purchasers would be paying.

Alternative #2: \$11.00 per barrel

- The main advantages of this option are:

- (1) Significantly reduced legal risks, since the government would not be in a preferred position, vis-a-vis other domestic crude buyers (i.e., it would be paying the same price);

- (2) Adequate price levels and funds to negotiate bulk purchases from foreign producers at below market rate; and
- (3) Greater ability to defend a program to Congress and the public that has the government proposing to pay the same price for its oil as everyone else.

- The main disadvantages of this option are:

- (1) Higher budgetary outlays in 1977 and 1978, resulting in breaking through \$394.3 billion; and
- (2) Shift in some of the financial burden of the program from oil consumers to taxpayers (via higher budget outlays).

We recommend Alternative #2 (\$11.00/barrel). The outlays are well within the allowance for contingencies for this program used in preparing the 1977 budget. The reason for breaking through the \$394.3 billion is not this program, but HEW's original miscalculation of the cost of the Medicare catastrophic protection proposal, which required using up \$700 million of the contingency allowance shortly after the budget was published. Using Alternative #2, budget outlays through your actions would be \$394.6 billion for 1977. Adding about \$1.5 billion of congressional add-ons to date would bring it up to \$396.1 billion.

#### INDUSTRIAL STORAGE

The statute provides FEA authority to require the petroleum industry to purchase part of the oil--up to 180 million barrels--that is to be placed in the reserve. Although FEA and OMB agree that this is a valid program objective that ought to be implemented, a final decision cannot be made until further information is gathered and a public rulemaking procedure is completed. FEA has a major study of industrial storage underway which is scheduled for completion in August.

The issue is what position to adopt regarding implementation of the industrial portion of the reserve at this time. Some position is required for budgetary purposes and in order to complete a report on the Early Storage Program that was due on March 22 to Congress. Two options are assessed below:

Alternative #1: Indicate that no final decision will be made on the industrial program until FEA's analysis and rulemaking is completed, but that we are using a tentative industrial requirement of 10 million barrels for planning and budgeting purposes in 1977 and 45 million barrels in 1978 for planning and budgeting purposes. This could cost the industry up to \$150 million in 1977 and \$675 million in 1978.

- The principal advantages of this approach are:

- (1) Budgetary savings of \$110 million in 1977 and \$495 million in 1978 (assuming \$11.00 oil is used); and
- (2) Early, albeit tentative, notice to the industry and the Congress that the petroleum industry will have to share part of the costs of the program.

- The principal disadvantages of this approach are:

- (1) Industry's opposition to utilization of the industrial program and the possibility of a lobbying effort to block the program if early notice is given; and
- (2) The need to seek a sizable supplemental if the industrial program is not eventually implemented.

Alternative #2: Assume no industrial storage requirement for planning and budgeting purposes pending outcome of FEA's analysis and rulemaking procedure and add an additional \$110 million to FEA's 1977 budget amendment

The principal advantage of this option is reduced opposition in near term from petroleum industry and suspension of lobbying effort until final decision is made.

The principal disadvantage of this option is major outlay impacts of \$110 million in 1977 (beyond the \$440 million required for purchase of oil at \$11.00 per barrel in 1977), creating further pressures on the \$395 billion target.

We recommend Alternative #2 because it is premature to make a decision on the extent to which industry should participate in the storage program until the FEA study has been completed and we have had a chance to review it.

cc: Official file - DO Records  
Director's chron.  
Director, Deputy Director  
Mr. Mitchell, Mr. Glozer  
Mr. Niemela, Mr. Lum, Mr. Mietus

EFD:HLum:JMietus:sp 4/6/76

4-7-76  
Original signed & delivered per J. J. [unclear] by [unclear] B. G. [unclear]  
E. C. [unclear]

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Dispatched 4/8  
to GC for handcarry  
(receipt unnecessary)



FEDERAL ENERGY ADMINISTRATION  
WASHINGTON, D.C. 20541

April 7, 1976

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB

SUBJECT: NOMINATION OF MR. ROBERT G. DAVIS

With the departure of Bill Geimer to the State Department, the post of Director, Intergovernmental, Regional and Special Programs at the Federal Energy Administration is vacant. By statute, the post must be filled by a Presidential appointee confirmed by the Senate.

I would like to recommend that you nominate Robert G. Davis to fill that post. Bob, who presently is the Deputy Director of that office, has had extensive political, managerial and administrative experience in both Government and private industry. He was the president of a plywood manufacturing firm, and subsequently has filled responsible public service positions at the county, state and national level. In the latter category, he has been the District Attorney and, later, Circuit Judge in Douglas County, Oregon; Speaker Pro Tem of the Oregon House of Representatives; Executive Assistant to Governor McCall; and Director, Intergovernmental Relations, at FEA.

His resume together with a position description are attached.

Attachments



FORD, Gerald R.

SUMMARY

ROBERT G. DAVIS

Present Employment: Deputy Director, Intergovernmental,  
Regional and Special Programs  
Federal Energy Administration

Business Address: Room 4309, Federal Building  
12th and Pennsylvania Avenue N.W.  
Washington, D. C. 20461

Home Address: 627 - 12th Street N. E.  
Washington, D. C. 20002

Telephones: Business - (202) 961-6041  
Home - (202) 398-3339

Date, Place of Birth: December 11, 1924, Wallowa, Oregon

Social Security Number: 540-26-3158

Health: Excellent

Marital Status: Married to former Catherine Mary  
Dorroh

Professional Synopsis:

Extensive managerial and administrative experience in both government and private industry supplemented by positions of public service on the county, state and national levels.

Education

University of Oregon, 1943-1948  
L.L.B. University of Oregon Law School, 1948  
Doctor of Jurisprudence, 1971

Professional Experience:

- o Director, Intergovernmental Relations, FEA
- o Executive Assistant to Governor McCall
- o Speaker Pro Tem, Oregon House of Representatives
- o Circuit Judge, Douglas County, Oregon
- o District Attorney, Douglas County, Oregon
- o Private practice of law
- o President and General Manager of plywood manufacturing firm





## RESUME

ROBERT G. DAVIS  
627 - 12th Street N. E.  
Washington, D. C. 20002

### I. EMPLOYMENT

#### Current Status:

Deputy Director, Office of Intergovernmental, Regional and Special Programs, Federal Energy Administration, November 1, 1974. Job description: Has responsibility to insure that state and local governments are participants in development and implementation of national energy policy, in accordance with Section 20 of the FEA Act. Insures that the state and local policy positions are communicated to the Administrator and the Assistant Administrators in all program areas so that the state and local government perspective will be considered in the formulation of overall policy.

Develops and implements technical and financial assistance programs for state and local government energy activities.

Investigates and calls to the attention of the Administrator and/or appropriate Assistant Administrator all situations where FEA programs or policies impact unfairly on a specific state or local government unit or a small number thereof.

The incumbent is responsible for establishing a communications system with FEA Regional Administrators and their Intergovernmental Relations personnel to insure that state and local government concerns of a regional nature are properly heard at the Headquarters level.

Determines when new or modified statutes or regulations are needed to address existing or potential problems being experienced by state and local governments; recommends appropriate legislative or executive action to the Administrator.

Serves as liaison with local state and federal agencies. This involves maintaining contact with individuals in the various agencies, being alert for possible new requirements or directions at the state and local level, and in general maintaining a cooperative relationship between FEA and the states.

Executive Assistant to Governor Tom McCall, November 15, 1970 to November 1, 1974. Job description: As chief of staff, oversee for the Governor the work of all agency administrators and 32,000 state employees. Constantly review and monitor all

state programs. Consult with the Governor in development of state budgets, policy and new program thrusts. Review and make recommendations on internal and external communications. Serve as chief liaison between the Governor's Office, the Legislature and the general public. This often requires mediation of disputes, conferring with varied constituencies of opposing views, to develop a consensus for action. Mold program concepts into legislative proposals. Contact legislative leadership, committees and individual legislators to secure enactment of proposals into law. (Principal author of Governor's School Finance and Tax Reform Program, 1972-1973; Media Shield Law, 1973.) Manager of Governor's central office staff. Oversee preparation of Executive Orders. Contact Congressional delegation on behalf of Governor. Make speeches and television appearances and give media interviews on behalf of Governor. Coordinate security and disaster services agencies. Represent Governor on Staff Committees of National Governors' Conference and Western Governor's Conference.

Special Assistant to Governor for Human Resources, January 15, 1970, to November 15, 1970. Job description: Chief assignment was to coordinate activities of and eliminate duplication among State divisions of Welfare, Health, Mental Health, Vocational Rehabilitation, Employment and Corrections, and three smaller agencies. Chief liaison officer from these agencies to Governor. Drafted legislation approved in 1971 for creation of Department of Human Resources to enlarge upon and codify inter-agency coordination.

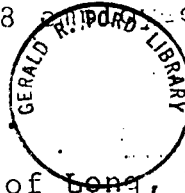
Private practice of law, Medford, Oregon, firm of Holmes, James and Davis, September 1, 1967 to January 1, 1970. (Also during this period: Member, State House of Representatives, Oregon.)

President and General Manager, Southern Oregon Plywood Company of Grants Pass, 1960 to 1967. Job description: Chief executive officer for firm manufacturing and distributing 70 million feet of Douglas fir plywood a year. 280 employees annual payroll in excess of \$2.5 million. Served on board of directors of Southern Oregon Plywood from 1948 until its sale in 1967. Also during this period served as president of Southern Oregon Plywood wholly-owned subsidiary, Sierra Wood Products Co., manufacturer and distributor of decorative plywood wall paneling and painted sidings.

President, Doors, Inc., of Mt. View, California, 1961 to 1971. Job description: Supervisor of wholesale plywood distribution and allied building products company. 18 employees; approximate annual sales of \$2.5 million.

Circuit Judge, Douglas County, Oregon, 1958-1960.

Private practice of law, Roseburg, Oregon, firm of Long, Neuner and Davis, 1952-1958.



District Attorney, Douglas County, Oregon, 1949-1952.

In addition to responsibilities for enforcement of criminal law served as chief legal advisor to County Government in civil matters.

Private practice of law, Roseburg, Oregon, firm of Davis, Walton and Richmond, 1948-1949.

## II. Education

Medford, Oregon, High School, graduation 1943.

University of Oregon, 1943-1948; L.L.B., University of Oregon Law School, 1948; Doctor of Jurisprudence, 1971.

Los Angeles Law-Science School Short Course, "Medicolegal Trial Technique and Legal Medicine", July, 1954.

Oregon State Bar Continuing Legal Education Series.

Oregon Juvenile Court Judges Association, "Juvenile Court Summer Institute," Oregon College of Education, 1970.

## III. Other Professional Experience and Service

Special Prosecutor, Douglas County, Oregon, 1952.

Special Prosecutor, Jackson County, Oregon, 1952.

Special Prosecutor, Wallowa County, Oregon, 1954.

Special Assistant Attorney General, Portland, Oregon, Grand Jury Criminal Investigation, 1956.

Admitted to practice, Oregon State Bar (1948), United States District Court (1952), and United States Supreme Court (1968)

Lecturer, State Division of Continuing Education, "Criminal Justice System", 1970.

Part-time instructor, Spring Semester, 1971, Willamette University; course title: "Social Revolution and the Law".

Lecturer, High School Seminar Series, Spring Semester, 1973, Willamette University.

Delivered paper, "Analysis of State School Finance Reform Legislation in Oregon," (November, 1973), National Symposium on State School Finance Reform.

IV. Service and Personal Development

Organizer and first chairman, Douglas County, Oregon, Highway Traffic Safety Committee, 1951; Member, 1951-1958.

Director, H & J Corp., Medford, Oregon, 1954-1964.

Director, Douglas County, Oregon, State Bank, 1956-1957.

President, Robindale School for the Mentally Retarded, Roseburg Oregon, 1957-1958.

President and organizer, Roseburg, Oregon, High School Indian Club, 1957.

Chairman, Douglas County, Oregon, Juvenile Advisory Council, 1957-1958.

Member, Board of Trustees, Oregon Highway Lifesavers, 1958.

President, Roseburg, Oregon, Kiwanis Club, 1958.

Director, First National Bank of Roseburg, Oregon, 1959.

Member, Josephine County, Oregon, Association for Retarded Children, 1962-1964.

Member, (Board of Directors) Douglas Fir Plywood Association (predecessor of American Plywood Association), 1962.

Member, Oregon Crime Control Coordinating Council, 1967-1969.

Member, Oregon Law Enforcement Council, 1971-1972.

Member, Portland-State of Oregon High Impact Crime Task Force, 1972-1973.

Member, Oregon State Commission on Interstate Cooperation, 1972-1973.

Member, Oregon Corrections Education Commission, 1973-1974.

Member, University Club, Portland, Oregon

Governor's representative for development of Northwest and Western Regional Energy Policies, co-chairman of Staff Advisory Committee of Western Governors' Conference.

Chairman of Committee Task Force examining role of Western Interstate Commission on Higher Education (WICHE).

V. Oregon Legislative Experience

State Representative from Jackson County, 1967 and 1969 legislative sessions.

Member, Legislative Interim Committee on Natural Resources, 1967-1969.

Member, Labor-Management Relations, Education and Judiciary Committees of Legislature, 1967.

Member, Legislative Ways and Means Committee, 1969.

House Speaker Pro Tem, 1969.

Chairman, Special House Task Force on Higher Education, 1969.

Member, Legislative Emergency Board, 1969-1970.

Legislative interests:

Financial management; Ways and Means Committee analysis of state agency budget and recommendations for re-arrangement of financial priorities.

Government reorganization; assisted in reorganization of Executive Department.

Human resources; guided through Legislature comprehensive law creating Oregon Department of Human Resources in 1971; conceived and obtained passage of state subsidy to sheltered workshops for the handicapped, 1971.

Environment; assisted in drafting legislation and winning approval of billboard removal law and beverage bottle-can deposit law in 1970, and beach protection law of 1969.

Arts Commission; a principal in winning approval of creation of Oregon Arts Commission, 1967, and increased state funding in 1969.

Civil rights; guided to approval in 1969 legislation expanding Oregon Civil Rights law.

VI. Honors

Roseburg, Oregon, Junior First Citizen, 1953, for chairmanship of Community Chest fund campaign, traffic safety campaign, service to law enforcement, and organization of West Roseburg housing project.

Roseburg, Oregon, Senior First Citizen, 1957, for obtaining public support of previously privately financed schools for mentally retarded, chairmanship of Douglas County Highway Lifesavers, and work as chairman of Douglas County Juvenile Advisory Council.

"Lay Citizen for Education," Douglas County, Oregon, 1958, for work on behalf of schools for mentally retarded, highway safety activities, president and organizer of Roseburg, Oregon, High School booster organization.

"Outstanding Freshman Legislator," Oregon Legislature, 1967.

VII. Memberships

Sigma Chi Fraternity, University of Oregon, Eugene.

Phi Delta Phi Legal Fraternity, University of Oregon, Eugene.

Former member, Roseburg, Oregon, Jaycees.

Former member, Chambers of Commerce in Roseburg, Medford and Grants Pass, Oregon.

Episcopal Church.

Oregon State Bar.

Marion County, Oregon, Bar.

VIII. Publications

Statute and Publications Editor, University of Oregon Law Review, 1947-1948.

"Trial of a Homicide Case," Manual for District Attorneys, 1953.

"Guide to Arson Prosecution," Manual for District Attorneys, 1955.

"The Challenge of Escobedo," International Police Chiefs Association, 1965.

"Report of the Task Force on Higher Education," Oregon Legislature, 1969. The report was a guideline for response to student disruptions.

"Recommendations for Improved Correctional Programs for Oregon," co-author, Oregon Legislature, 1969. (Recommendations adopted by Legislature.)

"Analysis of State School Finance Reform Legislation Proposal in Oregon," 1973.

## REFERENCES

The Honorable Mark Hatfield  
United States Senate  
463 Old Senate Office Building  
Washington, D. C. 20510

The Honorable Robert Packwood  
United States Senate  
6327 New Senate Office Building  
Washington, D. C. 20510

The Honorable Robert Duncan  
U. S. House of Representatives  
330 Cannon House Office Building  
Washington, D. C. 20515

The Honorable Les Aucoin  
U. S. House of Representatives  
329 Cannon House Office Building  
Washington, D. C. 20515

The Honorable Al Ullman  
U.S. House of Representatives  
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Washington, D. C. 20515

The Honorable Tom McCall  
Former Governor of Oregon  
2300 S. W. Broadway Drive  
Portland, Oregon 97201

The Honorable Robert Straub  
Governor of Oregon  
State Capitol  
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The Honorable Kenneth J. O'Connell  
Chief Justice  
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Mr. L. B. Day  
Joint Council of Teamsters #37  
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Mr. Lawrence F. Williams  
Executive Director  
Oregon Environmental Council  
2637 S. W. Water Avenue  
Portland, Oregon 97201

Mr. Wendell Wyatt  
Former Congressman  
Standard Plaza  
Portland, Oregon 97201



STATEMENT OF DUTIES

FOR

DIRECTOR, INTERGOVERNMENTAL, REGIONAL  
AND SPECIAL PROGRAMS

LEVEL V

The Director, Intergovernmental, Regional and Special Programs, will serve in a liaison capacity between the executive levels of the Federal Energy Administration and energy-related organizations of Federal, state and local governments, including the Council of State Governments, National Association of Counties and the National Conference of Mayors.

The Director also maintains liaison between the ten regional offices of FEA and the Washington program and support offices to advise on the regional requirements and to assure that Washington offices are fully informed as to the needs of the regions in accomplishing their functional missions.



orig signed by FZ

Forced, Gerald R.

FEDERAL ENERGY ADMINISTRATION

APR 7 1976

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB *Frank G. Zarb*  
SUBJECT: BIWEEKLY STATUS REPORT

The oil import level for the 4 weeks ending March 19 averaged 7.41 million barrels per day, nearly 200,000 barrels below the all-time high recorded for the 4 weeks ending March 12.

Total demand, at 17.51 million barrels per day, was down slightly from the preceding period but was 669,000 barrels (4.0 percent) above last year's demand level, reflecting the improvement in the economy. However, demand is only 352,000 barrels per day above the pre-embargo level of 1973, which represents an average annual rate of increase of only seven-tenths of one percent.

Demand for residual fuel oil, used heavily by industry and utilities, is up 8.6 percent over last year, although 12.8 percent below the 1973 demand level.

Motor gasoline demand averaged 6.71 million barrels per day for the 4-week period, up 3.6 percent from 1975. The average annual rate of increase since 1973 has been 1.8 percent, compared with an average annual rate of 4.9 percent between 1968 and 1973.

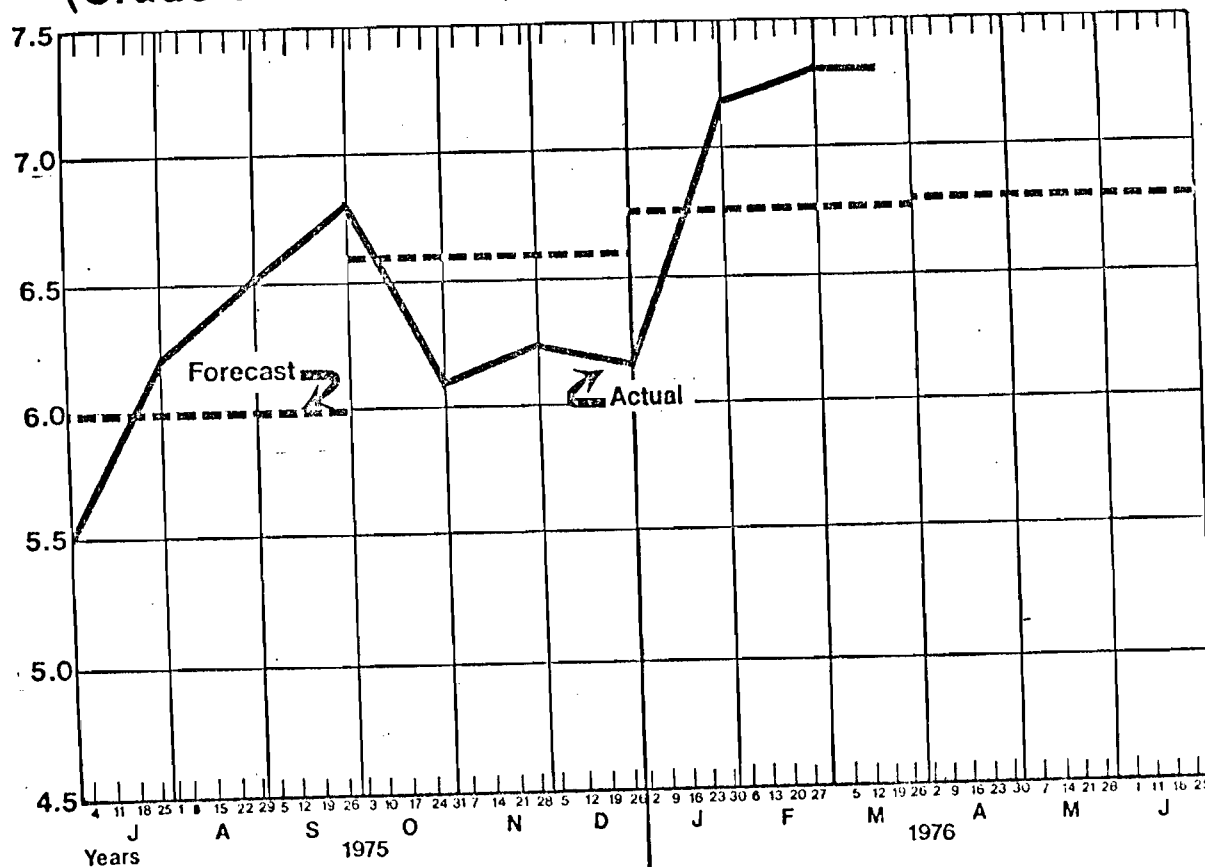
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REWRTN:CRathkopf:gr:rm3212:x8233:4/1/76  
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SDA Chron  
Hogan (2)  
Zausner  
Christie

CONCURRENCES

SYMBOL	<i>SGVR</i>	<i>NA for PA</i>	<i>cc</i>	<i>al</i>			
SURNAME	<i>Dwyer</i>	<i>Inc</i>	<i>Christie</i>	<i>Zausner</i>			
DATE	<i>4/1/76</i>	<i>4/1/76</i>	<i>4-6</i>				
		<i>Christie</i>	<i>Zausner</i>				

Figure 1

# Total U.S. Petroleum Imports (Crude and Product) Millions of Barrels per Day

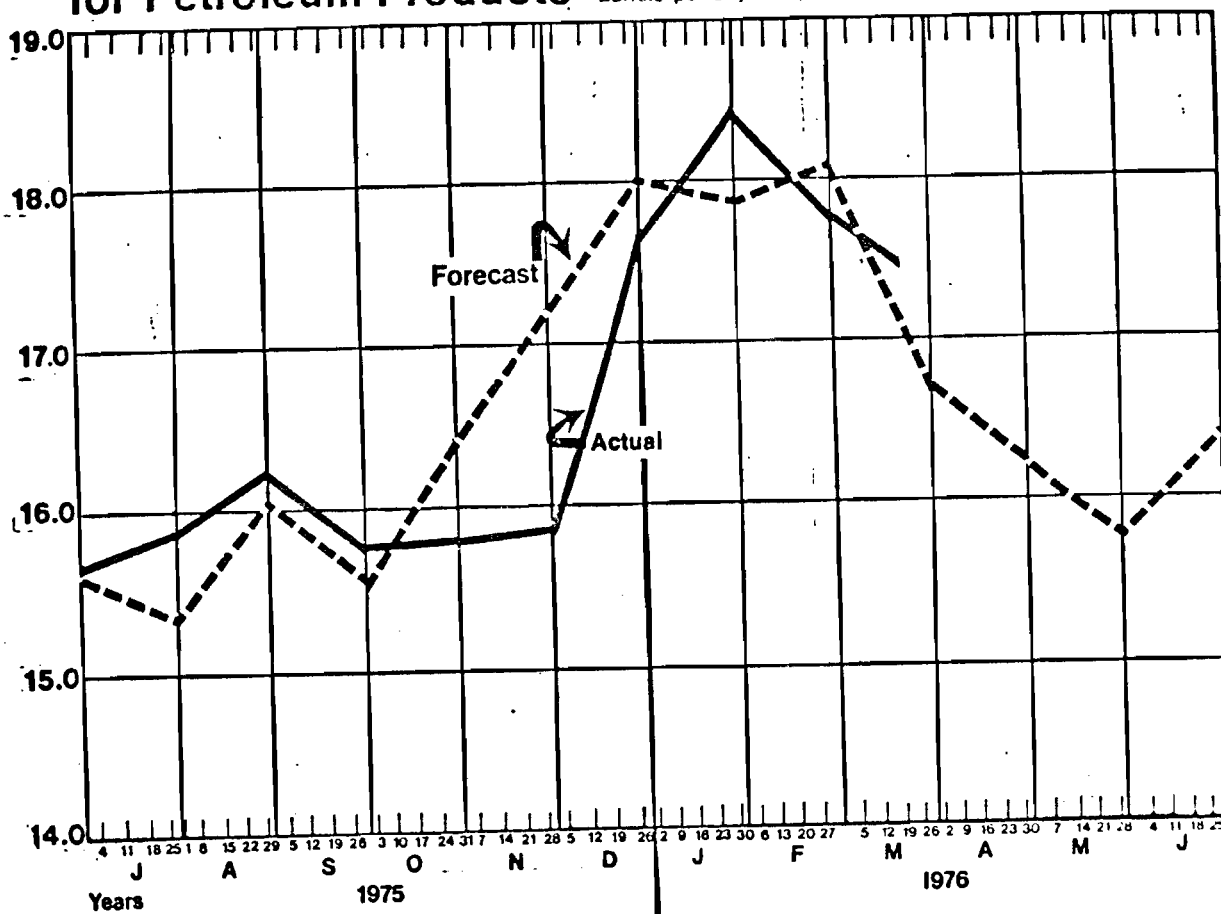


- o For the 4 weeks ending March 19, total imports averaged 7.41 million barrels per day, down 197,000 barrels per day from the 4-week, all-time high recorded for the period ending March 12. This was 1.29 million barrels per day above last year, 2.01 million above 1974, and 1.10 million above 1973.
- o Crude oil imports, at 5.15 million barrels per day, were 1.19 million barrels per day higher than in 1975.
- o The forecast for total imports is shown on a quarterly basis because of data constraints within the forecasting methodology. It is anticipated that these data limitations will be overcome shortly and the import estimates will be available on a monthly basis thereafter.

Figure 2

# Total Apparent Demand for Petroleum Products

Millions of Barrels per Day

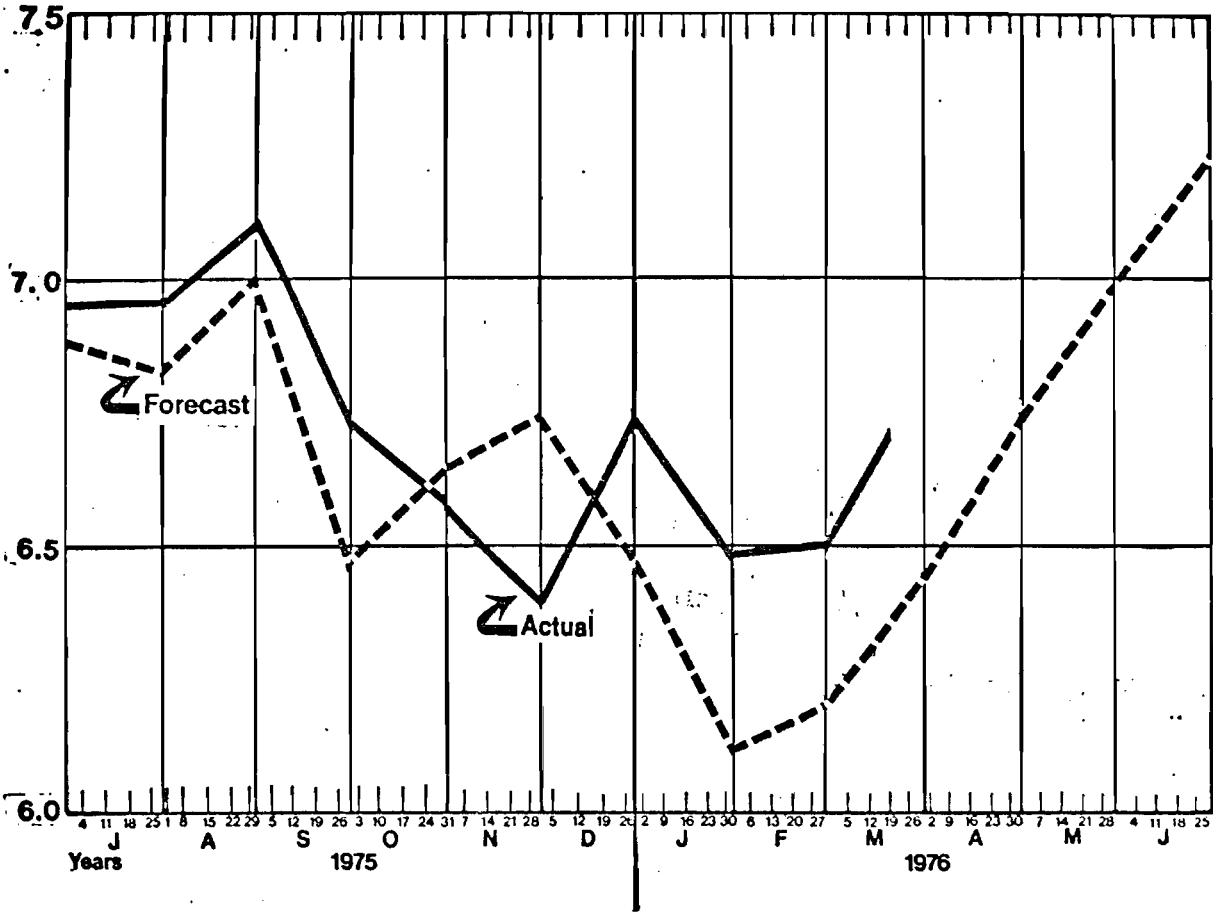


o Total apparent demand during the 4 weeks ending March 19 was 17.51 million barrels per day. This was 669,000 barrels per day (4.0 percent) above the corresponding period in 1975, 687,000 above 1974, and 352,000 (2.1 percent) above 1973.

Figure 3

# Apparent Demand for Motor Gasoline

Millions of Barrels per Day

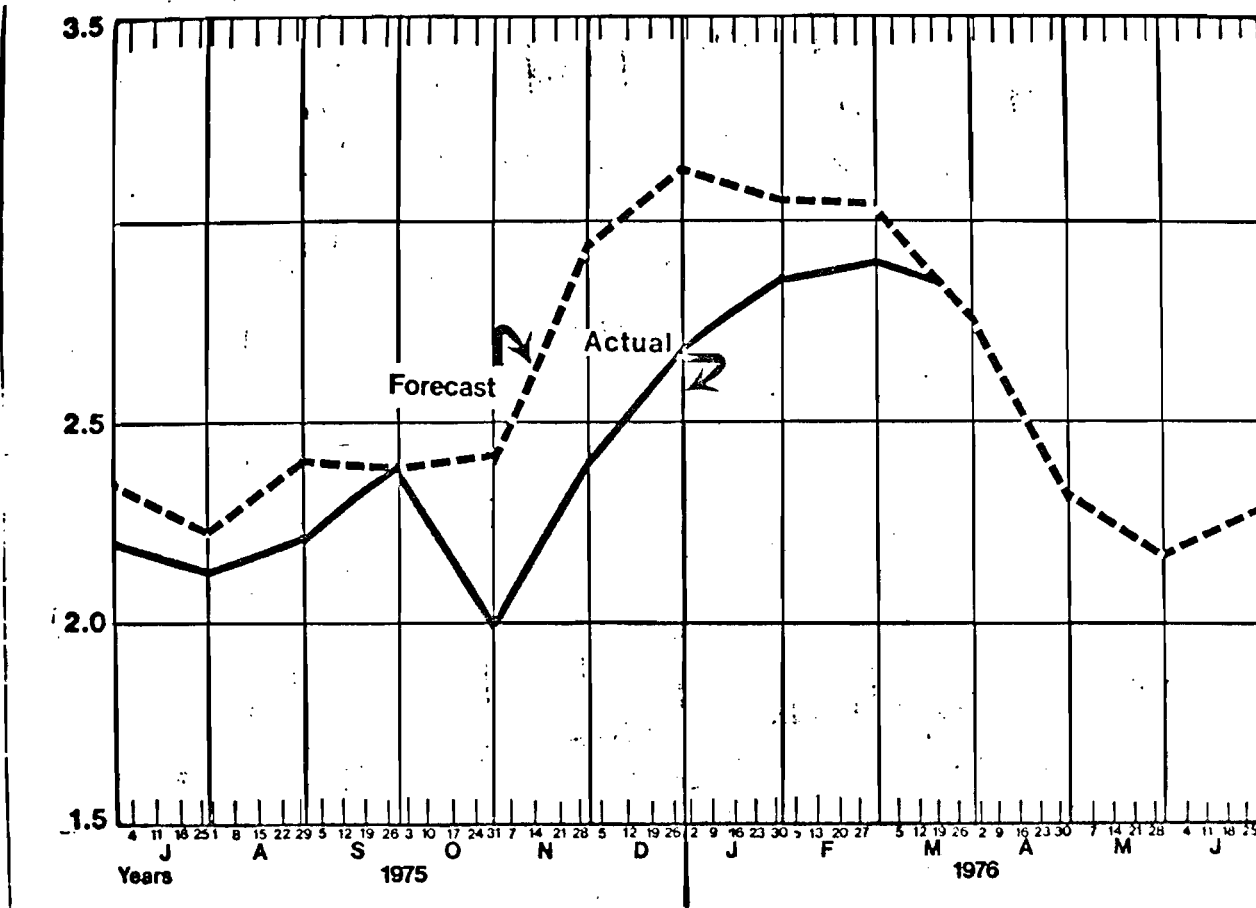


- o For the 4 weeks ending March 19, motor gasoline demand was 6,71 million barrels per day, 234,000 barrels per day higher than in 1975, 598,000 above 1974, and 343,000 above 1973.

Figure 4

# Apparent Demand for Residual Fuel Oil

Millions of Barrels per Day

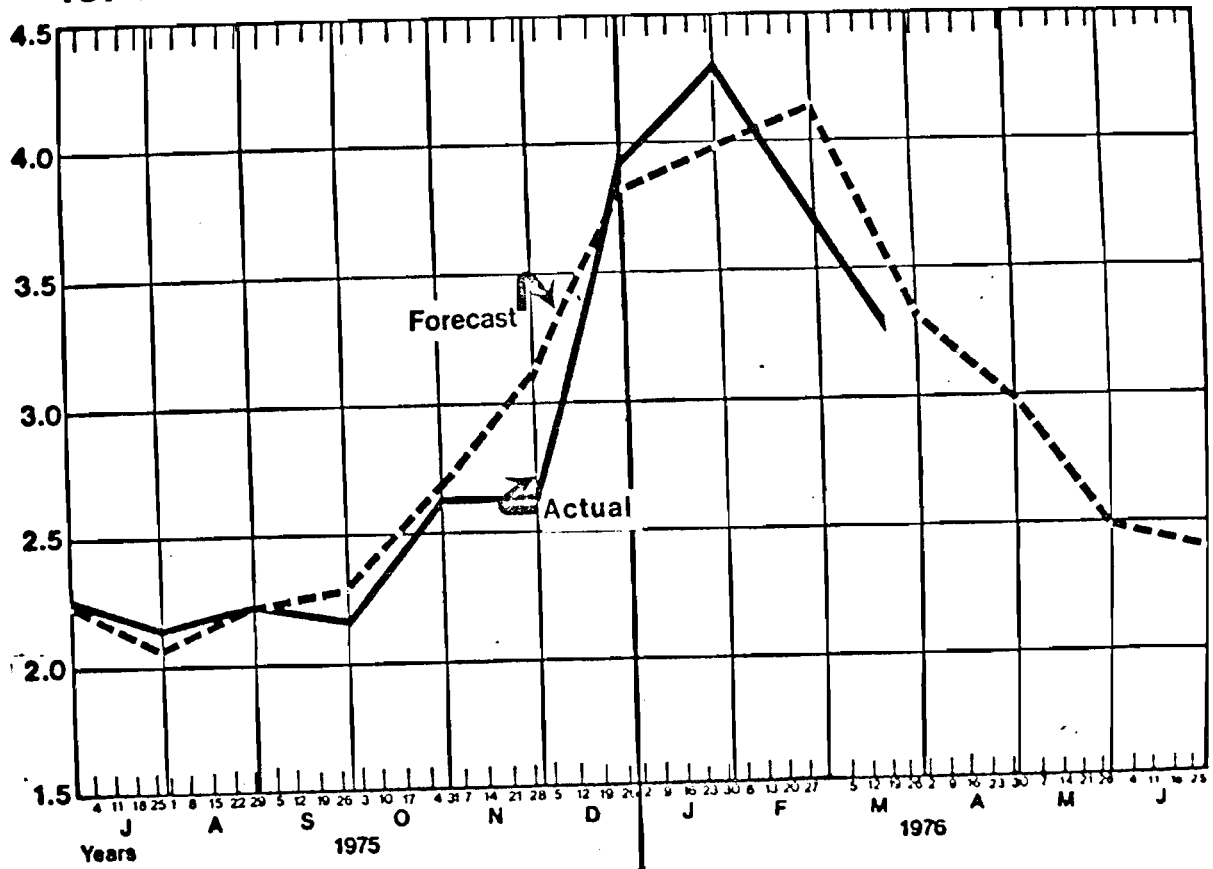


- o Apparent demand for residual for the 4 weeks ending March 19 was 2.85 million barrels per day. This was 227,000 barrels per day above the corresponding period in 1975, 187,000 barrels per day above 1974, but 418,000 (12.8 percent) below 1973.

Figure 5

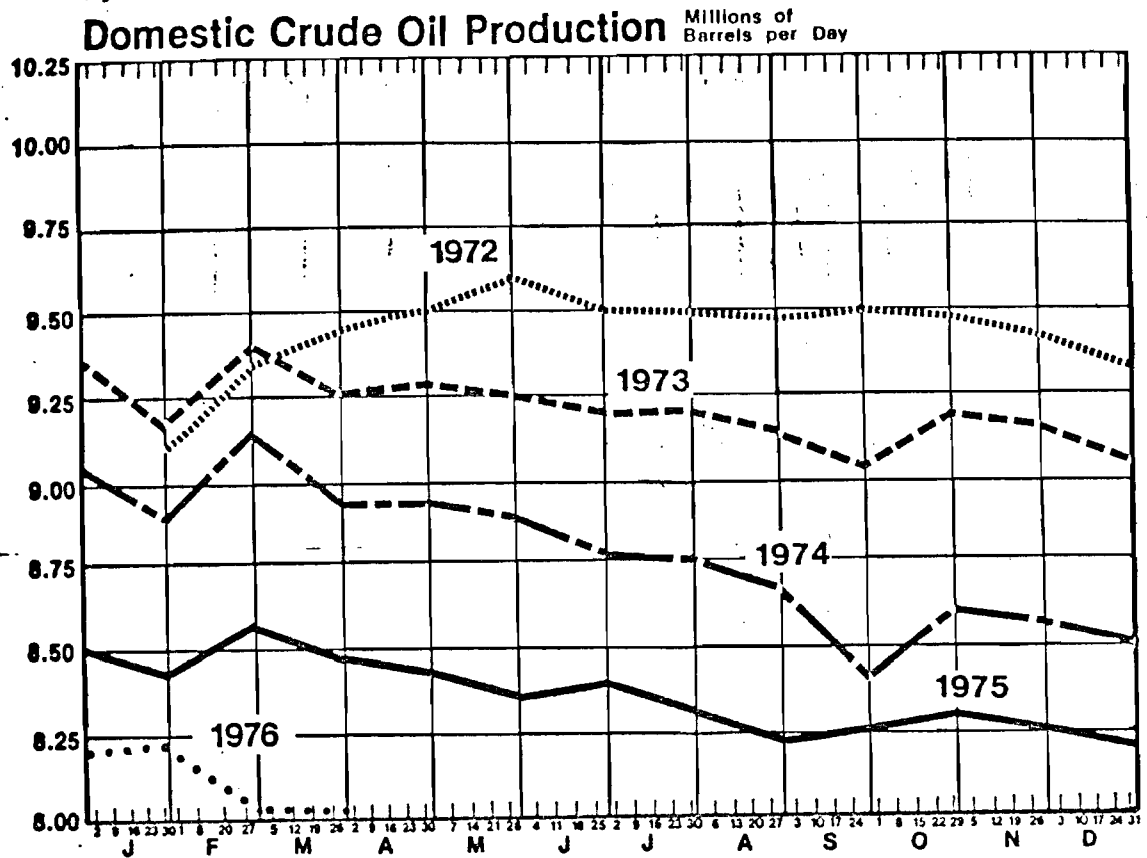
# Apparent Demand for Distillate Fuel Oil

Millions of Barrels per Day



o Apparent demand for distillate fuel for the 4 weeks ending March 19, at 3.31 million barrels per day, was 120,000 barrels per day below the same period of last year, 180,000 below 1974, and 90,000 below 1973.

Figure 6



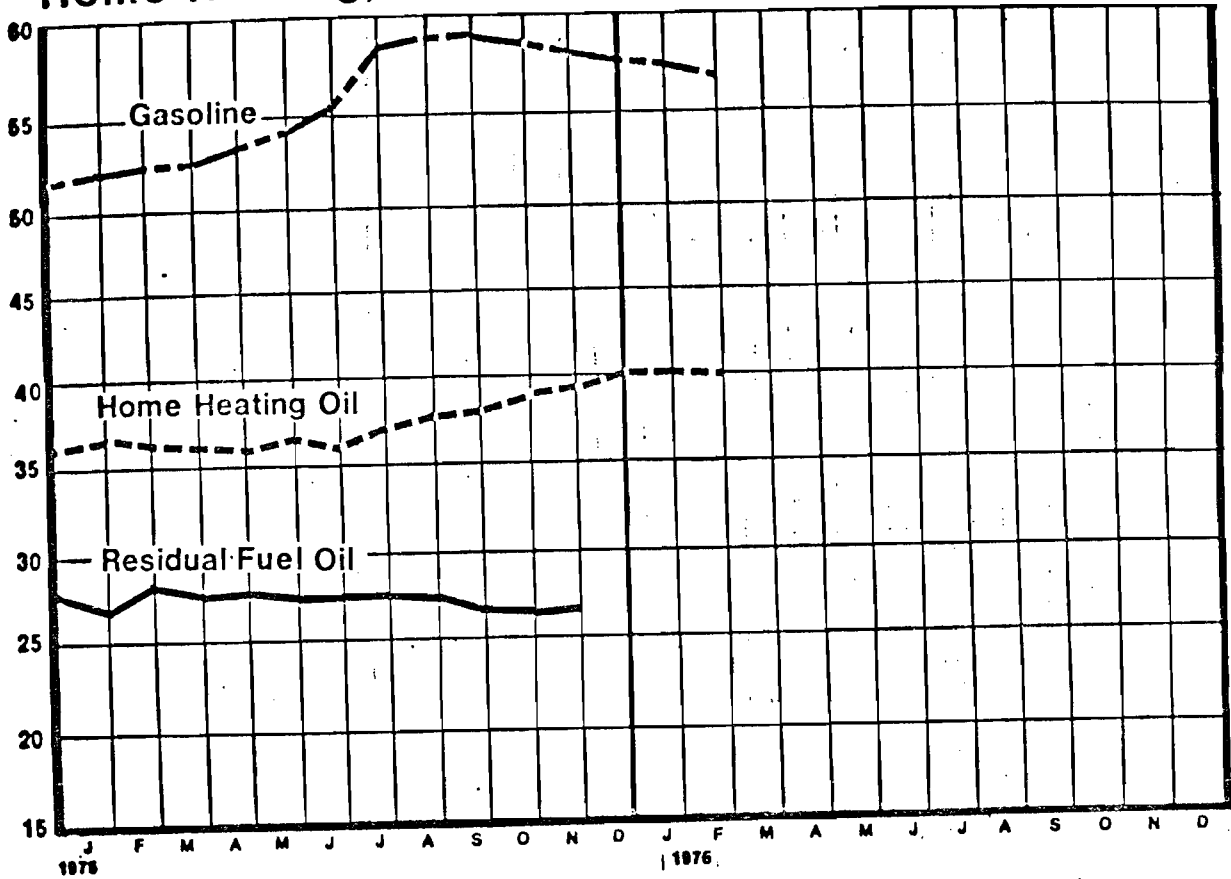
(No new data since last report.)





Figure 7

# Retail Prices (Gasoline, Home Heating, Residual Fuel Oil) Cents per Gallon

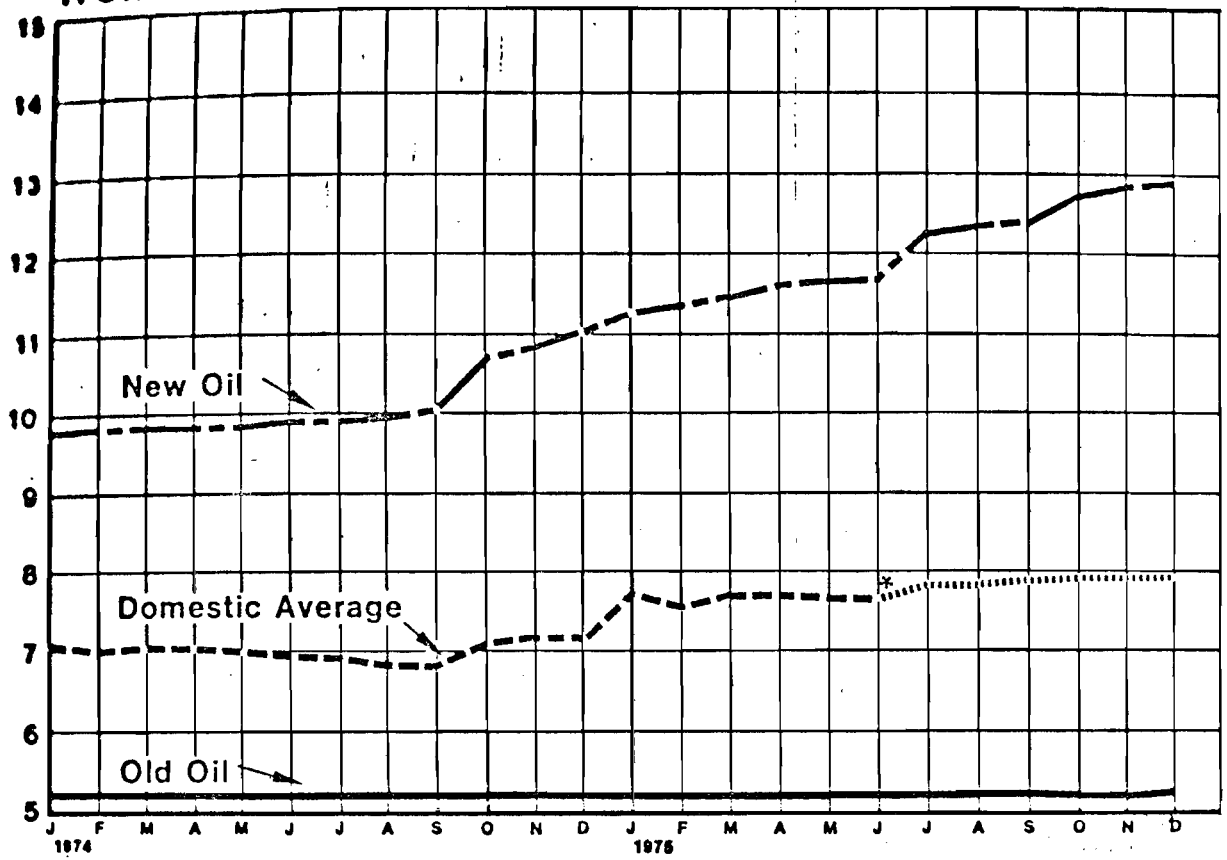


- o The average retail selling price for regular gasoline decreased in February by 0,6 cent to 57.1 cents per gallon.
- o During February, the average retail selling price for heating oil sold to residential customers was unchanged at 40.1 cents per gallon.



# Crude Oil Wellhead Price

Dollars per Barrel



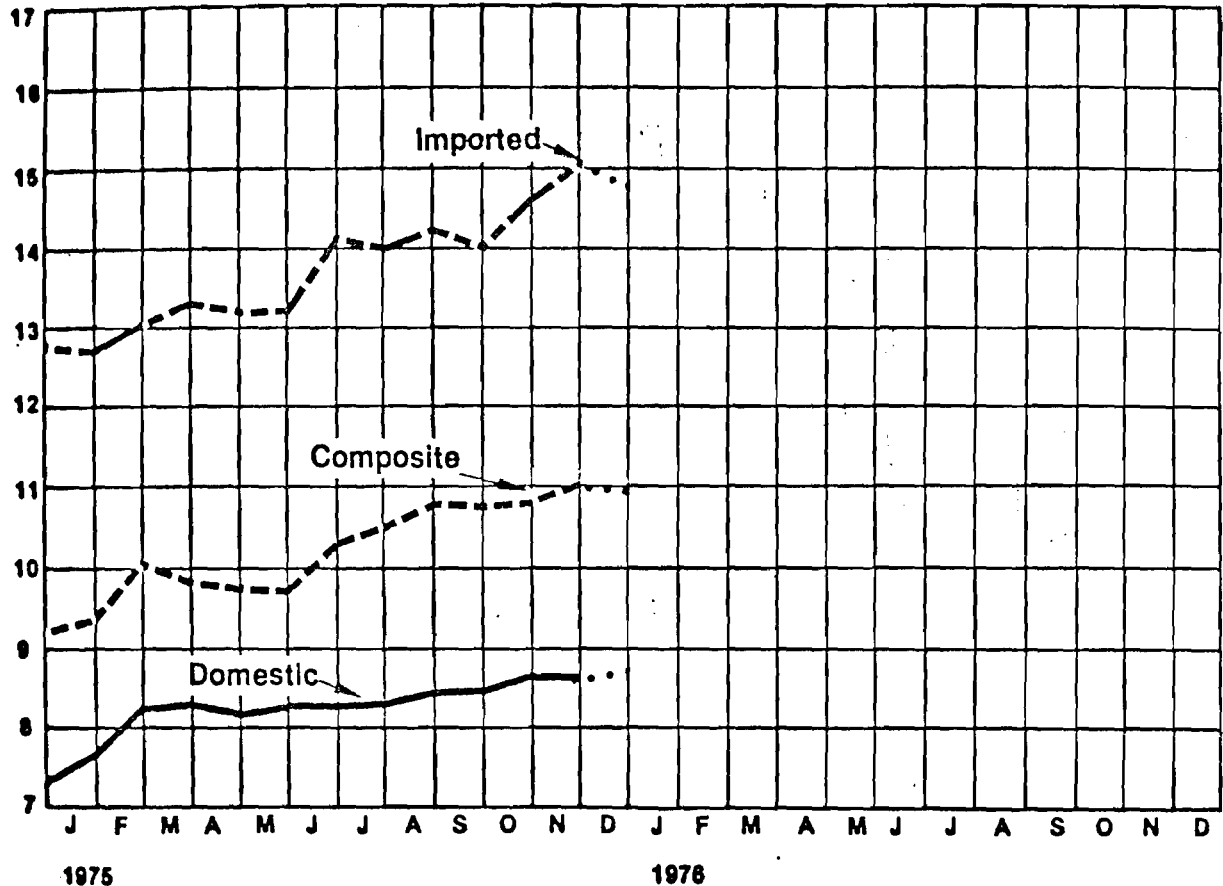
\* Estimated from June through November, 1975

(no new data since last report)

Figure 8

# Crude Oil Refiner Acquisition Cost

Dollars per Barrel



1975

1976

... Preliminary figures

- o The refiner acquisition cost of imported crude during December was \$14.81 per barrel, 23 cents below the November price. This decrease reflects in part the elimination of the \$2 import fee on December 22, 1975, as refiners were required to pay fees only on the crude imported prior to that date.
- o The average cost of domestic crude purchased by refiners during December was \$8.66 per barrel, 1.0 cent below the cost for the previous month.
- o The composite cost of crude petroleum purchased by refiners during December was \$10.98 per barrel, 7.0 cents lower than ~~the~~ November.

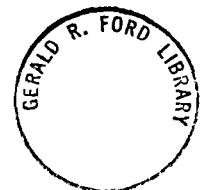
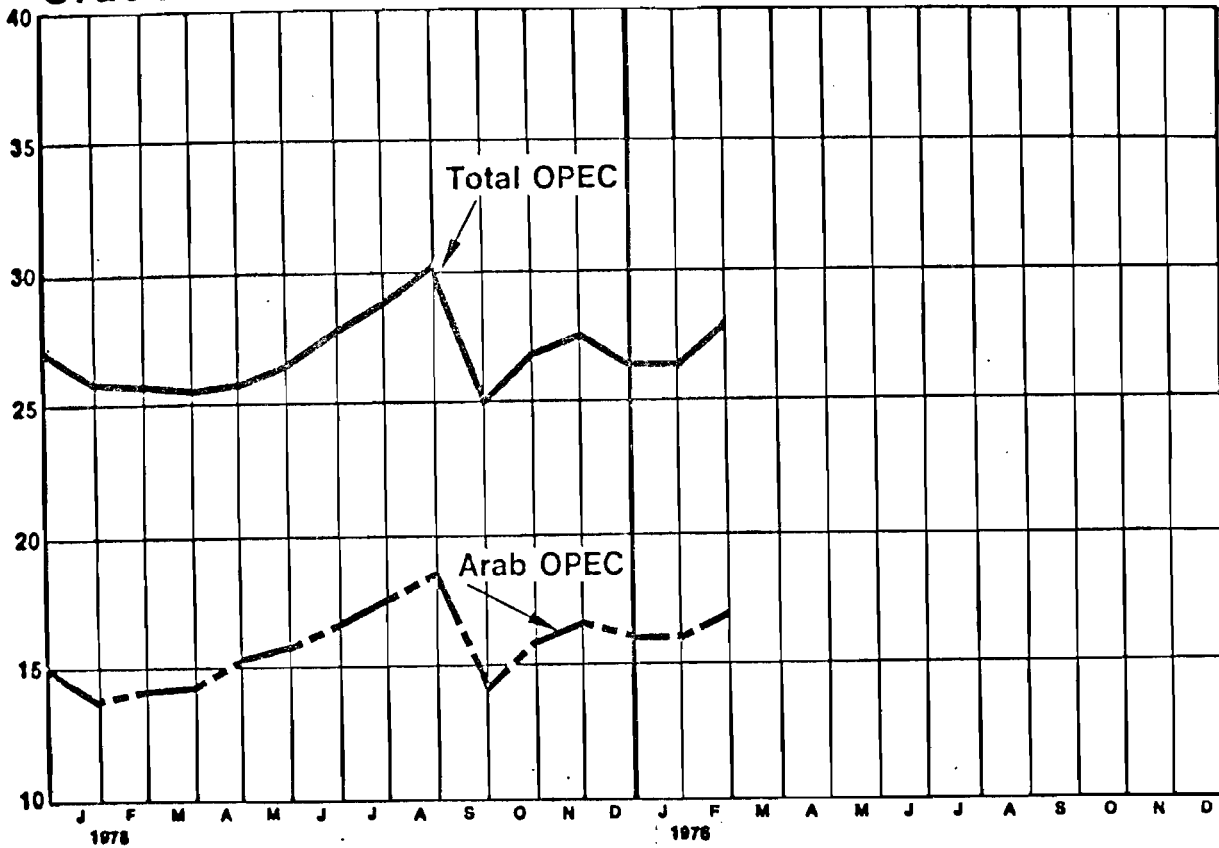


Figure 10

# OPEC Countries Crude Oil Production

Millions of  
Barrels per Day



- o Crude oil production in OPEC countries increased a substantial 1.3 million barrels per day to 28.0 million barrels per day. Saudi Arabia, Iraq, and Venezuela accounted for nearly all of the increase. During February OPEC accounted for 61 percent of OPEC production compared with the 1975 average of 58 percent.

## DEFINITIONS

### Apparent Demand:

Because domestic demand for products in terms of real consumption is not available, a proxy, "disappearance from primary supply," is used. Total apparent demand for petroleum products is measured by inputs to refineries, plus estimated refinery gains, plus net imports of products, plus or minus net changes in primary stocks of products. (FEA does not measure secondary stocks, which are substantial for some products.) Apparent demand for individual refined products is measured as production plus net imports plus or minus stock change.

### Actual Demand:

Monthly import data for figure 1 are obtained from FEA's Monthly Petroleum Reporting System through December 1975. Import data for January and February 1976 and for the 4-week moving average for the period ending March 19 are obtained from API's Weekly Statistical Bulletin. Actual demand data in figures 2, 3, 4, and 5 are calculated from API's Bulletin. Data in figure 6 are obtained from BOM through November 1975 and from API from December 1975. Figures 7, 8, 9, and 10 are based on FEA data.

### Forecast:

Forecasts in the Biweekly Report are actually composite "backcasts"/forecasts. The forecast for petroleum product demand, which takes into account passage of the Environmental Policy and Conservation Act (EPCA) of 1975, is based on a projection of economic conditions, assuming normal weather.

Forecasts reported in this issue were revised on 3/12/76 and are simulated from September 1975 to June 1976. Backcasts of petroleum demand reported in this issue are simulated from January 1975 to August 1975. The backcasts are modified to take into account actual price, weather, and macroeconomic conditions.

### Geographical Coverage:

The importing area covered in this report is the 50 States and the District of Columbia. The data also include as imports receipts from Puerto Rico and the Virgin Islands. In this, FEA follows BOM practice, as does API. Imports as reported by the Census Bureau of the Department of Commerce include imports into the U.S. "customs area," which includes the 50 States and the District of Columbia plus Puerto Rico. Receipts by the 50 States and the District of Columbia from Puerto Rico and the Virgin Islands are excluded. Census reports imports into the Virgin Islands, which is not in the U.S. customs area, separately. The Bureau of Economic Analysis (BEA) of the Department of Commerce totals imports into the customs area and the Virgin Islands for balance of payments purposes. However, BEA does not include butane, propane, and some minor products in the balance of payments petroleum total.

orig agd by F2  
picked up by 4/16

FEDERAL ENERGY ADMINISTRATION

APR 16 1976

Office of the Administrator

MEMORANDUM FOR THE PRESIDENT

FROM: Frank G. Zarb  
FRANK G. ZARB

SUBJECT: SINEERLY STATUS REPORT

Estimated domestic crude oil production for the month of April is 6.15 million barrels per day, 97,000 barrels per day above March's record low.

Imports for the week ending April 2 declined to 6.36 million barrels per day, down 1.76 million from the all-time high recorded for the week ending March 12. This brought the 4-week average down to 7.22 million barrels per day, 1.42 million above the same period in 1975.

The quarterly average of crude oil imports was 5.86 million barrels per day, exactly as forecast. Product imports, however, at 2.19 million barrels per day, were 490,000 barrels per day (28.6 percent) above the forecast.

Total domestic demand for petroleum products for the 4 weeks was 17.28 million barrels per day, continuing the normal seasonal decline. This was 1.8 percent above 1973, before both the embargo and the petroleum price increases.

Motor gasoline demand for the 4 weeks rose seasonally to 6.76 million barrels per day. This was 310,000 barrels per day (4.7 percent) above the comparable period three years ago.

The demand estimate for both residual fuel oil, at 2.67 million barrels per day, and distillate fuel oil, at 3.27 million barrels per day, were very close to the forecast. The former was 400,000 barrels per day, or 14.7 percent, below 1973 while the latter, which has fluctuated only slightly in the past three years, was 1.2 percent above 1973.

CONCURRENCES

SYMBOL	ST-DA	W	AW	AA(21A)		
SURNAME	Dwyer	Barrow	Roby	4/14/76	4/14/76	4/16/76
DATE	4-9-76	4-9-76	4-12-76	4/17/76	4/14/76	4/16/76

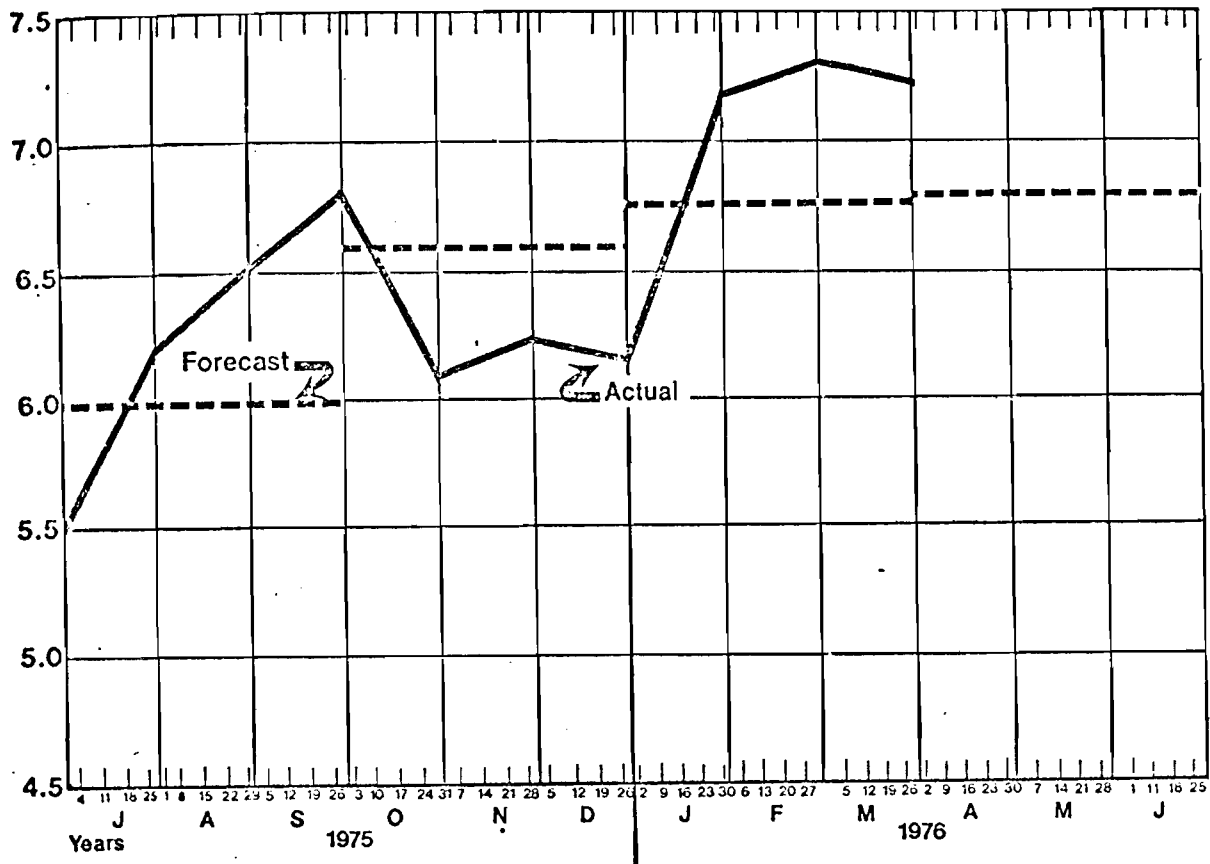
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cc: Official file (AE2) SDA Chron  
OGA Chron  
DAA/D&A Chron  
Zausner(2)  
AA (2)

(Vydec)  
Dwyer

Frank G. Zarb

Figure 1

# Total U.S. Petroleum Imports (Crude and Product) Millions of Barrels per Day



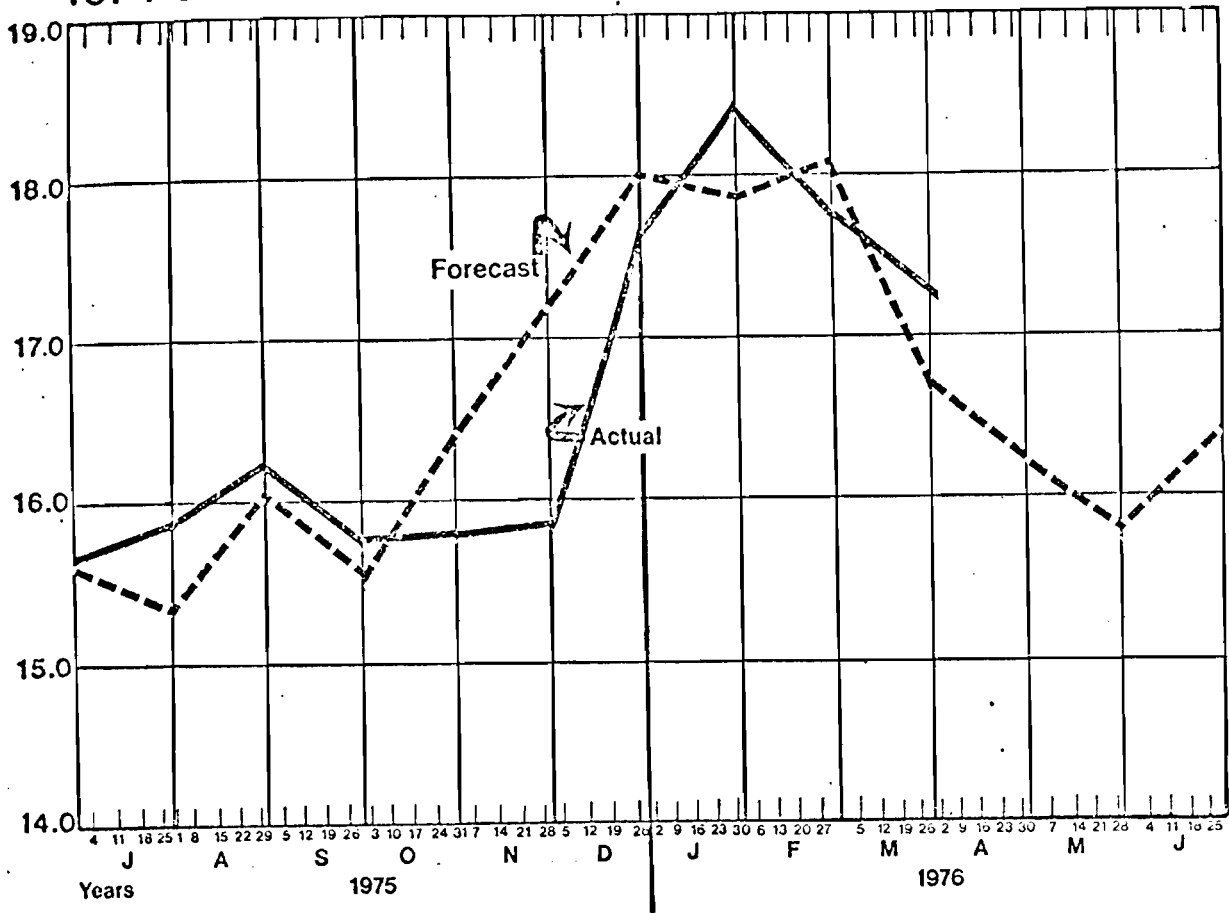
- Imports for the week ending April 2 declined to 6.36 million barrels per day, down 1.76 million from the all-time high recorded for the week ending March 12. This brings the 4-week average down to 7.22 million barrels per day, 1.42 million barrels per day above the same period in 1975 and 1.76 million barrels per day above 1974.
- The quarterly average of crude oil imports was 5.06 million barrels per day, exactly as forecast. Product imports, however, at 2.19 million barrels per day were 490,000 barrels per day (28.6 percent) above the forecast.



Figure 2

# Total Apparent Demand for Petroleum Products

Millions of  
Barrels per Day



- o Domestic demand for petroleum products for the 4 weeks ending April 2 was 17.28 million barrels per day, continuing the normal seasonal decline. This was 1.21 million barrels per day above the 1975 level, 650,000 barrels per day above 1974, and 300,000 barrels per day (1.8 percent) above the level of 1973, before the embargo and the oil price increases.

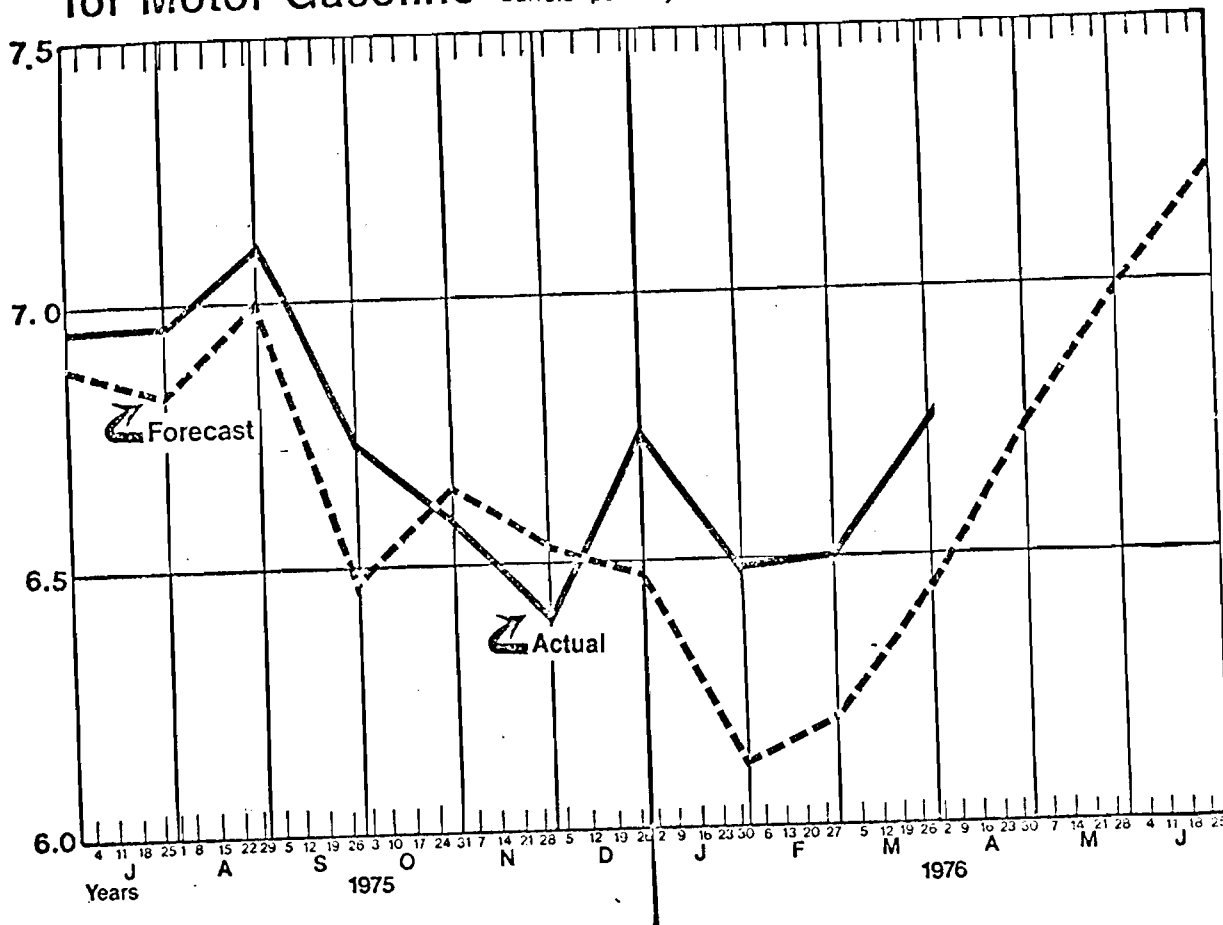




Figure 3

# Apparent Demand for Motor Gasoline

Millions of Barrels per Day



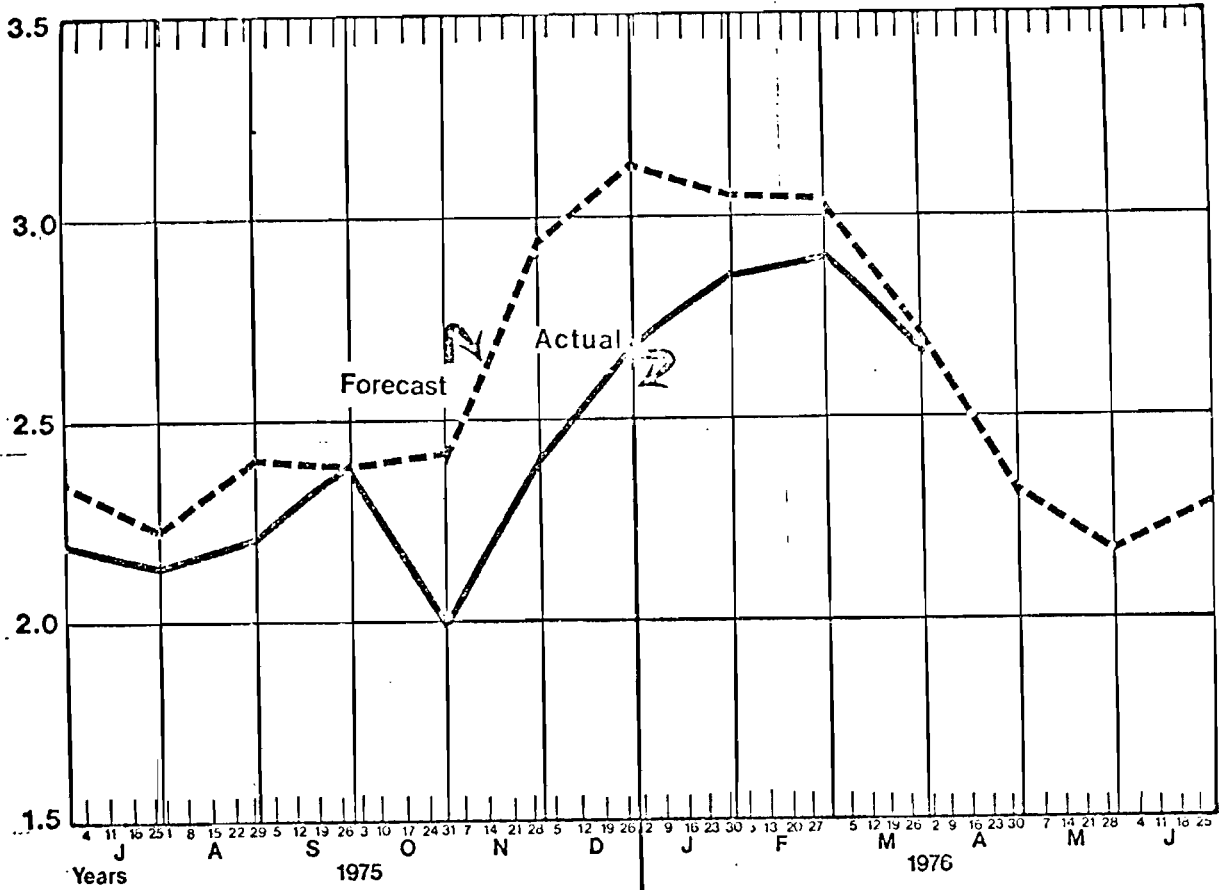
- o During the 4 weeks ending April 2, motor gasoline demand rose seasonally to 6.78 million barrels per day. This was 350,000 barrels per day above the level for the comparable period in 1975, 560,000 barrels per day above 1974, and 310,000 barrels per day (4.7 percent) above 1973.



Figure 4

# Apparent Demand for Residual Fuel Oil

Millions of  
Barrels per Day



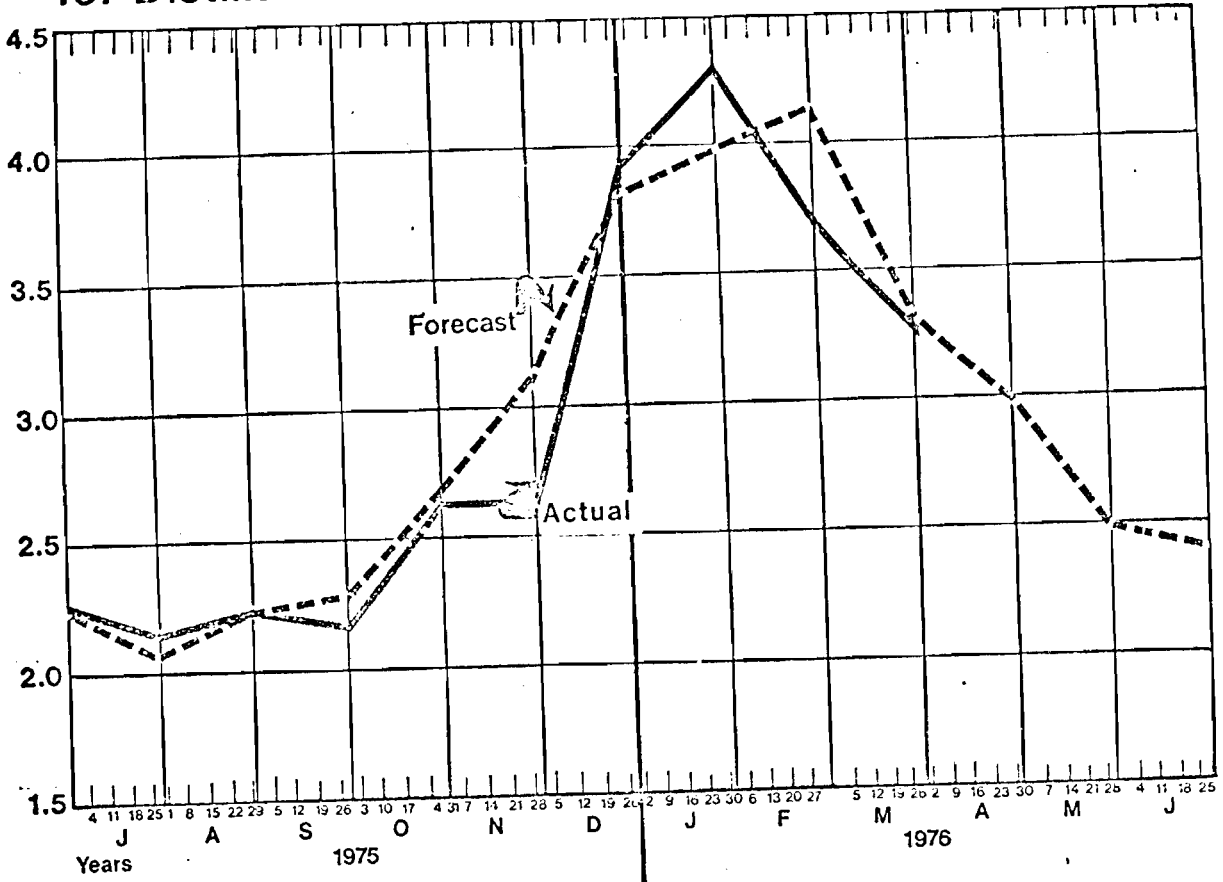
- o For the 4 weeks ending April 2, demand for residual fuel oil averaged 2.67 million barrels per day, exactly as forecast. This was 230,000 barrels per day above 1975, and 140,000 barrels per day above 1974, but 460,000 barrels per day (14.7 percent) below 1973.



Figure 5

# Apparent Demand for Distillate Fuel Oil

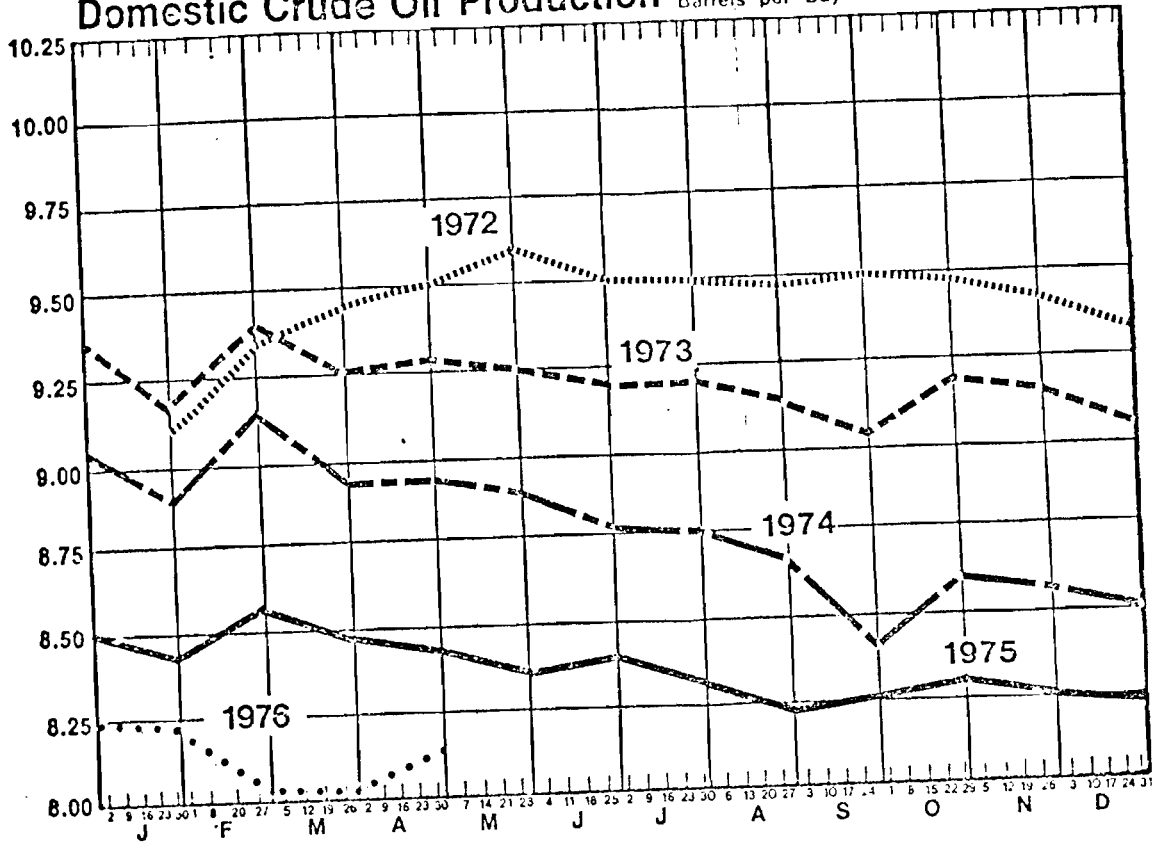
Millions of  
Barrels per Day



- o Distillate fuel oil demand for the 4 weeks ending April 2 averaged 3.27 million barrels per day, very close to the forecast. Demand for distillate has changed very little in the past three years and is now only 1.2 percent above that demanded in 1973 before the embargo.

Figure 6

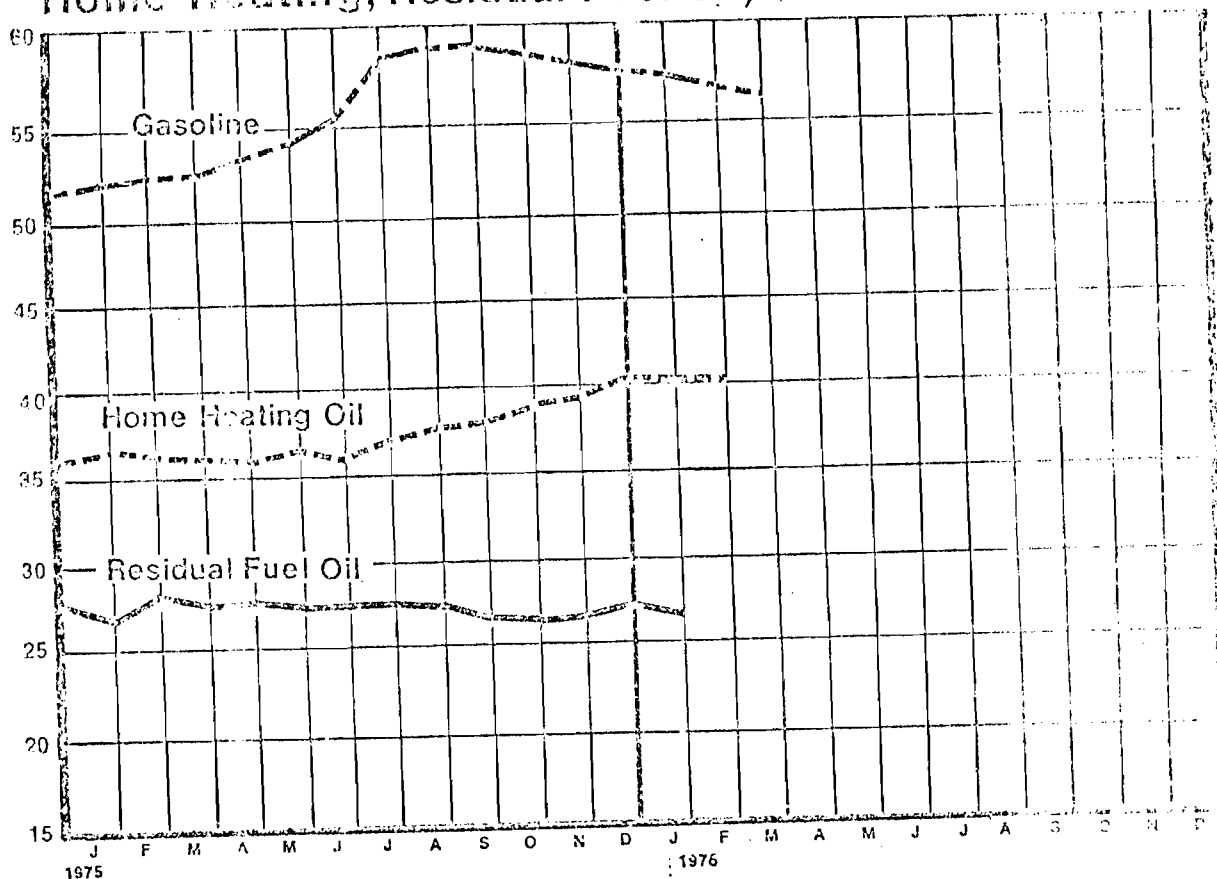
# Domestic Crude Oil Production Millions of Barrels per Day



- o Production of crude oil in April will average 8.15 million barrels per day, according to API estimates, 3.5 percent and 9.0 percent below the corresponding 1975 and 1974 BOM figures.
- o The April estimate is 97,000 barrels per day (1.2 percent) above the March all-time low.



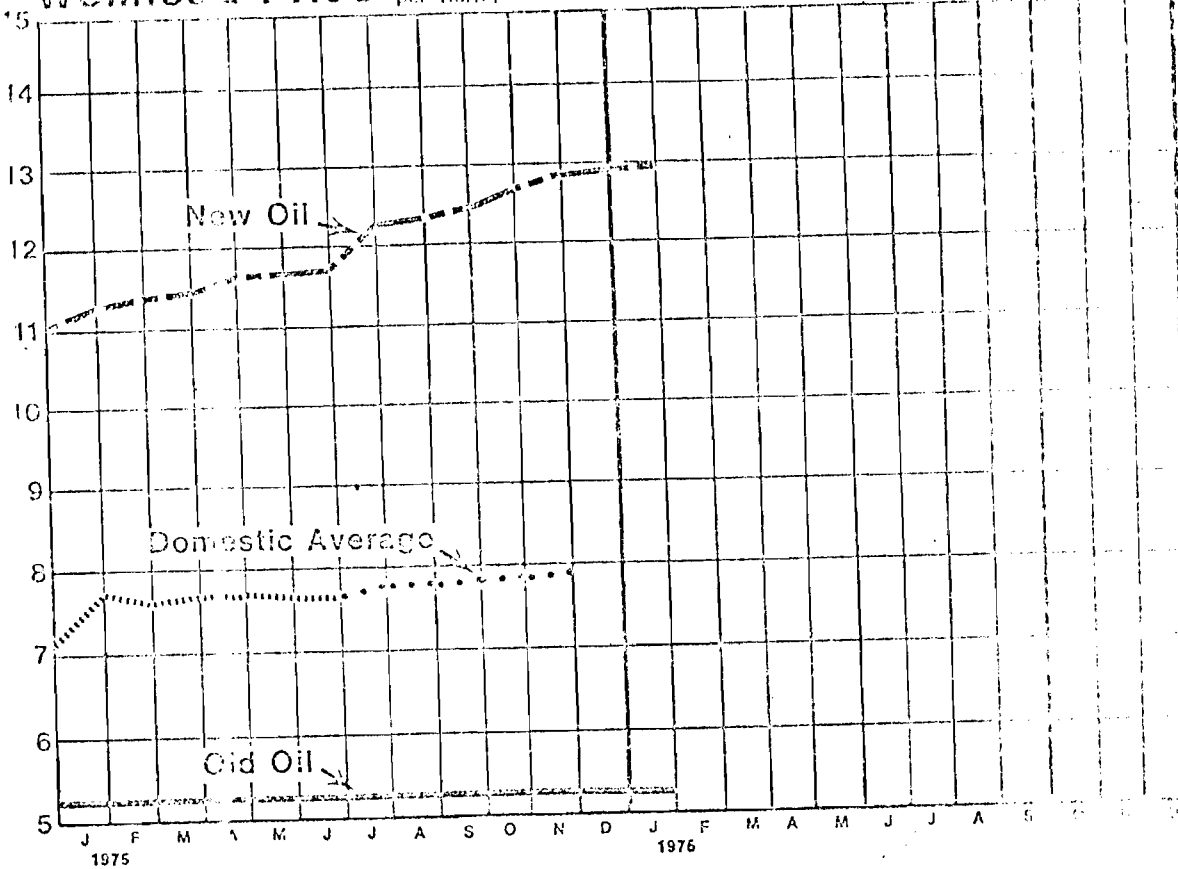
# Retail Prices (Gasoline, Home Heating, Residual Fuel Oil) Cents per Gallon



o The average retail selling price of regular gasoline decreased in March by 0.5 cent to 56.6 cents per gallon. This decrease continues the downward trend that began in October 1975.

# Crude Oil Wellhead Price

Dollars per Barrel



Note: June through November 1975 figures for the Domestic Average are estimated.

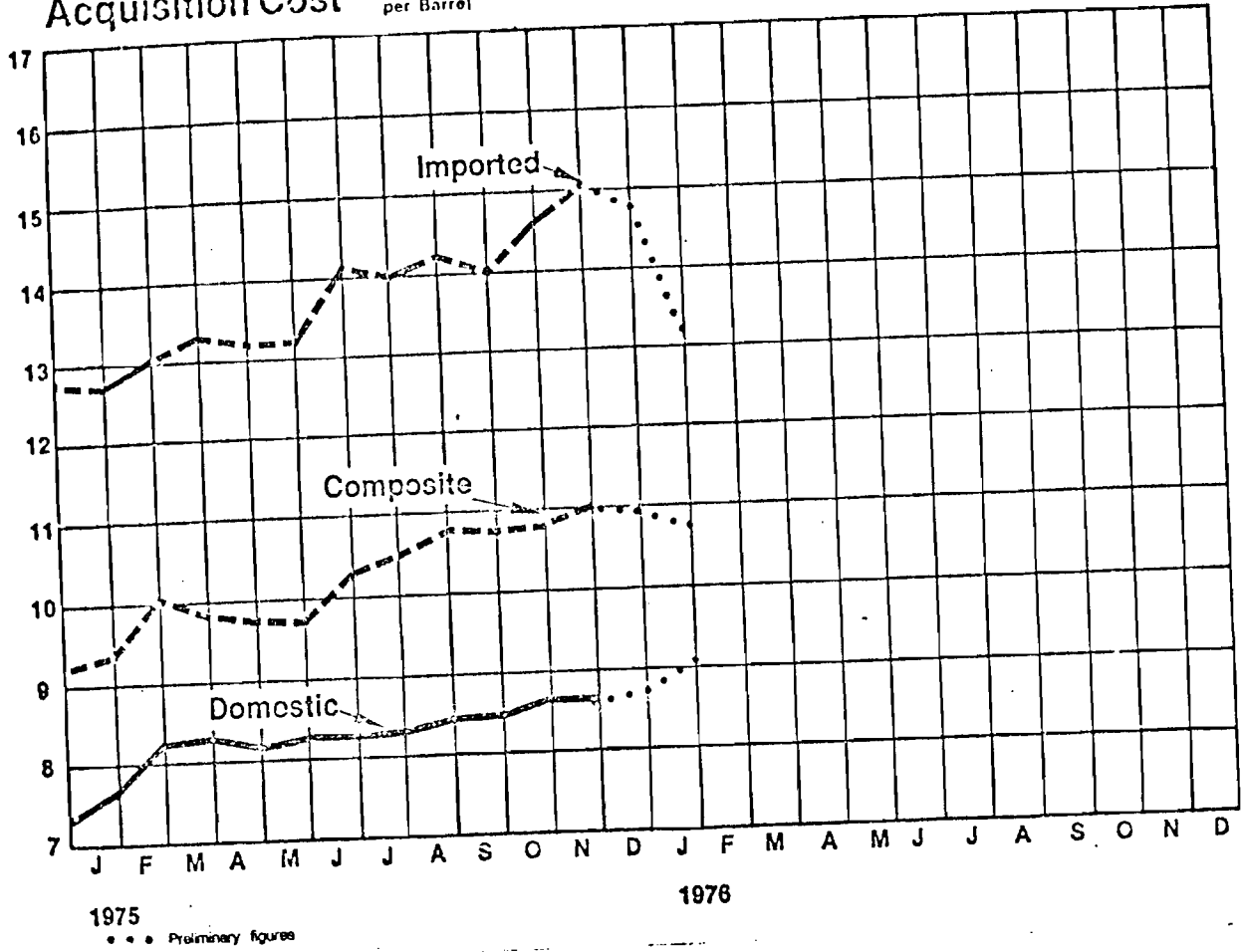
- o During January, the average "new" oil price was \$12.99 per barrel, 0.4 cent above the price in December.



Figure 8

# Crude Oil Refiner Acquisition Cost

Dollars per Barrel



- o The refiner acquisition cost of imported crude during January was \$13.27 per barrel, \$1.54 below the December cost. This decrease was primarily due to the elimination, on December 22, of the \$2.00 supplemental fee on imported crude.
- o The average cost of domestic crude purchased by refiners during January was \$9.12 per barrel, 46 cents above the cost for the previous month. The principal reason for this increase was that the percentage of uncontrolled oil increased as a result of a change in the base production control level.
- o The composite cost of crude petroleum purchased by refiners during January was \$10.76 per barrel, 22 cents below the December figure.

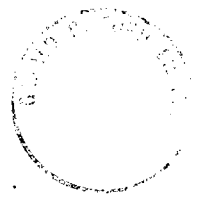
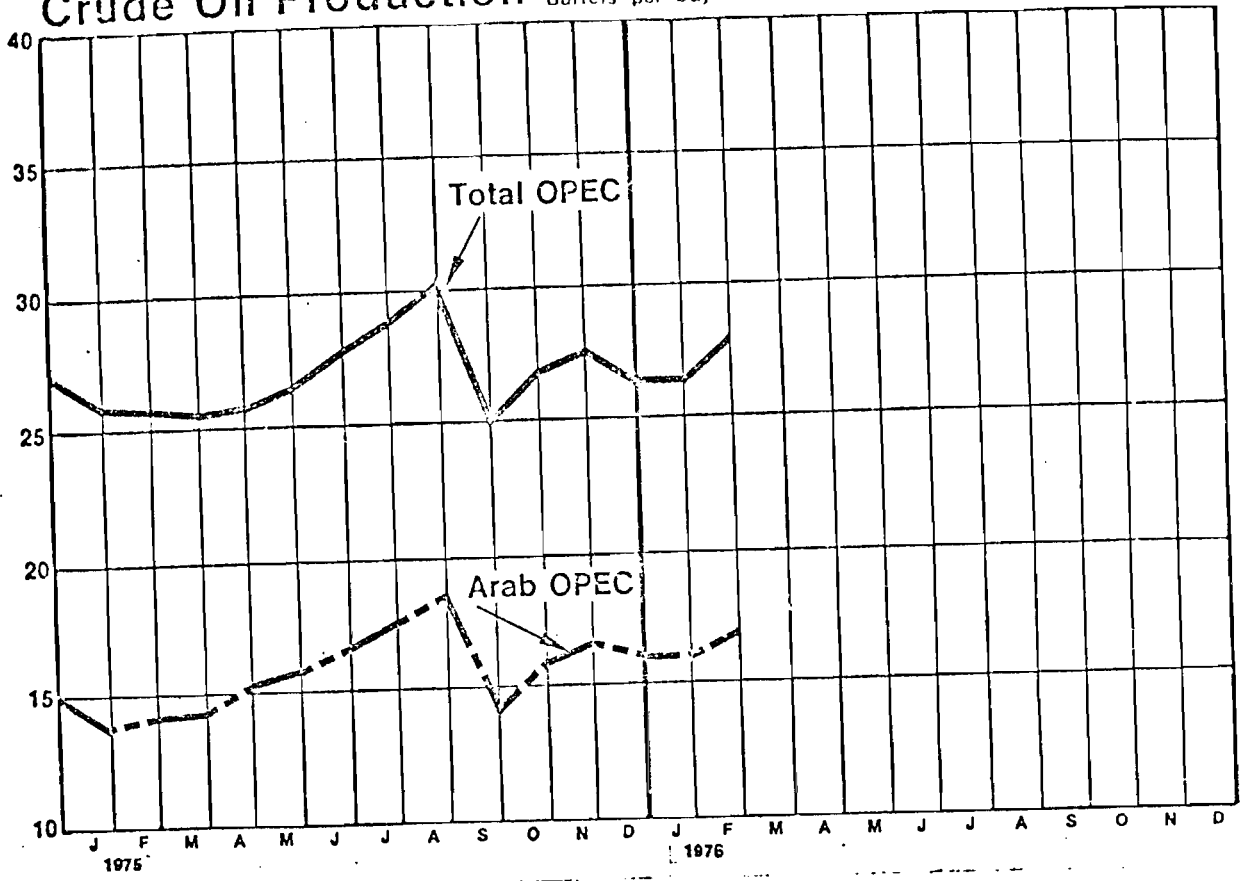


Figure 10

# OPEC Countries Crude Oil Production

Millions of  
Barrels per Day



(No new data since last report.)



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*Handcarried per Justice  
Case No. 100-100000*



FEDERAL ENERGY ADMINISTRATION  
WASHINGTON, D.C. 20461

APR 15 1976

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB <sup>FRANK G. ZARB</sup>

SUBJECT: NOMINATION OF DR. SAMUEL J. TUTHILL

With the departure of Roger Sant on May 15, 1976, the post of Assistant Administrator, Office of Conservation and Environment at the FEA is vacant. This post is a Presidential appointment with Senate confirmation.

I would like to recommend that you nominate Dr. Samuel J. Tuthill to fill that post. Sam, who presently is an advisor to me, has had extensive political, managerial, and administrative experience in both the public and private sectors. He holds a Ph.D in Geology from the University of North Dakota. He was Science Advisor to the Secretary of the Interior, Rogers C.B. Morton, and Special Assistant for Energy and Policy to Rog in his capacity as Chairman of the President's Energy Resources Council. Before coming to Washington, he had extensive experience with State governments in his capacity as State Geologist, Director of the Iowa Geological Survey, and Science Advisor to Governor Robert D. Ray. He also organized and chaired the Midwest Governors Task Force to consider energy and environmental problems common to the Midwest. His experience in the academic world includes Professor of Geology at Muskingum College in Ohio.

His resume, together with a position description, are attached.

Attachments

DHanes:A:rm 3400:x8072:4/15/76

(Note: David Hanes read over phone to Mr. Zarb and Zarb o.k'd for the pen - 4/15/76)

*4/15/76*  
*011-100000*  
CAROL R. FORD LIBRARY



FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20461

April 16, 1976

OFFICE OF THE ADMINISTRATOR

*Malin - Malin  
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*FILED  
OVERSEA IC.*

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB *FZ*

SUBJECT: NOMINATION OF CLEMENT B. MALIN

Since Mel Conant's return to private life on February 20, 1976, the post of Assistant Administrator for International Energy Affairs at the FEA has been vacant. This post is a Presidential appointment with Senate confirmation.

I would like to recommend that you nominate Clement B. Malin to fill that post. Clem, who presently is the Acting Assistant Administrator of that office, has had extensive managerial and administrative experience in both the public and private sectors. He was Deputy Assistant Administrator to Mel Conant for more than a year and a half, during which time he served, and continues to serve, as FEA's representative to the Governing Board of the International Energy Agency. He led the U.S. delegation on Energy Forecasting and Information to the Soviet Union, and serves as Deputy Chief of the U.S. delegation to the Energy Commission of the Conference on International Economic Cooperation.

Before joining FEA in February of 1974, Clem had advanced rapidly in the International Division of Mobil Oil Corporation, where he served as Planning Manager of Overseas Affiliates for the Latin America, Africa, and Mideast region. His responsibilities included business strategy, economic and political analyses, long range planning, capital and operating budgets, and negotiations for joint ventures and supply agreements.

His resume, together with a position description, is attached.

Attachment



6611 Dearborn Drive  
Falls Church, Virginia

Date of Birth: 4-4-34  
Place of Birth: Drexel  
Hill, Pennsylvania:

Education

A.B. - Dartmouth College, Hanover, N.H. 1956  
M.P.A. - Princeton University, Princeton, N.J. 1960

Major Field of Study

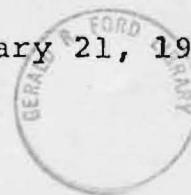
International Relations

Government Service

June 1974 to Present:\* Deputy Assistant Administrator, International Energy Affairs, Federal Energy Administration. Principal liaison point within the energy office for governmental and non-governmental bodies whose energy interests are focused on the international trade or economic aspects of energy issues. Responsible for developing proposals for and initiating bilateral or multilateral programs that will lessen the economic burden to the United States of energy imports; encouraging binational or multinational efforts to broaden participation in energy prospects of benefit to the U.S.; assisting in development of economic or trade incentives for countries with energy surpluses that will result in their looking to the U.S. as a rewarding market. Acted as the Energy Office's principal representative to multilateral and bilateral arrangements (e.g., "special relationships" with Saudi Arabia) essentially with the critically important energy-exporting nations of the Middle East and the relations of U.S. allies to those same nations.

February to June 1974: Chief, Producer Country Organizations and Industries, International Energy Affairs, Federal Energy Administration, Washington, D.C. Recommended policy options with respect to United States Government relations and initiatives with oil producing countries aimed at insuring adequate supply of oil to United States. Maintained information channel with oil and other energy industry to permit exchange of views. Regular contacts with foreign government personnel.

\* Designated Acting Assistant Administrator February 21, 1976.



Name: Clement B. Malin

Private Industry Experience:

August 1973 to February 1974: Assistant to Area Manager, Mobil South, Inc., New York, N.Y. Served as Deputy to Executive responsible for Mobil's operations in 16 African and Middle Eastern affiliates.

July 1971 to July 1973: Projects Planning Manager, Mobil South, Inc., New York, N.Y. Advised Senior Management on Planning Matters and business strategy in 25 African, Middle Eastern and Latin American affiliates; acquisitions, joint ventures, supply agreements, political and economic analysis, and capital investment programs. Extensive travel.

August 1969 to July 1971: Planning Manager, Mobil Latin America, Inc., New York, N.Y. Advised senior management on planning matters and business strategy in 10 Central and South American and Caribbean exploration, producing, refining and marketing affiliates. Extensive travel.

August 1967 to July 1969: Planning Coordinator, Mobil Europe, Inc., London, England. Advised Senior Management on planning and supply matters in 6 Benelux and Scandinavian marketing and refining affiliates. Extensive travel.

July 1965 to July 1967: Planning Manager, Mobil Oil B.V., Rotterdam, Netherlands. Directed planning activities in Mobil's marketing affiliates in Benelux. Extensive travel.

October 1963 to June 1965: Planning Advisor, Mobil AOEC Group, Paris, France. Directed planning activities in 5 Mobil companies marketing in 14 countries of West and Equatorial Africa. Traveled in Africa.

October 1961 to September 1963: Junior Planning Assistant, Mobil International Oil Company, New York, N.Y. Prepared planning studies and economic analyses. Traveled in Europe.

July 1960 to September 1961: Projects Assistant, Mobil International Oil Company, New York, N.Y. Prepared marketing studies, field travel in Europe and South America.

December 1956 to September 1958: Instructor, Army Medical Service School, Ft. Sam Houston, Texas.



STATEMENT OF DUTIES

FOR

ASSISTANT ADMINISTRATOR FOR  
INTERNATIONAL ENERGY AFFAIRS

LEVEL IV

The Assistant Administrator for International Energy Affairs, is concerned with the development of and reliability of U. S. access to foreign energy supplies and the energy relationship of the U. S. to other nations.

In performing this function the Assistant Administrator will be responsible for the development of the energy aspects of our foreign policy. This will involve participation in the formulation of international energy policy options within the Government in conjunction with other appropriate Federal agencies. It will involve the prosecution of that policy through a variety of formal and informal bilateral as well as multilateral processes.





FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20461

April 29, 1976

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK. G. ZARB  
SUBJECT: PROJECT CONSERVE

Attached for your information is a sample copy of the Project Conserve questionnaire that was mailed to single-family homeowners in Massachusetts approximately three weeks ago. Residents of New Mexico will receive a similar form when that State's program is implemented in September.

Project Conserve will provide homeowners with energy conservation information specific to their own residences. Homeowners receive a pamphlet, "How to Save Money by Insulating Your Home," along with the questionnaire. Those completing the questionnaire will receive a computerized analysis of their home's thermal efficiency and recommendations for cost-effective steps that may be taken to increase the efficiency of their home.

The response so far has been very encouraging. During the first three weeks, more than 100,000 responses from homeowners were received or over 10% of the 950,000 distributed.

Federal Energy Administration Headquarters personnel also will be given the opportunity to participate in this program during the next three weeks. This internal pilot program will aid in preparing for the planned expansion of Project Conserve to all Federal employees.

Attachment

[not attached to file]



FORD  
Gerald R.