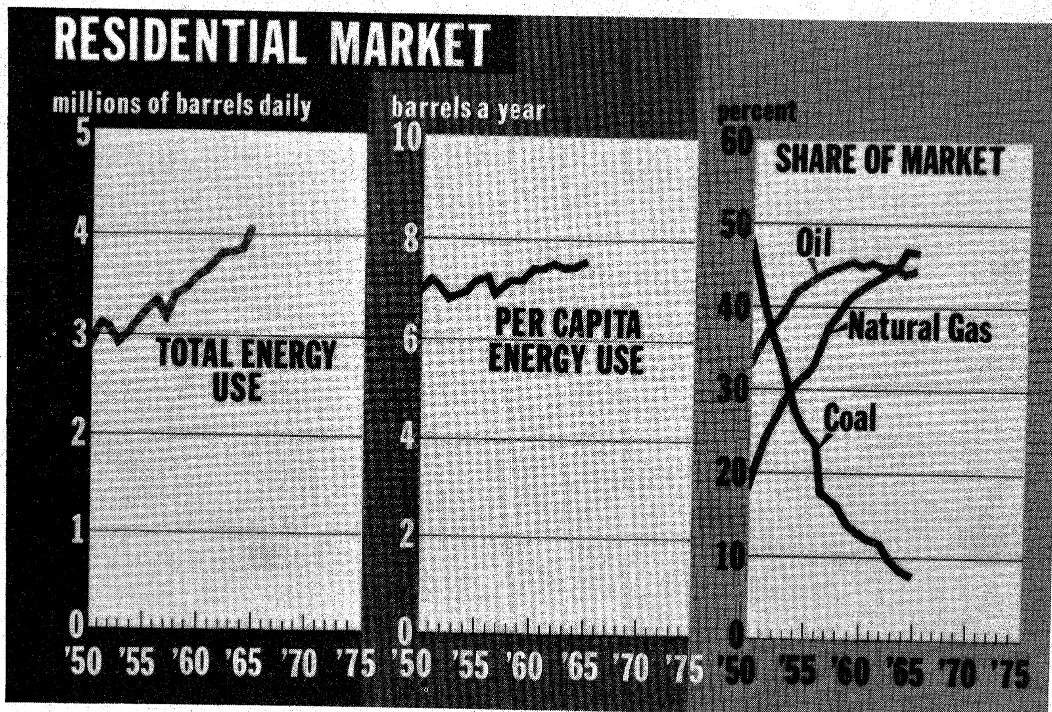

CHART 15

The attractiveness of petroleum hydrocarbons to this market has enabled them to displace coal.

The transportation market has a strong growth for most of the past and in the most recent period it has steadily moved up. The per capita consumption has slowed, however, during the period shown on chart 16. That slowdown reflected the practices that I spoke about, and it also was because of the advant of the compact car, which saw a 30-percent decline in the average horsepower of automobiles on the road.

We are again, in a trend of higher horsepower, and this is reflected in the upturn of per capita consumption. But the major factor is the population changes that I spoke about earlier.

I also mentioned that oil, or more properly petroleum liquids, now has all of the transportation market upon the completion of the raailroad's dieselization program.

The four markets I have been talking about are shown on chart 17. The darker portion of the bars shows the size of each of these markets in 1965, and the lighter portions show what we anticipate by 1975. The size of the market is indicated by the scale at the top, reflected in millions of barrels daily, or their oil equivalent.

The largest growth, as you can see, is expected in the electric utilities market, and this is most significant, because the electric utilities pay, by far, the smallest price for their energy, and this may very well create some economic probelms in the future.

The second largest growth is in the transportation area; next in industry and commerce, and, last, residential.

And the reason why the industrial-commercial market growth is not larger is simply because commerce is buying so much energy in the form of electricity from the electric utilities. Since the electric utilities are going to show the greatest growth, let us examine the prospects for that market.