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GASOLINE PRICES IN MONTANA
SUPPLEMENTARY REPORT OF THE MONTANA TRADE COMMISSION

The major oil companies, monopolizing as they do the production, refining, marketing and transportation of petroleum products, are a mixed blessing for Montanans. With the advent of almost complete major company control of the industry in Montana, the independent has all but disappeared.

Major oil company expansion in Montana has been harmful to the local petroleum industry. Two of the largest refineries in the State were built within the last eight years and these two refineries -- Carter and Continental -- were specifically designed not to refine Montana crude. They were designed to refine Wyoming sour crude. This crude has a high sulphur content and sells for a lower price than Montana sweet crude.

All of the oil imported into the Billings refineries comes from the Elk Basin field on the Wyoming border. The State of Montana gets no production tax from this crude. This is relatively inexpensive crude. For example, on December 20, 1956 Wyoming 32 gravity crude oil cost \$2.52 per barrel at the well; California 21 gravity crude cost \$2.68 per barrel at the well. Montana 32 gravity sweet crude from Sumatra would have cost \$2.74 at the well. Obviously, the refiners have already taken care of the additional cost of refining sour crude. And Montana producers have been denied a market for their crude.

Elk Basin, home of this sour crude, is an oil field operated as a single unit by Standard Oil of Indiana. Carter and Continental own approximately 40% of this field; except for some small interests Standard owns the remainder. Since nearly 60% of the oil refined in Montana comes from Wyoming, it is clear that this imported sour crude is almost wholly owned by the major oil companies. They do not import oil owned by independents.

Thus, the result of the major companies refinery building and oil importing programs has been to pinch off Montana producers, eliminate Montana refiners. Finally, the Montana motorist and farmer must pay for these programs each time they buy a gallon of gasoline.

The Yellowstone Pipe Line is another example of what harm can occur by the unwarranted expansion of the major oil companies. The pipe line was not built to benefit Montanans, according to the testimony of a major company executive. It was built to move product refined in Montana from crude produced in

Gasoline Prices In Montana

Wyoming for sale in Washington.

No independent refiner is permitted to ship through the pipe line.
And since the gasoline is sold at a lower price in Spokane than in Montana, the Montana motorist and farmer must pay for this pipe line each time they buy a gallon of gasoline.

The major company practice of exchanging products with each other makes for an anomalous situation in view of their advertising claims. In Helena today, 4 refineries supply 13 different brands of gasoline. Most of this gasoline is supplied by the pipe line which is kept full only by Carter and Continental.

What is the value of a gallon of gasoline?

Carter Oil Company officials testified the average cost of a gallon of gasoline at the refinery is 12.02 cents. Further, that the cost of all light products (premium and regular gasoline, No. 1 stove oil, diesel, kerosine and jet fuel) is 10.8 cents per gallon. The national average for all light products is 10.6 cents per gallon. In 1956 Carter told the State Board of Equalization that a gallon of regular gasoline was worth 9.997 cents per gallon. Which figure is correct?

12.02 cents per gallon, .64 cents higher than national average according to Carter.

10.8 cents average cost of all light products, 2/10 of a cent higher than national average,

or

9.997 cents per gallon, the figure given to the State Board.

(All figures are Carter's)

Recently during a price war in Billings, gasoline was sold for 8.7 cents a gallon at the wholesale level. The price of regular gasoline was reduced 12 cents a gallon at the retail level. Based on the average sales in Billings, this saved happy motorists in Billings \$50,000.00.

Does the large refinery produce gasoline at a lower price?

Carter is a wholly owned subsidiary of Standard Oil of New Jersey, the largest oil company in the world.

Big West is a Montana corporation and an independent.

	<u>CARTER</u>	<u>BIG WEST</u>
Capacity	23,000 bbl. per day	2500 bbl. per day
Crude refined	Wyoming crude	Montana crude
Cost of crude	\$2.31 per bbl.	\$2.88 per bbl.
Cost of operation	\$1.19 per bbl. (Average cost)	\$0.89 per bbl.
Total cost of refined barrel of crude oil	\$3.50	\$3.77

Result: Big West operates more efficiently than Carter. Big West pays 55 cents more for Montana crude oil than Carter pays for Wyoming, and yet-- it costs Big West only 27 cents more than Carter to refine a barrel of crude oil.

Finally --

Big West owns no stations and supplies gasoline to many of the less than 50 independent service stations left in Montana. It sells its gasoline to these stations for 4 cents per gallon less than Carter sells to its stations.

The quality of Big West's gasoline is equal to Carter's.

Conclusion: Montanans do not benefit from the top-heavy operation of the major companies.

The attached charts and sheets are a summary of much of the material upon which the Montana Trade Commission based its findings as stated in the Preliminary Report. They should be read in conjunction with the Preliminary Report since they are supplemental to it.

The Montana citizen is discriminated against by the major oil companies who, operating to monopolize his petroleum industry, force him to purchase petroleum products at exorbitant prices.

One of the attached charts shows that the major oil companies control more of the market in Montana than in Indiana, Minnesota and Iowa. To this list should be added Wyoming where, together with the Farmers Union, the major companies control only 80% of the market. Montana sits at the top of the list-- 95% controlled by the major oil companies.

It is the conclusion of the Montana Trade Commission that this control, with the attendant lack of competition, is responsible for the high price of gasoline in Montana.

AVERAGE COST OF DRILLING A WELL - 1953

	<u>NO. WELLS DRILLED</u>	<u>PER WELL</u>	<u>PER FOOT</u>	<u>AVERAGE DEPTH</u>
Colorado	734	\$ 50,000.00	\$ 9.71	5,200
Utah	70	163,700.00	28.94	5,700
Wyoming	917	80,400.00	17.01	4,700
MONTANA	<u>421</u>	<u>74,600.00</u>	<u>16.26</u>	<u>4,600</u>

It cost less to drill a well in Montana.

The states listed above are the states in P.A.D. District 4. Only Colorado has lower drilling costs in 1953.

North Dakota and South Dakota had lower drilling costs than Montana. California had higher drilling costs than Montana.

AVERAGE PRICE OF A BARREL OF CRUDE OIL AT THE WELL, 1949-1954

	<u>1954</u>	<u>1953</u>	<u>1952</u>	<u>1951</u>	<u>1950</u>	<u>1949</u>
California	2.55	2.49	2.23	2.25	2.16	2.26
Colorado	2.77	2.71	2.55	2.54	2.55	2.55
Nebraska	2.75	2.71	2.44	2.33	2.13	2.21
New Mexico	2.75	2.63	2.47	2.45	2.43	2.44
North Dakota	2.14	2.00	2.00
Oklahoma	2.79	2.70	2.56	2.57	2.57	2.56
Wyoming	2.45	2.37	2.18	2.15	2.16	2.28
Average United States	2.78	2.68	2.53	2.53	2.51	2.54
MONTANA	2.20	2.18	2.25	2.47	2.52	2.58

The price of crude in Montana is lower than all states listed except North Dakota.

The price of crude in all states listed above is shown to be higher in 1954 than in 1948. The price of crude in Montana is shown to be lower in 1954 than in 1949.

While --

The price of gasoline in Montana is higher today than at any time since 1949.

P R O D U C T I O N

Crude Oil Production data

Total oil produced in Montana, fiscal year 1955	15,550,464.71 bbls.	100%
Total oil produced in Montana by majors " "	11,941,340.02 "	76.8%
Total oil produced in Montana by independents	3,609,124.69 "	23.2%

Analysis of market of Montana crude oil:

Oil exported in 1955 --	5,692,767 bbls.	or	36.6 %
Oil sold in Montana in 1955 --	<u>9,857,697 bbls.</u>	or	<u>63.4 %</u>
	15,550,464 bbls.		100. %

While Montana exported 5,692,767 bbls., we imported 11,223,125 bbls. or virtually twice as much as we exported.

Of the domestic production sold in Montana:

Majors purchased	8,785,772 bbls.	or	89.126 %
Independents purchased	<u>1,071,925</u> " "		<u>10.874 %</u>
	9,857,697 " "		100. %

Average price received for Montana crude was \$2.26 per bbl.

Of a total of 408 wells drilled in Montana, 248 wells were development wells and 160 wells were classified as wildcat.

Of the 248 development wells, 179 wells were productive of oil or gas with 69 dry or 72.1% of development wells being successful.

Of the 160 wildcat wells, 145 were dry with 15 containing oil or gas, or a ratio of 1 out of every 10.7 wildcats being successful.

Petroleum information of Denver reported on May 9, 1956 that the 1st four months of 1956, Montana drilled 111 wells with 66 being successful or almost 60% of all wells drilled were successful for that period. 47 per cent of wells drilled in 1955 were successful.

PRODUCTION AND REFINING DATA

1933 - Montana refineries processed:

1,482,260 barrels of Montana crude;
359,488 barrels of Wyoming crude.

In 1934 Montana produced over twice as much as it could consume. 21 refineries were active.

1934 - Montana refineries processed:

1,491,944 barrels of Montana crude;
1,191,498 barrels of Wyoming crude.

Montanans consumed: \$2,030,591.00 worth of products refined in State.
Montanans exported to Canada: \$2,373,720.00 worth of products refined in State.

1945 - Montana refineries processed:

5,399,849 barrels of Montana crude;
5,411,253 barrels of Wyoming crude

Montana produced: 8,420,450 barrels and
exported: 1,191,829 barrels to Canada and
1,596,220 to other States.

DECEMBER 1956

Produced in Montana	2,126,550 barrels
Refined in Montana	1,937,071 barrels
Exported	1,277,685 barrels
Imported	1,198,344 barrels

Over 50% of crude produced in Montana in December had to be exported to find a refinery.

Over 50% refined in Montana came from Wyoming.

Production of crude in Montana was more than amount of crude refined.

And yet ----

Number of refineries has decreased through the years.

Today there are 14 refineries in Montana -- 5 are inactive.

GASOLINE SALES DATA FOR STATE OF MONTANA-YEAR 1955

Major Companies

<u>Company</u>	<u>Sales in gallons</u>	<u>Per Centage</u>
The Carter Oil Company	71,807,555	26.70
Continental Oil Company	54,843,479	20.44
Farmers Union Central	24,870,416	9.27
Ohio Oil Company	2,195,488 #	.82
Phillips Petroleum Co.	20,237,319 *	7.58
Secony Mobil	5,462,656 &	2.04
The Texas Company	39,402,670 %	14.69
Union Oil Co. of Calif.	26,768,499	9.98
Husky-H. Earl Clack	2,794,931	1.04
Shell Oil Co.	1,348,840 (largely Aviation Gas)	.50
Standard Oil Co. (Ind.)	4,990,535	1.86

Independent Companies

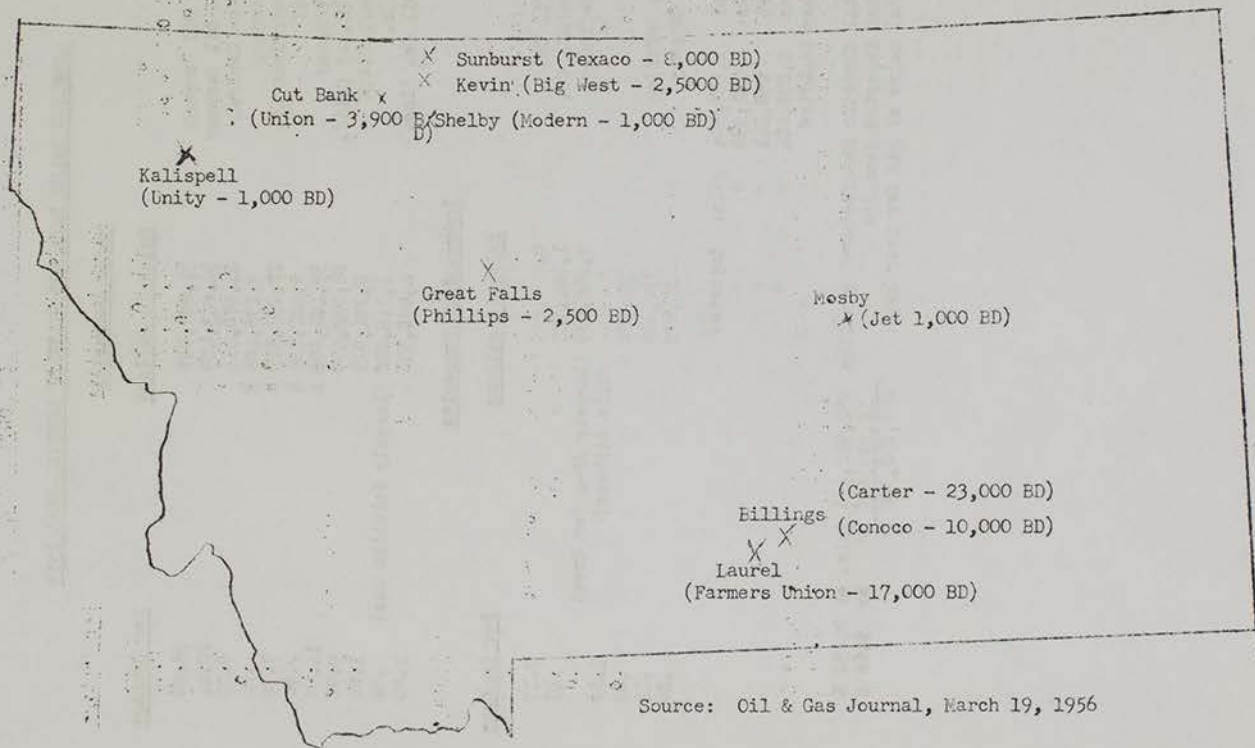
<u>Company</u>	<u>Sales in gallons</u>	<u>Per Centage</u>
Big West Oil Co.	8,507,867	3.17
Diamond Asphalt Co.	1,264,720	.47
Jet Fuel Refining	3,266,039 (largely JP-4 for Great Falls Airbase)	1.22
Ruel Call	20,300 \$.08
Queen City Refining	330,314	.12
Sioux Oil Company	20,678	.08

Includes 2,186,304 gals. imported
 * Includes 201,838 " "
 & Includes 450,141 " "
 % Includes 2,895,804 " "
 \$ All sales imported

Note: Total domestic manufactured gasoline 252,992,623 gals. or 94.32 %
 Total imported gasoline 15,237,685 " or 5.68 %
 Total sales of gas for year 1955 268,232,308

MONTANA REFINERIES

Location, Ownership And Capacity



Source: Oil & Gas Journal, March 19, 1956

REFINING DATA

In 1955, 9 refineries processed 21,080,822 bbls. of crude oil. Of the crude processed 46.76% or 9,857,697 bbls. was domestic crude, and 53.24% or 11,223,125 bbls. was imported into the State. This imported crude is mainly from Wyoming, with 3 refineries using it all; namely, Carter with 74.6% of their runs being imported crude, Continental with 62.2% being imports and Farmers Union with 73%.

Listed below you will find refineries-runs in barrels and percentage of the total crude refined:

Big West	704,809 bbls.	3.343 %
Carter	7,003,786 "	33.225 %
Continental	3,358,362 "	15.931 %
Diamond Asphalt	240,518 "	1.141 %
Farmers Union	5,353,731 "	25.396 %
Jet Fuel Refinery	126,598 "	.600 %
Phillips	874,373 "	4.148 %
Texas Company	2,139,450 "	10.879 %
Union Oil	<u>1,279,195</u> "	<u>6.068 %</u>
	21,080,822 "	100.731 %

Majors, including Farmers Union, refined 94.916% of the total crude refined. Independent refiners, namely, Big West, Diamond Asphalt and Jet Fuel Refinery, refined 5.084%.

Excluding imports the majors refined 89.126% of domestic crude and the independents 10.874%.

Total gallons refined--21,080,822 bbls. equals 885,394,524 gallons.

PER CENT OF GASOLINE SALES BY MAJOR COMPANIES

	<u>1935</u>	<u>1947</u>	<u>1955</u>
Indiana	74.5 %	70.5 %	
Iowa	70.2	75.1	
Minnesota	64.2	68.3	
<u>MONTANA:</u>	<u>66.7</u>	<u>80.1</u> (91.5 % with Farmers Union)	<u>94.86</u> % with Farmers Union

The major companies control more of the Montana market.

One (1) independent refinery (Big West) controls 77% of the remainder.

Major companies refine 94.91 %

Major companies sell 94.86 %

THE PRICE LEADER

Price Leaders of Petroleum Products and the
States in Which They Post Prices¹

Price Leader

Esso Standard Oil Co. ²	Arkansas, District of Columbia, Louisiana, Maryland, New Jersey, North Carolina, South Carolina, Tennessee, Virginia, West Virginia
Socony-Vacuum Oil Co.	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont
Atlantic Refining Co.	Connecticut, Delaware, Florida, Georgia, Maryland, Massachusetts, New Jersey, North Carolina, Pennsylvania, Rhode Island, Virginia
Standard Oil Co. (Ohio)	Ohio
Standard Oil Co. (Ky.)	Alabama, Florida, Georgia, Kentucky, Mississippi
Standard Oil Co. (Ind.)	Indiana, Iowa, Illinois, Kansas, Minnesota, Missouri, Michigan, Nebraska, North Dakota, South Dakota, Wisconsin
Humble Oil & Refining Co.	Texas
The Texas Co.	Texas
Continental Oil Co.	Colorado, Idaho, MONTANA, New Mexico, Oklahoma, Utah, Wyoming
Standard Oil Co. (Calif.)	Arizona, California, Idaho, Nevada, Oregon, Utah, Washington

1 Platt's Oil Price Handbook for 1948.

2 Formerly Standard Oil Company of New Jersey.

SERVICE STATIONS - 1955

	<u>Construction</u>	<u>Valuation</u>
Idaho	54	\$ 880,000.00
Nevada	33	720,000.00
North Dakota	34	464,000.00
South Dakota	42	698,000.00
Utah	95	1,590,000.00
Washington	262	4,217,000.00
Wyoming	33	660,000.00
<u>MONTANA</u>	<u>56</u>	<u>1,119,000.00</u>

- and -

	<u>Total No. of Service Stations</u>	<u>Total Sales 1954</u>	<u>Average Sales per Station</u>
Idaho	929	\$ 51,563,000.00	\$ 55,503.00
Nevada	349	33,458,000.00	95,897.00
North Dakota	858	42,292,000.00	49,291.00
South Dakota	1,040	49,226,000.00	47,332.00
Utah	1,003	64,419,000.00	64,226.00
Washington	3,355	195,008,000.00	58,125.00
Wyoming	575	34,269,000.00	59,590.00
<u>MONTANA</u>	<u>934</u>	<u>55,584,000.00</u>	<u>58,437.00</u>

Sales per station in Montana were higher than Idaho, Washington, North Dakota, South Dakota; lower than Nevada and Utah; approximately the same as Wyoming.

TANK WAGON PRICES OF MAJOR COMPANIES

	Calif. Co.	Carter	Clack	Conoco	Farmers Union	Inland Supply	Phillips	Socony	Stand.	Texas	Union	Westland
Anaconda		28.9		28.9						28.9	28.9	
Baker		29.5		29.5	29.5			29.5				
Big Timber		28.3	28.3	28.3	28.3				28.3		28.3	
Billings	27.6	27.6	27.6	27.8	27.8	27.6	27.8		27.8	27.8	27.8	
Boulder		28.5							28.5		28.5	
Bozeman	28.7	28.7	28.7	28.7	28.7		28.7		28.7		28.7	
Broadus		29.5			29.5				29.5			
Butte	28.9	28.9	28.9	28.9	28.9				28.9	28.9	28.9	
Chester		28.2	28.2	28.2					28.2			
Chinook		28.7	28.7	28.7	28.7		28.7		28.7			
Choteau		28.2	28.2				28.2		28.2	28.2	28.2	
Circle		30.1		30.1	30.1						30.1	
Columbus		28.1		28.1	28.1				28.1		28.1	
Conrad				28.2	28.2		28.2		28.2	28.2		
Cut Bank		27.8	27.3	27.8	27.8		27.8		27.8		27.8	
Deer Lodge	29.0	29.0		29.0					29.0	29.0	29.0	
Dillon	29.8	29.8	29.3	29.8	29.8				29.8	29.8	29.8	
Ekalaka				30.0	30.0				30.0			
Forsyth		28.4		28.4	28.4				28.4			
Fort Benton		28.1		28.1					28.1		28.1	
Glasgow		29.7	29.7	29.7	29.7		29.7		29.7			29.7
Glendive		29.5	29.5	29.5	29.5	29.5			29.5	29.5	29.5	
Great Falls	27.8	27.8	27.8	27.8	27.8		27.8		27.8	27.8	27.8	
Hamilton		30.0	30.0	30.0					30.0		30.0	
Hardin		28.2		28.2	28.2	28.2			28.2			
Harlowton	28.7	28.7	28.7	28.7			28.7		28.7		28.7	
Havre		28.6	28.6	28.6	28.6		28.6		28.6	28.6	28.6	
Helena	28.4	28.4	28.4	28.4			28.4		28.4	28.4	28.4	
Hysham		28.3		28.3	28.3				28.3			
Jordan		29.2		29.2	29.2							

THE PRICE WAR

Major oil companies allege price war is means of increasing volume.

But --

Price wars only exist where independent operators are actively competitive in price with major stations.

For example --

Great Falls war - Winter of 1956 - brought "Save-Ur-Self", an independent, into line.

Butte war - Spring of 1956 - brought "Community Gas" and other independents into line.

In both cases major company retail stations took most of price reduction out of margin of profit.

Billings recent price war (1957) which brought M. & H. into line.

Majors allege that wars increase volume. If so, increase is negligible.

Much of the additional volume claimed to have been sold in Billings was actually sold to other towns in State where buyers were eager to buy gasoline at the wholesale price of ten cents (10¢) per gallon.

In each case where there has been a price war, some independent will have been selling gasoline to the public at 3 to 4 cents under the retail price!

TANK WAGON PRICES OF MAJOR COMPANIES

	Calif. Co.	Carter	Clack	Conoco	Farmers Union	Inland Supply	Phillips	Socony	Stand.	Texas	Union	Westland
Kalispell	29.0	29.0	29.0	29.0	29.0				29.0			
Lewistown	28.5	28.5	28.5	28.5	28.5		28.5		28.5	28.5	28.5	
Libby	30.1	30.1	30.1	30.1	30.1				30.1		30.1	
Livingston	28.5	28.5	28.5	28.5	28.5				28.5		28.5	
Malta		29.2	29.2	29.2	29.2				29.2	29.2		
Miles City	28.7	28.7		28.7	28.7	28.7			28.7	28.7	28.7	
Missoula	29.6	29.6	29.6	29.6	29.6	29.6			29.6	29.6	29.6	
Phillipburg				29.5					29.4		29.4	
Plentywood		30.7		30.7	30.5				30.7		30.7	30.5
Polson		30.3	30.3						30.3		30.3	
Red Lodge		28.2	28.2	28.2					28.2	28.2	28.2	
Roundup		28.7	28.7	28.7	28.7				28.7	28.7		
Ryegate		28.7			28.1							
Scobey		30.4		30.4	30.4							30.4
Shelby	28.0	28.0	28.0						28.0	28.0	28.0	
Sidney		30.1	30.1	30.1	30.1				30.1			
Stanford		28.2		28.2	28.2				28.2		28.3	
Superior	30.2	30.2		30.2					30.2			
Terry		29.2		29.2	29.2				29.2			
Thompson Falls			30.4	30.4					30.4			
Troy		30.1	30.1						30.1			
Virginia City		29.8							29.8			
White Sulph. Sps.		29.1		29.1							29.1	
Wibaux		30.0		30.0					30.0			
Winnett	28.9	28.9		28.9					28.9			
Wolf Point		30.2	30.2	30.2	30.2				30.2	30.2	30.2	30.2

Note 1. Queen City Refining Co., Sonic Oil Co., Mamand Asphalt Co., Je Fuel Refinery and Ohio Oil Co. do not post tank wagon prices.

Note 2. Big West Refinery posts only 1 tank wagon price: Kevin, Mont. 28.4.

WHO BUYS AT WHAT PRICE

Major company service stations interviewed in Great Falls, Billings, Missoula, Kalispell, and White Sulphur Springs. They sold an average of 125,000 gallons of gasoline per station. Service stations in White Sulphur Springs, sold an average of 133,000 gallons of gasoline per station.

All major company stations pay the Tank Wagon price.

	Barry O'Leary	City Billings	County	Sweetheart Bakery	Peter Kiwitt (airport job)	Stanley Arkwright	Long Const.	Ross Power	Major Company Service Station
Amount under tank wagon price	3.15¢ 3.40¢	3.54¢	3.65¢	3.25¢	5.4¢	4.7¢	3.3¢	2.5¢	None
Bought from:	Carter Husky	Husky, Carter, Continental, Union	Continental, Carter	Carter	Stanolind	Texas	Continental	Carter	All Companies
2% evaporation allowance?	Yes	No	Yes	Yes	---	---	No	No	No
30 day net - 1% for payment in 10 days?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Amount purchased	Transport 3550	Transport	Transport	Transport	Transport	Transport	Tank Wagon 1000	Tank Wagon 1000	Transport & Tank Wagon
Equipment furnished?	Yes	---	---	Carter	Stanolind	Texas	Continental	Carter	Yes

Yellowstone Park Service Stations

Continental Oil Company sold gasoline to the Yellowstone Park Company stations at the following prices:

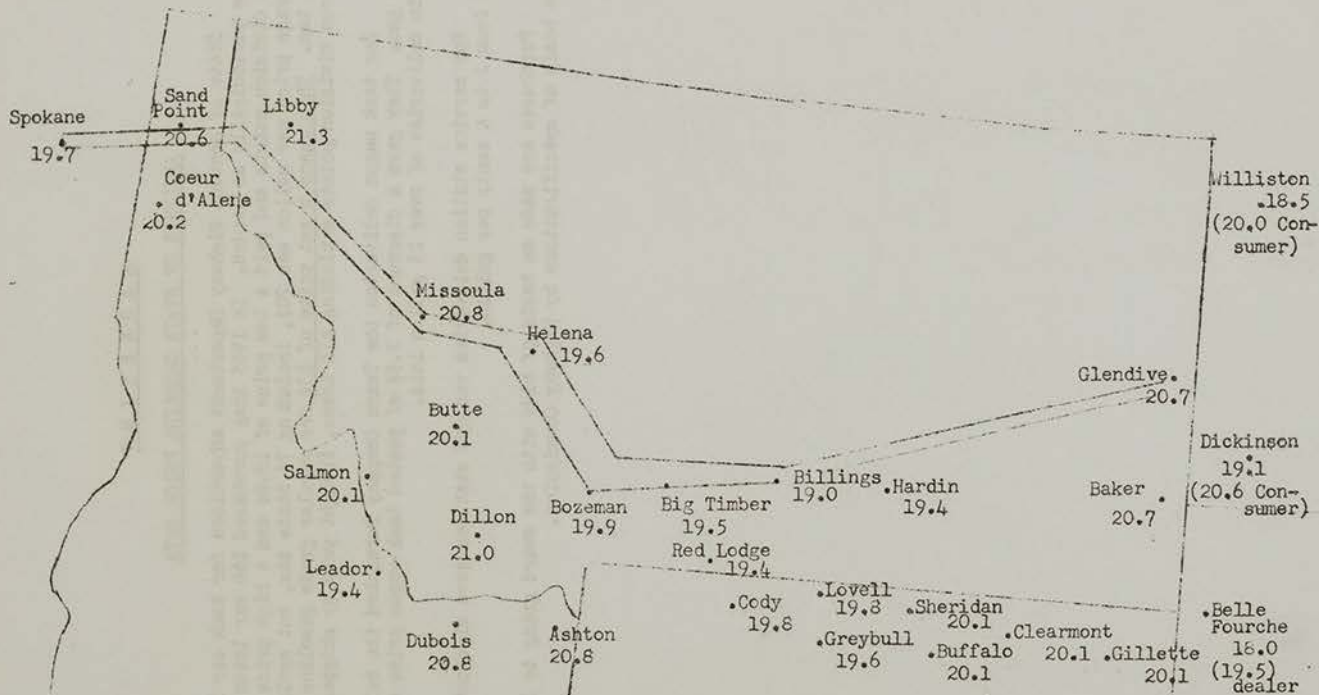
Regular -	23.8¢	(Including all taxes)
Ethyl -	26.1¢	(Including all taxes)

The gasoline was then sold at retail to the public at the following prices:

Regular -	35.0¢
Ethyl -	38.0¢

for a gross profit of at least \$290,000.00.

MONTANA TANK WAGON PRICES COMPARED
WITH THOSE IN ADJOINING AREAS



PRICES AS OF 4/4/56

Idaho & Washington Prices
Reflect Volume Discounts

MARKETING

ANALYSIS OF STATE GASOLINE PRICE DATA

State of Montana Highway Department advertises for tank car lots of gasoline periodically as needed. In 1955 they purchased 166 car loads at their various division points and paid a low price of 18.6¢ and a high price of 21.19¢. The average price per gallon was 20¢, including 7¢ State tax, but excluding 2¢ Federal tax. This means a net price of 13¢ for regular grade gasoline delivered to various division points excluding all taxes, freight paid by shipper.

For tank wagon deliveries the Texas Company furnished the bulk of regular gas. They gave a discount of 2.5¢ of posted tank wagon price at various points in deliveries of over 25 gallon lots.

For service station deliveries various stations gave discounts ranging from 2 to 4 cents per gallon.

Purchases are made on basis of bids with the award going to lowest price on basis of specifications by Highway Commission.

M A R K E T I N G

ANALYSIS OF GENERAL SERVICES ADMINISTRATION PRICE DATA

General Services Administration purchases petroleum products for these Federal Departments: Agriculture Department, Atomic Energy Department, Commerce Department, Interior Department, Justice Department, Veterans Administration, Treasury and Post Office Departments. In Montana the Forest Service, Indian Affairs, C.A.A., National Park Service, Reclamation and Immigration Departments use most of the gasoline. While G.S.A. purchased fuel oil and diesel fuel, the information we have is only on gasoline.

Majority of Departments purchase gas in lots ranging from 200 to 1500 gallon deliveries. Discounts from tank wagon price range from $\frac{1}{2}$ ¢ to 4.1¢ per gallon with the average being approximately 2.5¢ per gallon.

Tank car purchasers are: Blackfoot Indian Agency at Browning, Flathead Agency at Dixon, Harlem Indian Agency at Harlem, National Park Service at Belton, Gardiner and St. Marys. On these purchases discounts from tank wagon prices average 5¢ or better.

Award of bid is lowest price based on specifications in bids.

ANALYSIS OF ARMED SERVICES PETROLEUM PURCHASING AGENCY

This agency purchases petroleum products for Army, Navy, Air Force. Bulk of this agency's gasoline is used at Great Falls Air Base where it is delivered in tank car lots. At this time the gasoline is delivered there for 14.7¢ per gallon, including 2¢ Federal tax and excluding State tax of 7¢ per gallon, or a net price at Great Falls of 12.7¢, freight paid by shipper.

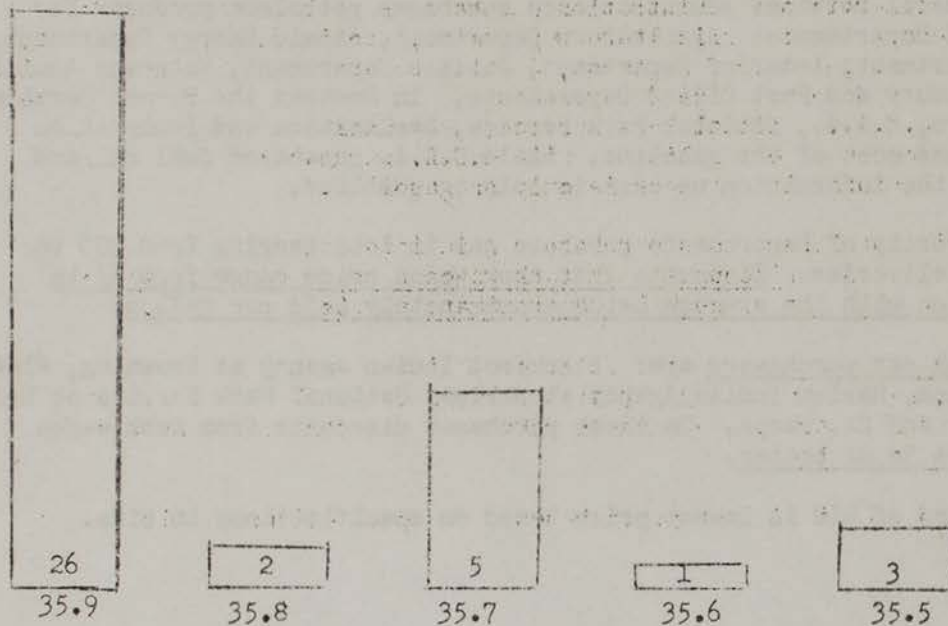
Tank wagon deliveries to Great Falls Bases on gas, diesel and fuel oil, discounts range from 2 to 4¢ per gallon.

Prices on tank wagon deliveries into Radar Bases at Cut Bank, Havre, Opheim and Yaak on gas and diesel range from 1.5¢ to 3.5¢ under posted tank wagon prices.

Award of bid for six month period is made by the agency on lowest price submitted on specifications of products in the bid.

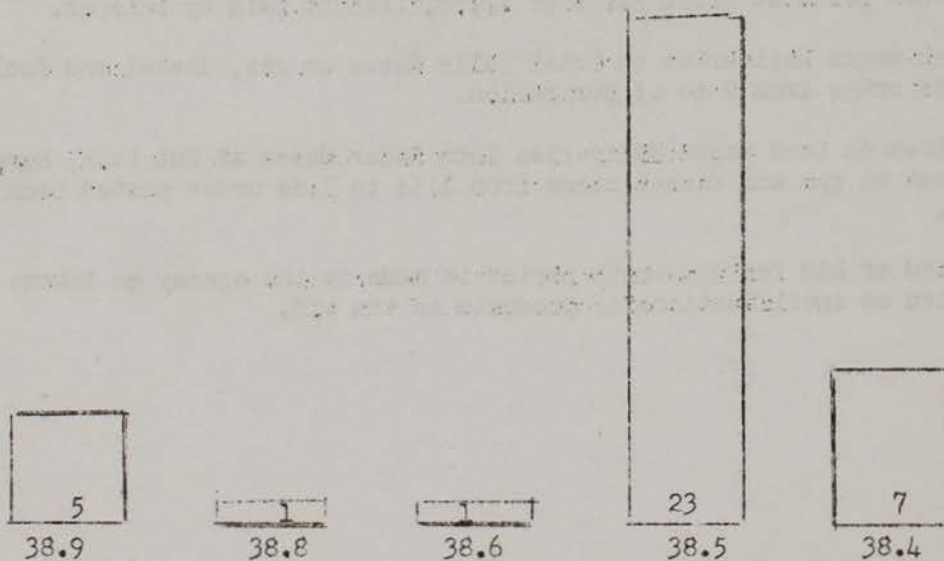
SURVEY OF PRICES CHARGED BY MAJOR COMPANY STATIONS IN BILLINS ON
OCTOBER 1, 1956

REGULAR



Over 70% of stations surveyed at random sold regular gasoline at the same price. All five selling at 35.7 were Standard Stations. Only 4/10 of a cent per gallon difference between highest price and lowest price.

ETHYL



Over 60% of stations sold ethyl at same price. Six of the seven stations selling at 38.4 were Standard Stations. Only 5/10 of a cent difference between highest price and lowest price.

THE SERVICE STATION OPERATOR

The average service station is under the rigid control of the major companies.

He is under constant pressure to increase his gallonage while major companies continue to increase price of products he sells.

He works 72 hours per week and earns \$4,160.00 per year -- an average of \$1.21 per hour!

He pays the highest wholesale price for gasoline in the industry.

His so-called lease with the major company is seldom for more than one year.

He is forced to handle tires, batteries and accessories (TBA) chosen by the major companies, even though he can get a better price somewhere else.

He must conform to company policy or his lease won't be renewed -- may be cancelled out of hand.

Major companies deny this control but --

Testimony of hundreds of operators cannot be ignored;

Major companies pay chain store tax on stations --

So-called leases speak for themselves.

MOTOR VEHICLE REGISTRATION - 1955

Idaho	337,514
Nevada	123,668
North Dakota	308,599
South Dakota	325,214
Utah	336,157
Washington	1,163,544
Wyoming	173,589

MONTANA 336,094

Montana has more registered motor vehicles than Nevada, North Dakota, South Dakota and Wyoming. Registration--approximately same as Idaho and Utah.

PUBLICLY OWNED VEHICLES - 1954

Idaho	1,555
Nevada	982
North Dakota	836
South Dakota	1,226
Utah	1,360
Washington	6,141
Wyoming	1,219

MONTANA 2,088

Montana has more publicly owned vehicles than all except Washington.

NUMBER OF TRACTORS ON FARMS - 1955

Idaho	50,000
Nevada	5,500
North Dakota	112,750
South Dakota	112,500
Utah	19,750
Washington	59,250
Wyoming	19,200

MONTANA 55,250

Montana has more tractors on its farms than Idaho, Nevada, Utah and Wyoming; nearly as many as Washington.

FARM CONSUMPTION OF PETROLEUM FUELS - 1953

	<u>Total sales</u>	<u>Gasoline</u>	<u>Diesel</u>	<u>L.P.Gas</u>	<u>Others</u>
Idaho	77,000,000	88%	12%		
Nevada	8,000,000	85%	11%		4%
North Dakota	194,000,000	88%	5%	1%	6%
South Dakota	157,000,000	90%	3%	1%	6%
Utah	35,000,000	89%	8%		3%
Washington	102,000,000	86%	13%		1%
Wyoming	31,000,000	83%	6%	1%	10%
<u>MONTANA</u>	91,000,000	84%	11%	1%	4%

Montana farms consume more petroleum fuels than Idaho, Nevada, Utah and Wyoming.

CONSUMPTION OF MOTOR FUEL - 1955

Idaho	249,839,000	gallons
Nevada	124,868,000	gallons
North Dakota	302,404,000	gallons
South Dakota	328,876,000	gallons
Utah	293,999,000	gallons
Washington	868,968,000	gallons
Wyoming	162,203,000	gallons
<u>MONTANA</u>	<u>276,356,000</u>	gallons

Montana consumes more than Idaho, Nevada and Wyoming; nearly as much as Utah and North Dakota.

SALES OF HEATING OIL - 1955

Idaho	2,290,000	barrels
Nevada	601,000	barrels
North Dakota	1,837,000	barrels
South Dakota	1,870,000	barrels
Utah	1,466,000	barrels
Washington	16,998,000	barrels
Wyoming	534,000	barrels
<u>MONTANA</u>	<u>1,113,000</u>	barrels

Montana sells more heating oil than Wyoming or Nevada.

SALES OF DIESEL OIL - 1955

Idaho	1,402,000	barrels
Nevada	1,137,000	barrels
North Dakota	1,134,000	barrels
South Dakota	1,916,000	barrels
Utah	2,581,000	barrels
Washington	3,801,000	barrels
Wyoming	1,710,000	barrels
<u>MONTANA</u>	<u>2,842,000</u>	barrels

Montana sells more diesel oil than Idaho, Nevada, North Dakota, South Dakota, Utah.

ANALYSIS OF ASPHALT PRICES IN NORTHWEST STATES

MONTANA

Average price for M.C. FOB destination via truck 14. ¢ gal.

IDAHO

Price paid Carter Oil Co. FOB Moscow via tank car 11.58¢ gal.

WASHINGTON

Price FOB Ritzville by Phillips from Great Falls via truck 13.31¢ gal.

SOUTH DAKOTA

Price FOB destination, averaged 10.055 gal.

NORTH DAKOTA

Highest price paid by State FOB destination 12.07¢ gal.

COLORADO

Price FOB refinery at Denver 9. ¢ gal.

UTAH

Price FOB refinery at Salt Lake City 10.25¢ gal.

WYOMING

Highest refinery price 10.9 ¢ gal.
although average refinery price in Wyoming is 7¢ gallon.

TRUCK TRANSPORTATION VS. PIPELINE

<u>Billings to</u>	<u>Truck Rate</u>	<u>Pipeline Rate (X)</u>
Glendive	1.980	.976
Bozeman	1.188	.405
Helena	2.613	.524
Missoula	3.135	1.023
Spokane	3.630	1.666

(X)--Note: Pipeline costs do not include Terminal charges or trucking costs from Terminal to plants in respective towns, but both of these additional charges would be approximately $\frac{1}{2}$ ¢ per gallon.

Here is what Continental Oil Company lists as freight charges to above cities:

Glendive	2.04
Bozeman	1.22
Helena	.94
Missoula	2.14

In each case the amount included in freight is more than the pipeline rate. At Glendive and Bozeman more than the truck rate.

SALES OF KEROSENE - 1955

Idaho	50,000	barrels
Nevada	1,000	barrels
North Dakota	768,000	barrels
South Dakota	571,000	barrels
Utah	40,000	barrels
Washington	101,000	barrels
Wyoming	188,000	barrels

MONTANA 215,000 barrels

Montana sells more kerosine than Idaho, Nevada, Utah, Washington and Wyoming.

SALES OF RESIDUAL FUEL OILS

Idaho	1,421,000	barrels
Nevada	1,359,000	barrels
North Dakota	502,000	barrels
South Dakota	159,000	barrels
Utah	4,386,000	barrels
Washington	16,399,000	barrels
Wyoming	2,045,000	barrels

MONTANA 1,636,000 barrels

Montana sells more residual fuel oil than Idaho, Nevada, North Dakota and South Dakota.

TOTAL SALES OF PETROLEUM FUELS - 1955 (Except Kerosine)

Idaho	5,127,000	barrels
Nevada	3,045,000	barrels
North Dakota	3,666,000	barrels
South Dakota	3,474,000	barrels
Utah	8,386,000	barrels
Washington	34,172,000	barrels
Wyoming	4,947,000	barrels

MONTANA 5,672,000 barrels

Montana sells more petroleum fuels than Idaho, Nevada, North Dakota, South Dakota and Wyoming.

January, 1955

BULK DISTRIBUTORS

January

	<u>Number</u>	<u>Storage Capacity</u>
Idaho	400	62,623,000 gals.
Nevada	82	6,876,000 gals.
North Dakota	714	59,515,000 gals.
South Dakota	596	70,016,000 gals.
Utah	184	14,871,000 gals.
Washington	699	424,613,000 gals.
Wyoming	201	11,452,000 gals.
<u>MONTANA</u>	<u>475</u>	<u>44,237,000 gals.</u>

Montana has more bulk distributor plants than Idaho, Nevada, Utah and Wyoming.

Yet -

Less storage capacity than Idaho, North Dakota and South Dakota.