

ENERGY RESOURCE CONFERENCE
University of Kentucky
Student Center
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Honorable Carl D. Perkins

Back in the days when the world was a great deal simpler and people were a great deal happier than they are today, there was a nonsensical little riddle popular with children.

It went, "Where was Moses when the lights went out?" The answer, of course, was "In the dark."

It seems to me that, without bending logic very far out of shape, that little mind-stretcher from a bygone era has considerable relevance to the topic you have had under consideration today.

"Where will we be when the lights go out?" is the modern counterpart to the riddle.

The modern answer, my friends, is "In a hall of a mess."

The United States has risen to its present position of power in the world by exploiting its energy resources -- its coal, its oil, and its gas.

Whether it maintains and strengthens that position in the years to come depends upon the sensible management of those same energy resources -- abetted by such other sources of power and technology as are available to us.

The danger flags are already flying. We know now that we cannot continue many of the practices we have tolerated in the past. It doesn't take many electrical blackouts in major cities of the country to convince us that something is seriously out of joint, that something has to be done now.

In short, the time is right to devise and adopt a comprehensive energy policy for the entire nation.

There is, happily, a growing awareness of the problems we face in the energy field. Conferences and seminars such as this one are being held throughout the country these days. That is a healthy sign that the nation is finally coming to grips with the problem.

Because I have never lost faith in American genius and American inventiveness in dealing with hard situations, I have confidence that our energy problems can be solved. But this is clearly something we are going to have to put our minds and wills to. It simply cannot be dealt with in a left-handed manner while our minds are really on something else. This matter demands our full attention.

We are feeling the pinch of it today, when our national population is only about 207 million. But in less than three decades,

according to census experts, we are going to have a population of some 280 million. That is about a 35 percent increase in the potential users of energy.

Unfortunately, that doesn't mean that we just have to find 35 percent more energy resources. We shall have to do much better than that.

Where we consumed 68 trillion British thermal units of energy in 1970, it is estimated by the Department of the Interior that we shall require 191 trillion Btu's by the year 2000. This is a threefold increase in just 30 years.

If this projection alone isn't enough to jar us into a major assault on the problem, I frankly don't know what will.

Currently, we are relying on three primary sources for more than 95 percent of our energy needs: Petroleum, 43 percent; natural gas, 33 percent; and coal, our most plentiful natural fuel source, 20 percent.

Our rampant consumption of energy in this country has been accompanied by a great surge of concern for the environment.

In fact, it is precisely the manner in which our primary energy fuels are produced and consumed that has given rise to much of the environmental issue.

We would be less than honest with ourselves if we did not recognize that there is solid basis for it.

I realize that there are those in the business of producing and selling energy who often feel themselves abused and put upon by environmental purists who don't want any fumes, or any dust or any muddy water. They tend to see the whole environmental movement as a conspiracy to keep them from doing what they have to do if the nation's need for energy is to be supplied.

Surely there must be some common ground on which the environmentalists and the industrialists can meet. We all live together and have to breathe the same air and drink the same water.

I was very pleased the other day to read that Carl Bagge of the National Coal Association had told the Louisville Chamber of Commerce:

"There is a growing realization in Washington that we need a comprehensive national coal and environmental policy which will assure us of adequate energy without despoiling the environment."

This seems to me to be evidence of re-

sponsible leadership in a field industry that will help us overcome our energy difficulties.

In my line of work, I talk with a great many people, both in Washington and as I walk up and down the streets of Kentucky towns. From these contacts, I have observed that our people have reached a decision in the past few years. That decision is that they are not going to permit the environment to be destroyed.

If you will pardon a personal reference, in the coal areas of my own Congressional district we have built or have won approval to build a half-dozen flood control reservoirs. These are to reduce and eliminate, insofar as is possible, the flood danger with which our people have lived so long. We have spent or committed at least \$160-million to these facilities.

Today, these flood control facilities are threatened by abuses in surface mining in Eastern Kentucky. All of you can understand the unwillingness of many people in my part of the country to let these reservoirs be destroyed. And you can understand the determination of the Federal Government to prevent \$160-million worth of facilities from being rendered useless.

The Congress came very near to passing a Federal strip-mine control act in the session just ended. No one seriously doubts that the effort will be renewed on the first day of the 93rd Congress in January. In all likelihood, that effort will be successful.

If the surface mining industry fails to note the national mood, and if it plunges in and uses these next few months to recklessly extract its coal without regard to the environmental realities -- then I think the industry is tempting fate if it engages in excesses.

If it goes on without regard for the environment, it is courting a Federal law that will ban surface mining of coal entirely.

I hope this will not come about. Surface mining has its place in the fuel industry, and it can recover some mineral that are not recoverable by other methods. But the surface-mined land must be reclaimed. Token reclamation will not do. The land must be restored to at least its original contours, and not be left to scar the aesthetic beauty of the land.

The temper of the times calls for great restraint and responsibility on the part of the surface mining industry, and I hope it recognizes this fact before it destroys itself.

And let me touch upon another danger point to the fuels industry. As the topic of the "energy crisis" has been discussed in rising volume in recent months, numerous reasons have been advanced for its cause. Numerous attempts have been made to fix the blame.

There are, I recognize, many honest and well-meaning people, both in the energy business and out of it, who feel that the problems result from too much regulation at all levels of government.

Without arguing the merits of that claim, I might say that the very fact it is made by the industry gives rise to suspicion in some quarters. There are those who feel it is simply a bid for a "hands off" policy and a loosening of controls, made under the cover of impending distress. It even raises a doubt in some peoples minds as to whether an energy crisis really does exist.

Now, obviously, we are in a crisis -- but we shall be better able to overcome it if all of our people understand the seriousness of the problems we face. There are enough facts to prove the case, without resorting to invective and personal opinion.

We have only to point to a recent decision of the Public Service Commission here in Kentucky, which permitted the Columbia Gas Company to cut back on its new installations. This is being duplicated all across the country.

I am told that gas sales contracts now in force account for 95 percent of the 259 trillion cubic feet of proved reserves, leaving only 5 percent for new customers. The latest figures I have seen on proved reserves were for 1970, when the reserves totaled 14 times the nation's annual production. Just six years earlier, in 1964, the reserves were 18 times annual production. This is obviously a dangerous erosion of the reserves-to-consumption ratio.

The oil industry picture is even more dismal in outlook. The current proved reserves are, I understand, down to nine times our annual production. Fifteen years ago, the reserves were 12 1/2 times annual production. We are now obliged to import at least a quarter of our oil needs. The long term outlook is for even more dependence upon imports to bridge the gap between production and consumption.

Fortunately, we are in excellent shape with respect to coal, our most plentiful natural fuel resource. We have coal enough in this country to last for centuries, if we manage it properly.

Here in Kentucky, we have tremendous reserves of coal -- enough to keep our economy rolling for generations -- given the right breaks in technology.

The coal situation in Appalachia is complicated somewhat by the adoption of clean air standards by 1975 by many states -- even higher than the Federal law requires. Our eastern coals do have a higher sulphur content than some others.

This calls for stepped up research and development of means to remove sulphur from stack gases -- to make this multi-billion-dollar treasure trove at our feet competitive

and permissible in the fuels race.

But research into the clean-up of stack gases is not the only thing that needs to be pushed.

The gasification of coal needs to be pushed and pushed hard. The break-down of coal into easily portable fuel materials at the mine mouth is an absolute necessity in the face of the impending energy crisis.

The 1972 annual report of the Office of Coal Research speaks optimistic terms about the outlook for the production of pipeline gas, as well as for gasoline.

The Interior Department and the American Gas Association are jointly sponsoring research into coal gasification -- and I say good luck to them in their work.

The same Offices of Coal Research report tells of work undertaken by Interior and Consolidation Coal Company to design and build a pilot plant to liquefy coal. The process, the report states, has real potential.

This project has special interest to me, for I -- and I am sure, many of you -- have a long memory.

Mine goes back to an April day in 1953, nearly 20 years ago, when I stood on the House floor and pleaded with the House leadership during the first months of the Eisenhower Administration not to scrap the nation's coal-to-gasoline.

Beginning in 1944, in the midst of World War II, the Federal government had begun a research project to help solve our wartime fuel problems. A pilot plant was built in the little town of Louisiana, Missouri, to produce gasoline from coal on an economically feasible basis.

A short time later, we had come into possession of some secret German processes and the German technical assistance that substantially advanced the work of the Missouri plant.

That project was so successful that by the spring of 1953, it was producing good quality gasoline at a price only two-cents a gallon higher than gasoline produced from petroleum! And those were 1953 gasoline prices -- not those of 1972.

But a funny thing happened on the way

to the service station:

In January of 1953, a new administration came to power, controlling both the Executive and Legislative Branches of the government.

A new broom sweeps clean, they say, and so does a new administration. The Eisenhower Administration turned to new counsel on fuels policy.

Now, the counsel to whom it turned was Mr. Walter S. Hallanan, his party's national committeeman from West Virginia, who had been chairman of the arrangements committee of the Republican National Convention in Chicago the previous summer. Mr. Hallanan was chairman of the Petroleum Council. He was, incidentally, president of Plymouth Oil Company of Pittsburgh.

Mr. Hallanan counseled the Interior Department that this oil-from-coal experimentation should be stopped. But he went further than that. He counseled the ending of a project at Gorgas Alabama, where gasification of coal was being studied. Moreover, he wanted to end the work being done at Rifle, Colorado, on extracting oil from shale.

Well, the upshot was that the new Administration sent up an amended budget that not only stopped the work, but put the plants up for sale.

The new broom swept clean, and all of the fine work that had been done at the Missouri, the Alabama, and the Colorado plants was swept right out of the window.

Today, we are in an energy crisis -- a fuel crisis. While I am sure the people who did the job on these projects nearly 20 years ago were motivated by high purpose and the wish to economize in government, I wonder how much they have cost us in the long run. And I wonder what troubles that may lie ahead of us could have been averted by different action back in 1953.

Mr. Chairman, I want to thank you for the opportunity to be here and participate in this energy resource conference today.

And I commend those who organized the conference as a means of exploring a serious national problem. I know that the knowledge and the wisdom that have been brought together here at the University will make a significant contribution to its resolution.