

actually to meet a crisis that was going to occur in March had these not been granted and even with these you have to realize that from the time they were granted until the time oil can be found and transported there is a timelag.

As a consequence, even with these, several terminals this past winter ran out of No. 2 fuel oil at a time that was most inopportune from the standpoint of the dealers. You have to remember, Congressman, that 50 percent of the product that we sell during a calendar year is sold or delivered to our customers in a 3-month period, basically, December, January, and February.

As a consequence to talk about stocks at this particular time of the year is almost inconsequential. We would expect that there would be a sufficient amount of product at this particular time. A reserve, however, does have to be built up to carry us through those periods of extremely cold weather that I am sure you are cognizant we get in Massachusetts, Rhode Island and the other New England States so that we can work against this reserve.

We saw in the natural gas shortage this past winter what happens in New England if a product runs out for just a short period of time. They became chaotic in the Portland, Maine, area, and the northern New Hampshire area and you have to remember that if this ever happened with No. 2 fuel oil it would be not dealing with perhaps 2 or 3 percent of the population such as natural gas services in that particular area; it would be dealing with roughly 80 to 85 percent of the population and it would be frankly chaotic.

Mr. BURKE. Thank you. In your opinion what do you think would happen to the prices of oil if the imports were reduced?

Mr. DE BLOIS. If the imports were reduced I would say the same basic thing that has happened already when supply has become tight, exceedingly tight as it is now.

It cannot help. We operate basically on a supply-demand situation. The price would invariably go up, Congressman.

Mr. BURKE. Thank you very much. That is all, Mr. Chairman.

Mr. ULLMAN. Mr. Schneebeli.

Mr. SCHNEEBELI. Mr. De Blois, I am sympathetic to your problem. I have been a petroleum distributor for 30 years. I would observe that the retail price increase that you note here, which is considerably less than the wholesale price increase, is inevitable because if you pass on let's say a 2-cent-per-gallon price increase from 10 to 12 cents wholesale that is a 20-percent increase, but if you increase the retail price from 14 to 16 cents it is only a 14 percent increase, so you are dealing from different levels.

Your lesser price percentage increase at retail is due to your higher level, so I want to straighten this out, that passing on this price increase which normally distributors do, and I would observe in my own case that I think my margins are as great as they were. As a matter of fact, from the point of view of dollars and cents I think my margin is a little bit better than it was 10 or 15 years ago.

Mr. DE BLOIS. Ten or 15 years ago you are correct.

Mr. SCHNEEBELI. Or even in the last 2 or 3 years it has remained rather constant. I think perhaps my margin has been a little better