(11) No new or rehabilitated refinery or petrochemical plant nor enlargement of any plant should qualify for quota until qualified under the provisions that quota will be determined for any years based on runs for the first 12 months during the 15-month period preceding the quota period. This regulation has worked satisfactorily in the past. Problems of both equity and identity between plant enlargements and new or rehabilitated plants would be introduced.

(12) Refinery inputs should be as defined in the Oil Import Administration proposal released March 15, 1968, except that overland imports of crude oil and unfinished oil and liquid feedstocks, normally referred to as "synthetic oils", which are produced from shale oil, tar sands or coal in Districts I–IV or District V or imported overland or pursuant to an allocation should be added to the list of qualifying inputs.

(13) The sliding scale method of allocating licenses to refiners should be discontinued. By administrative decision this device has been utilized to grant increasing benefit to small plants to the point of maintaining grossly inefficient plants in operation. We think it is extremely inequitable to grant one barrel of refining runs 19% of a barrel of quota and another barrel of refining runs only 2.74% of a barrel of quota in Districts I–IV and a variation of from 45.0% to only 2.2% in District V. The sliding scale has also been responsible for spawning a number of plants which are merely a subterfuge to obtain a high quota allocation through qualifying a small plant "legally" as a small refiner.

Continental strongly urges discontinuance of the sliding scale but if it is to be continued the variation of grants to refiners should be sharply reduced.

(14) A barrel of hydrocarbons should qualify as a basis for import quota only *once*. Consequently, petrochemical plants should qualify for quota only if they are the first domestic processor of a barrel that meets the definition of qualified refinery input. If petrochemical plants are eligible to receive quota under the regulations, we suggest the following basis:

(a) Each plant should be qualified as either a refinery or petrochemical plant but not both.

(b) Refinery inputs should be as indicated in No. 12 above. Petrochemical plants inputs should be as defined in the Oil Import Administration proposal released March 15, 1968, except that overland imports of crude oil and unfinished oil and liquid feedstocks, normally referred to as "synthetic oils" which are produced from shale oil, tar sands or coal in Districts I–IV or District V or imported overland or pursuant to an allocation should be added to the list of qualifying inputs. Petroleum coke should be eliminated as input for petrochemical plants.

(c) Total available crude oil and unfinished oil quota for Districts I–IV and District V should be prorated bebetween refiners as a group and petrochemical plants as a group in each area in the same proportion as the total qualifying inputs for each bears to total inputs for both for that area.

(d) Refinery quota allocation for Districts I–IV and District V, as determined under (c) above, shall be allocated among refiners in each area on the basis of refinery inputs.

(e) Petrochemical plant quota allocations for Districts I–IV and District V, as determined under (c) above, shall be allocated among petrochemical plant operators in each area on the basis of *outputs*. Output to qualify for this distribution of quota should be limited to hydrocarbon content on a weight basis of products produced which will not enter the energy market. No barrel of output should count more than once so output should be limited to the initial processing of a qualifying input barrel.

(f) If a sliding scale is continued for refiners, a comparable system should be applied for petrochemical plants.

(15) An auction system for crude oil import licenses should not be established. The uncertainties of the proposed auction system make it difficult to assess its impact on sources of supply. It seems likely, however, that distortions in established logistical patterns would occur. At any given auction, a company will secure a larger proportion of import licenses than at other auctions. Their supply arrangements could favor one producing country at the expense of others. Thus, markets for a particular producing nation could be distorted temporarily, leading to serious international relations problems. Should efforts to control this situation be attempted by placing limitations on the volume of import licenses any one company may purchase or that could be used to import crude from any one producing country, the plan becomes subject to administrative decision and