Mr. De Blois. Basically the rationale I believe is that energy consumption in the United States is increasing at a very rapid rate. For example, jet fuel is being used much, much faster today. Gasoline is going up at a higher rate, fuel oil to a lesser degree, but it is still climbing at approximately a 2- or 3-percent rate.

Mr. Bush. Are you suggesting then the domestic industry wouldn't be able to meet the needs? I think if you are talking something like that, that throws the whole economic factor into the equation; but what I think the industry is suggesting, and those of us who feel we need a little more formalization in this program, is that given the existing ability to meet the needs I just don't see how the price structure is going to change if the formula stays the same.

If you change the formula I can see a change in the price structure; but I don't want to belabor this point, Mr. Chairman. Those are all the questions I have, sir.

Mr. Ullman. Thank you, Mr. De Blois, for bringing your views to the committee.

Mr. De Blois. Thank you.

Mr. Ullman. The next witness is Mr. Famariss. We are happy to have you before the committee, Mr. Famariss. Would you please identify yourself for the record and proceed as you see fit.

STATEMENT OF WALTER FAMARISS, JR., PRESIDENT, AMERICAN PETROLEUM REFINERS ASSOCIATION

Mr. Famariss. Thank you, sir. Mr. Chairman and members of the committee, my name is Walter Famariss, Jr. I am president of the American Petroleum Refiners Association, the membership of which is limited to "small oil refiners" as defined by the Small Business Administration. I am also president of Famariss Oil & Refining Co., located at Hobbs, N. Mex.

My appearance here today is to emphasize the critical importance that any import legislation recommended by your committee and enacted by Congress is to the small oil refiners throughout the country. Certain types of import limitations could prove disastrous to them unless proper safeguards are provided. Their continuation in the domestic economy is imperative, not only for their potential and considerable contribution to any national defense efforts, but also from the viewpoint of providing a necesssary competitive element in the economy of the petroleum industry.

Mr. Chairman, 50 percent of the refining capacity of the United States, 5,036,000 barrels per day, most of which is owned by major oil companies, is concentrated in three coastal areas and near Chicago, Ill. What a crippling blow it would be should these complexes be destroyed. They are graphically shown on exhibit A attached. In contrast, the national security aspect of small oil refiners is quite apparent from the fact that their refining facilities are located in inland locations widely dispersed all across the Nation as shown on exhibit B attached. Numbering 105 plants, these geographically protected facilities control approximately 750,000 barrels per day of refining capacity and because of the simplicity of their technology, these plants could conceivably be converted quickly to the production of military jet fuel.