

Mr. GAMMELGARD. In comparison with a 1 or 2 percent sulfur residual fuel oil, yes, that is correct.

Mr. BELL. To explore that further, would it not cost you less to make your gas controls, whatever they need to be, than to make the necessary changes in the fuel oil to eliminate your sulfur.

Mr. GAMMELGARD. There is a limit, of course, to the gas reserves in the country and if the gas reserves are used to, say, fuel all the powerplants in the country, with the big increase in demand that is forecast for power in this country, I think we would seriously dip into our reserves. Secretary Udall a year ago was very concerned and said publicly, that the reserve ratio, that is, the number of years supply of gas to current annual consumption, is steadily dropping and he doesn't want to see it drop because if that continues too long we will run out of gas.

Mr. BELL. Aren't we in the same position as far as production of any kind of oil is concentrated? Do we have unlimited amounts of resources of oil?

Mr. GAMMELGARD. No, we do not, but when I refer to the reserve ratio I am tying it to the known reserves of crude oil to the current consumption of crude oil. That ratio has not been dropping in the same manner. The gas reserves to consumption ratio has been dropping, and I think it is currently about 16.5 to 1. Secretary Udall wants this down-trend reversed.

Mr. BELL. As I understand it, earlier you said there is always a certain amount of gas, and in many cases there is too much gas over oil. When you find a new field you also find gas with oil.

Mr. GAMMELGARD. Some of that gas is used to repressure the formation so as to eventually produce more of the crude from the formation and it is not sold as gas to consumers.

Mr. BELL. Eventually, when you get the crude out, you then get the gas out too.

Mr. GAMMELGARD. Yes.

Mr. BELL. You can probably see what I am coming to. If gas is less of a pollutant, and if all of the oil companies produce as much gas as they do oil and maybe more, why wouldn't it be a good direction for the oil companies to start moving toward the production and sale of gas and thus eliminate the pollutant problem, the costs and so forth. This would be the direction you could go and save yourself a lot of money.

Now, is this a practical suggestion?

Mr. GAMMELGARD. I think that is what has actually been happening. If you examine the last 10 years, the annual increase in gas consumption in this country has exceeded the annual increase in petroleum liquid products. Gas consumption has grown at a substantially higher rate than the growth of the liquid petroleum products.

Mr. BELL. In other words, you are saying the gas is taking over your competition? Is that also true?

Mr. GAMMELGARD. It is taking over some of the markets formerly served by other fuels, such as coal and oil. Large scale substitution of gas for residual fuel in the east coast market would have a very serious impact on the economies of friendly Caribbean nations now supplying fuel oil to this market.