

mately 60,000 barrels of residual per day. This plant, however, is currently geared to produce 2 per cent sulphur content residual fuel oil, and will not be able to produce 1 per cent sulphur content residual fuel oil until mid-1969. It is understood that Esso has plans to construct a desulfurization plant in the Caribbean, but construction is not yet commenced and it is estimated this will not be in operation until 1970. The only other desulfurization plants under way are located in Kuwait and Japan but these facilities will not be completed until 1968 and 1969, and in any event would not supply the U.S. consumer. Shell, however, has two other such desulfurization plants on the drawing board for possible installation in the Caribbean area.

In view of what has been stated here, it is our firm belief that 1 per cent sulphur content residual fuel oil just cannot be supplied to the entire Washington Metropolitan Area, or even to the entire District of Columbia, earlier than the heating year commencing July 1, 1969.

Aside from supply, what are the additional problems? In addition to supply, there are other problems with which the local industry would have to cope until a sufficient quantity of 1 per cent sulphur content residual fuel oil could be made available to the entire Washington Metropolitan Area.

This revolves around the fact that different percentages of sulphur content residual fuel oil cannot be commingled at any stage of handling.

For example, a recent Montgomery County Air Pollution Ordinance calls for 1 per cent sulphur content residual oil by January 1, 1968, just 5 months from now. Approximately 39,336,500 gallons of residual fuel oil are consumed annually in Montgomery County. The Federal Government's supply contract for the heating year July 1, 1967 to June 30, 1968, which was let prior to the passage of the Montgomery County Ordinance, covering 71,400,000 gallons annually, of which 12,137,000 is in Montgomery County consumers, pursuant to contracts also let prior to the passage of the Montgomery County Ordinance, will be supplied 2 per cent sulphur content residual fuel oil for the heating year 1967-1968, commenced as of July 1, 1967. A Falls Church, Virginia proposed air pollution ordinance calls for 1 per cent sulphur content residual fuel oil by January 1, 1970.

If the Piney Point deep water terminal and the Anacostia barge terminal were to terminal 2 per cent and 1 per cent sulphur content residual fuel oil for consumers in the different areas of metropolitan Washington, it would have to construct two more tanks at Piney Point of approximately 270,000 barrels each for the 1 per cent residual plus a separate pipe system of more than 6,000 feet to transfer the 1 per cent residual separately from shipside to the separate storage tanks. This would be necessary so a tanker load of 10,000,000 gallons of 1 per cent residual could be received and stored at any time and still have a reserve. The cost of such additional facility would run approximately \$600,000. In addition, at least one storage tank capable of receiving and handling at least 1,000,000 gallons of 1 per cent residual separately from the 2 per cent, would be required at the Anacostia barge terminal. Barge and truck facilities would have to be segregated just to handle the 1 per cent residual. Our company, as the owner and operator of these terminals does not see the point of making such an investment, which would be required only for a temporary period of less than two years, because if the Oil Industry's realistic gradual