there is no shortage of asphalt. This matter is still pending, and is another cause for apprehension as to the long-range stability of the Mandatory Oil Import Program.

This action marked the first time that a modification in the Presidential Proclamation was in advance of hearings or without solicitation of public comments from interested and affected parties. The Office of Emergency Planning was subsequently asked to conduct an immediate investigation of the national security implications of such asphalt imports. Although the OEP announced a "timely" inquiry would be made as to the national security implications of relaxing import restrictions in April 1967, to date no report has been issued by OEP.

11. *Supply of No. 2 Fuel Oil:* No. 2 fuel oil is used primarily for home heating purposes. Approximately 20 percent of total U.S. crude oil production is converted into No. 2 oil. It is the industry's second (gasoline is first) most important oil product. The basic purpose of the Mandatory Oil Import Program is to assure that the domestic industry is capable of supplying the demand for the principal petroleum products derived from domestic crude oil. The availability of crude oil, the magnitude of U.S. refinery capacity and the flexibility of refiners to adjust yields to maximize the output of No. 2 fuel oil leave no doubt that the supplies of this fuel will continue to be adequate.

Despite the adequacy of supply, on September 27, 1967, the Oil Import Appeals Board granted allocations to 3 petitions to import No. 2 fuel oil in the amount of some 3,000 barrels daily. The basis premise for this decision is the Board's finding that:

"The Board finds that the three subject petitioners for No. 2 oil allocations are suffering exceptional hardship attributable to oil import controls."

This finding is in conflict with the facts presented by the Director of the Interior Department's Office of Oil and Gas in a speech on October 3, 1967, as follows:

"If I were asked to summarize the outlook for distillate fuel oil this winter, I would describe it as good, but nevertheless, one to be watched closely. In its reaction to the vast dislocations of last summer, the petroleum industry has once again proved its flexibility and responsiveness. I see no reason why it should do less well in the present case."

In these "September" cases, the Appeals Board erroneously blamed the import program for some alleged isolated hardship claims which, even if justified, were due to the transportation problems created by the Middle East crisis and not to the Mandatory Oil Import Program.

In January 1968, some other No. 2 fuel oil dealers in the North East complained again of a threatened shortage of No. 2 fuel oil.

In spite of abundant evidence from governmental and industry sources that there was no real or prospected shortage of No. 2 fuel oil, the Import Appeals Board on February 28, 1968, granted to 12 fuel oil dealers import allocations of some 7,000 barrels per day for the balance of the year 1968. The Board made no real finding of a shortage for the early months of 1968 heating season. As a matter of fact, for the most part, the allocations which were granted for the entire year of 1968 were not even used during the first quarter winter heating season.

While the total volume of imports involved in these No. 2 fuel oil cases is not great, there is cause for concern. This action sets a precedent for opening up the import program to thousands of marketers of not only No. 2 fuel oil but also gasoline and other products. The purpose of the program is to assure adequate oil supplies for national security—not to solve the competitive problems of individual marketers.

12. *Carry-over Unused 1967 Allocations:* Because of the Suez crisis last year importers were unable to use their import allocations to the extent of about 143,000 barrels daily on the average for the year. On January 29, 1968, Secretary Udall, without have held a public hearing, announced that importers would be permitted to utilize these unused import allocations during 1968 and 1969. The Secretary further arbitrarily decided that one half of such imports would be included within the 12.2 percent ceiling and one half would be over and above said ceiling. As a result of this action, imports outside the 12.2 ceiling will be increased during 1968 and 1969 by approximately 36,000 barrels daily. These additional imports not only displace domestic production that would otherwise be produced but in addition will aggravate the balance of payments problem in the