

PACIFIC COAST IS FACING SERIOUS SHORTAGE OF OIL; SUGGESTIONS FOR REMEDY

Prepared by the San Francisco Chamber of Commerce.

SAN FRANCISCO, Nov. 10.—The Pacific coast faces a serious fuel oil shortage.

Oil consumption is outrunning oil production at the rate of 10,000,000 barrels per year.

Storage stocks of oil have been reduced already to an amount equivalent to two months' average consumption, and the situation is steadily growing worse.

Curtailment of fuel oil consumption is even now being enforced, and unless there ensues at this time a substantial and steady increase in oil production and a general application of economies in consumption, sharper curtailment will be necessary in the near future.

These are the facts disclosed by the report of the special fuel oil committee appointed by the San Francisco chamber of commerce two months ago to survey the fuel oil conditions in this state and to recommend measures of relief.

This committee, whose report has just been filed with the board of directors of the chamber of commerce, is composed of Charles H. Bentley chairman, J. R. Hanify, Wallace M. Alexander, Alfred I. Esberg, C. Parker Holt, Joseph J. Tynan and Leon G. Levy; secretary, R. H. Vorfield.

In its effort to help the present acute situation and to discount the discouraging forecast of the future, the chamber of commerce has received and considered many suggestions and recommendations.

Some of these recommendations border upon the heroic or revolutionary. Included among them are the curtailment of regional fuel oil delivery; electrification of railroads; use of Mexican fuel oil by merchant and naval vessels; importation of Mexican oil; decrease of export of California oil; use of fuel oil substitutes; general voluntary curtailment of consumption by fuel oil users; encouragement of oil prospecting by amendment of Federal legislation; installation of fuel-saving equipment by oil consumers;

definite encouragement and support of hydro-electric power development.

As of chief importance in the problem of permanent betterment the chamber names the early and rapid development of hydro-electric power. Involved in this is the possible electrification of railroads, which now consume from 37 to 40 per cent of the California fuel oil supply, and the general substitution of hydro-electric power for fuel oil in industry.

Upon this head the chamber says: "Estimates obtained by the chamber from California power companies indicate their demand for fuel oil may be decreased by something over 2,000,000 barrels during the coming year, of which a part is accounted for by new hydro-electric development, and a part is dependent on this winter's precipitation. Obviously the possible effect of this winter's snow and rainfall cannot now be assessed in this connection."

"Mr. F. H. Fowler, district engineer, United States forest service, estimates that at least 40 per cent of the fuel oil now used in establishments classed as industrial, could be saved by substitution of hydro-electric power if such power were available." Mr. Fowler adds that this proportionate saving could be expected only in industrial fields where oil does not form a part of the article manufactured and is not used for the production of heat.

"The most striking possibility of oil conservation is offered through railroad electrification. Railroads within and outside of California consume between 37 and 40 per cent of the California fuel oil supply. There is a difference of technical opinion upon the proximate feasibility of railroad electrification in California and adjacent territory, and the chamber does not feel justified in offering immediate recommendations upon this point."

"Mr. Fowler estimates that hydro-electric energy equivalent to at least 3.7 times the present installation can be developed from undeveloped water power sites now considered commercially feasible in California and on the Klamath river. His estimate does not take into account all sites which may be ultimately developed.

"Hydro-electric development in California has a definite and logical relation to the control of flood waters, more adequate irrigation projects, the lack of native coal and a limited oil supply. Literally the conservation of water resources and hydro-electric development on an adequate scale must be the measure of California's progress. The chamber believes in principle that such hydro-electric development most effectively follows private initiative and the control of operations under state regulation, and bespeaks for legitimate enterprises of this character a generous public support. This support should be extended to the electric utilities and to railroads which may seek to electrify their systems, and perhaps to individual industries equipped to develop hydro-electric power for their own consumption.

"The chamber believes that enterprises of this character are entitled to the necessary financial support for installation and expansion and the chamber will study appropriate means for effectively attracting such support."

Summing up its findings, the chamber says:

"As the fuel oil situation pre-

sents itself today, the supply of California crude oil is faced with a daily shortage of 28,000 barrels and the 'cracking process' is estimated by well informed men in the industry to involve an additional draft on stock of perhaps 22,000 barrels per day by the end of 1921; provided that the rates of production and consumption continue as they were in the 12 months ended August 31, 1920. The sum of these actual and potential drafts is at the rate of 50,000 barrels per day."

"And it seems reasonable," says the chamber, in a plea for united action of all interests, "to plan for the future stability and expansion of the industrial and agricultural interests of California and the Pacific coast in so far as they may be affected by the fuel oil supply."

The Facts
Here is a summary of the facts disclosed by the chamber's survey: "Field stocks of crude oil in California fell from 57,000,000 barrels on January 1, 1916, to 25,400,000 barrels on August 31, 1920, a decline of 59 per cent in something short of five years.

"Since January 1, 1915, California field stocks declined by 9,608,000 barrels, equivalent to nearly 30 per cent. But the more recent rate of stock depletion is still more significant. Since September 1, 1919, or during the twelve months ending August 31, 1920, field stocks in California declined from 33,700,000 to 23,400,000 barrels, an equivalent of more than 30 per cent. This indicates very clearly that since January 1, 1919, a period of rapid field stocks depletion has come within the past 12 months. There was steady depletion of stocks within each of these 12 months with no intervals of recovery or building up.

"A comparison of national production with California production show a marked difference in tendency. Daily national production increased from an average of 918,000 barrels in 1917 to 1,186,000 in the first seven months of 1920—a gain of nearly 30 per cent. Daily California production increased from 267,000 in 1917 to 275,000 during the first seven months of 1920, an equivalent of but 3 per cent. If California production is excluded from the national figures the comparison is obviously still more unfavorable to California, and shows a national increase of 40 per cent against California's 3 per cent. Since 1915, the daily national rate of production, excluding California, increased nearly 22 per cent, while the California rate remained stationary during the period January-July, 1920.

"Refinery stocks of crude oil, gasoline, kerosene, gas and fuel oil, reduced to terms of 42-gallon barrels, amounted to 7,079,000 on January 1, 1919; 7,558,000 on January 1, 1920 and 7,892,000 barrels on June 30, 1920. Thus refinery stocks on the latter date, as compared with January 1, 1919, had increased by 993,000 barrels and in comparison with the beginning of this year had gained 424,000 barrels. These increases are gratifying as evidence of the increased capacity of refineries to take care of current needs, but are not of major importance in their effect upon the disparity between production and consumption of California oil, and such minor increases cannot be considered as significant accumulation offsetting the depletion in field stocks of crude oil.

"Even if allowance is made for gains in refinery stocks the rate of total stock depletion or of consumption in excess of production was 26,000 barrels per day during January-June, 1920, as compared with 2000 barrels per day during the calendar year 1919.

"With a total of 23,400,000 barrels of field stocks remaining on August 31, 1920, and assumed refinery stocks of 8,000,000 barrels as of that date, it is clear that an actual shortage of oil resources in California is not far distant if recent rates of production and consumption remain constant.

"In 1917, the petroleum committee of the California state council of defense estimated that 2,000,000 barrels of oil which are reported as stocks are required for operation of pipe lines, and that 4,000,000 bar-

rels of the stock reported are at the bottoms of large tanks and reservoirs below points of outlet. That committee further reported that 10,000,000 barrels of stocks are required as a safety factor for proper functioning of the industry—a sort of commercial background. The safety factor last mentioned would average 2,000,000 barrels to each of the five large marketing companies in California and does not seem excessive.

"The sum of these allowances, 16,000,000 barrels, if deducted from stocks, the freely available stocks on this basis would be 7,300,000 barrels (field) and 8,000,000 (refinery.) The amount of these is equivalent to less than 60 days' total consumption of California oil products, although the possibility of a precipitate or constant draft thereon to the point of immediate exhaustion is quite remote.

"During the first six months of 1920, shipment or consumption of California fuel oil was at the rate of about 234,000 barrels per day, without considering consumption in the industry itself. The yield of fuel oil from crude, currently brought to the surface during that period, was at the rate of 212,000 barrels per day. The difference between these amounts of 22,000 barrels per day is the significant figure to be considered, and represents a draft on crude oil stocks at the rate of 28,500 barrels per day, or 10,400,000 barrels per year.

"This draft on California crude oil stocks—28,500 barrels per day—was maintained in fairly regular month-to-month depletions throughout the period September 1, 1919, to September 1, 1920, and therefore cannot be considered spasmodic or seasonal.

"It should be noted also that the production of kerosene in California

has doubled since 1918 and that roughly 6000 barrels of oil per day, which formerly remained in the residue for use as fuel oil or was sold as engine distillate, is now distilled as kerosene. It is explained in the industry that this increasing production of kerosene is largely due to the rising demand to supply tractors and other motors which are being more generally designed to burn kerosene instead of gasoline.

"No unqualified statement can be obtained regarding the effect of the 'cracking process' on the future total supply of California fuel oil. The best estimates available place the proportionate reduction of fuel oil as a re-

sult of the wider application of this process in California at about 10 per cent by the end of 1921, as compared with current production.

"There is continuous pressure and tendency toward the so-called 'higher uses' of petroleum, which means the growing use of a greater proportion of petroleum products in internal combustion engines. Pending much wider use and development of internal combustion engines to burn heavy oil, this utilization naturally calls for increasing use of a lighter distillate such as gasoline and kerosene, with consequent reduction in

(Continued on Page Three)

THE TIME Now THE PLACE 9th and Main

The CENTRAL Hotel

Guy Garrett, Mgr.

Get under cover in a large outside room, with clean beds and low rates. Stove heat. Steam heat being installed now. Also

NEWS STAND

Latest Magazines, Newspapers and Periodicals. Come here for your Daily

Also CIGAR STAND

Big new stock of Cigars, Cigarettes and Tobacco. Come here for your smokes

Phone 155W

Corner 9th and Main

Fish!

Our fish is shipped to us from the principal fishing ports of the coast in ice-cooled containers, which permits us to sell fish to you which is just as sweet and fresh as if it were just drawn from the water.

Helms Fish Market

If the Wood Dealer Sold Service

We do not sell current; we sell service. That sounds odd doesn't it?

Well, suppose the wood dealer sold service instead of wood, he would tend to your furnace and your range, take away the ashes and clean the flues. You would buy so much heat.

Now you buy so much light, although you pay according to the current you consume. But the service is performed for you by this company at the substations and power plants.

That is what we want to give you—efficient service. It is the aim of this company to have none but satisfied customers. No matter what it is, if you have a grievance, or are dissatisfied about your bill or do not understand our rates, please come in and see us or write us about it.

If you have any suggestions to make, we will gladly avail ourselves of them as our aim is constantly to improve our service to you as fast as the development of science and human ability permit.

California-Oregon Power Company

SAGE TEA DANDY TO DARKEN HAIR

IT'S GRANDMOTHER'S RECIPE TO BRING BACK COLOR AND LUSTRE TO HAIR

You can turn gray, faded hair beautifully dark and lustrous almost overnight if you'll get a 50-cent bottle of "Wyeth's Sage and Sulphur Compound" at any drug store. Millions of bottles of this old famous Sage Tea Recipe, improved by the addition of other ingredients, are sold annually, says a well known druggist here, because it darkens the hair so naturally and evenly that no one can tell it has been applied.

Those whose hair is turning gray or becoming faded have a surprise awaiting them, because after one or two applications the gray hair vanishes and your locks become luxuriantly dark and beautiful

The Standard Beverage of people who demand Flavor, Quality and Satisfaction.

Known everywhere—Buy it by the case for your home.

ANHEUSER-BUSCH St. Louis

Visitors cordially invited to inspect our plant.

25

Mason Ehrman Co. Distributors, Klamath Falls

Budweiser