Secretary of the Interior Stewart L. Udall recognized the indispensable nature of small refiners in contributing to national defense in the following statement:

Small independent refineries represent a dispersed and decentralized refining capacity of critical importance to national defense and such refineries are in less vulnerable target areas than large concentrations of refining operations, particularly those located in coastal areas and in large industrial complexes. The small decentralized refinery locations are accessible to sources of domestic crude oil supply and the products are accessible to military installations which require their products. (Affidavit of Secretary Udall of February 15, 1962 set forth at page 28, Defendant's Motion for Summary Judgment, Standard Oil Co. v. Stewart Udall 2496-61, U.S. District Court for the District of Columbia.)

As the Secretary pointed out, many small oil refiners are located in the vicinity of crude oil producing fields, thus if railroads or pipeline transportation systems were destroyed, crude oil could be trucked to their refineries for processing. Furthermore, even though the facilities of small refiners might be damaged or sabotaged, they are of a type which could be repaired and put back on stream within a relatively short time.

Aside from the clear logistic value of small oil refiners located near outlying military installations, these refiners have a vital role in preserving a healthy competitive condition in the domestic petroleum economy. Anticompetitive forces in this industry and a rapid trend toward heavy concentration of refining capacity in a relatively few major oil companies has long been of much concern to both Congress and the administration.

It can be demonstrated that small refiners furnish the real competition in the petroleum refining industry. They provide the principal means of keeping prices of petroleum products at reasonable levels, thus protecting the interests of the consumers in the marketplace. Proof these statements lies in the clearly demonstrable fact that in Alaska and Hawaii, where small refiners have no operations, retail prices of petroleum products are considerably in excess of those in other States where they supply necessary competitive forces to keep prices down. In late June of 1967 the Federal Trade Commission released their report on anticompetitive practices in the marketing of gasoline. In this report they unequivocably document the competitive importance of the small refiner by the following statement:

The record is clear that independent refiners and marketers exert a beneficial influence upon competition that is disproportionate to their actual representation within the petroleum industry: they have long been innovators of marketing methods and have been the primary agents in translating efficiencies at the production and distribution levels into lower prices at the retail level. They play a part in the industrial pattern that is "entirely disproportionate" to their size "in keeping markets competitive, flexible and dynamic and in preventing a recognition of interdependence and the possible bureaucratic conservatism that go with size and quasipermanent life from stultifying competition." (De Chazeau and Kahn, Integration and Competition in the Petroleum Industry, 383, Yale Univ. Press 1959.)

In the final analysis the continued health of the petroleum industry as well as their customers depends upon the small refiner continuing as a vital factor in the domestic petroleum economy.