In the electric utility market, as you have already learned, coal is dominant and delivers for $1.42 per barrel.

Natural gas is dominant as a fuel going to the residential areas delivering for $6.29 a barrel.

Only in the transportation market is oil the leading choice, and, then, of course, petroleum liquids, as you have already learned, has all of that market. It delivers for the average price of $8 per barrel to the consumer. This is the only market in which the petroleum industry reasonably can expect to pass on higher crude oil costs.

On chart 60 we again have our geographical breakdown, and we compare the refinery value of petroleum products entering two major markets. First, the transportation market, which is 25 percent of the total, then the stationary market, which is three-quarters of the total. Using the east coast as an example, the average refinery value of the products entering the stationary market is $3.18. Clearly, it is not possible to increase the price by 25 cents.

Only in the transportation market, again, is it reasonable to expect to pass on an increase.

The same is true all around the Nation. We can make the same comparison in each of these areas.

Gasoline is far, in a way, the most important source of revenue for the petroleum industry. It accounts for approximately 59 percent. The price of gasoline at the pump, excluding taxes, follows the trend line on chart 61 over the past 10 years. It started out here [indicating] in 1956, but because of intense competition in the industry, the effects of our business recession in 1958, the price declined for a period of several years. It began to recover after 1964, but in 1966 it had not yet reached the point at which it was selling 10 years earlier. Consum-

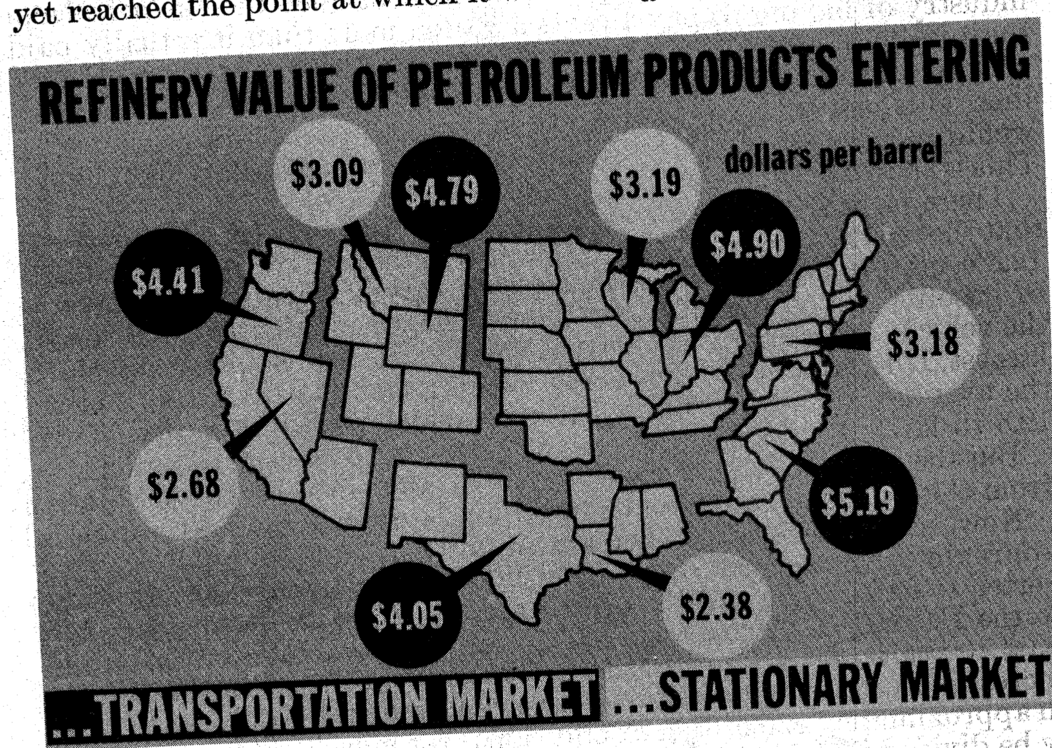

CHART 60