ENERGY INSIDER

Schlesinger allocation plan cuts fuel to oil rigs

The end of June emergency allocation measures for available fuel, as ordered by Energy Secretary James Schlesinger, are making the energy situation worse.

The Department of Energy's Economic Regulatory Administrator, David Bardin, according to an informed Texas source, ensured that gasoline supply would tighten by imposing a ruling that would divert fuel away from the energy-producing sector of the economy and farming as a concession to the independent truckers. Adding to the sabotage caused by the strike of "independent" truckers, Bardin's action has made sure that there is "not
run the heavy pumps on oil rigs," the source said. "The entire allocation system is insane," he said.

On Tuesday, June 27, the Interstate Commerce Commission (ICC) announced that it has declared an "energy emergency" and is now prioritizing fuel to the handling of food, fuel, and military supplies, declaring that the nation's rail carriers do not have enough diesel fuel to carry all freight.

But the Milwaukee Road announced this week that it will be forced to cut back freight shipments to certain regions because of lack of fuel. Standard Oil of Indiana (AMOCO), one of the major architects of the oil hoax, announced a cut of 60 percent in fuel supplies to Burlington & Northern Railway, a key Midwest grain and coal transporter.

Bardin has also mandated that fully 5 percent of the nation's refinery output be stored in emergency state "set-aside" reserves, untouchable by rail, transport, industry and other consumers.

Bardin has played a key role in waging this "moral equivalent of war" against Americans. His background, as uncovered by Congressmen furious over his manipulation of a bogus energy shortage, indicates why Bardin may have been handpicked by Schlesinger to have more control over the U.S. economy than any other single government official.

In the early 1970s, Bardin was Deputy Attorney General of Israel. Given the importance of Anglo-Israeli intelligence in orchestrating the disruption of production of oil in Iran, his current role in imposing policies on the United States that are designed to prepare the way for the United States to break with Arab oil suppliers is no surprise

Industry spokesmen have called the mandate setting 5 percent of the nation's refinery output in reserves unnecessary and a major cause of the current supply misallocations which have affected the Northeast and Southwest. "Withholding 5 percent from dealers may create shortages where none would otherwise exist," one source put it.

Maryland State Attorney General Stephen Sachs brought suit against Schlesinger's office this week charging that his allocation system discriminates against areas such as the industrial Northeast.

In a recent exchange between President Carter and Energy Secretary Schlesinger, reported in the *New York Times*, Carter asked whether the allocation system was fair to the Northeast with its disproportionate share of long gas lines. To Schlesinger's reply, "It's a uniform formula," Mr. Carter suggested he meant it was a formula that "put gasoline where the automobiles are." Mr. Schlesinger, however, concluded that this was not so. In fact "what it does is to put the gasoline where the automobiles are not. It puts it in the rural areas where people are no longer going on weekends."

What Schlesinger and Bardin are doing now, as the peak gasoline demand season gets into full swing, will maximize shortages of gasoline and fuel supplies for diesel users. Refiners are now being told they have to shift to production of home heating oil to build up stocks for next winter.

Schlesinger has ordered the creation of an unprecedented 240 million barrel heating oil stockpile by October. "We've never had a 240 million barrel reserve and I suspect we probably never will," stated one industry expert.

The situation is being further manipulated by regulations under which Schlesinner "encourages" domestic purchasers to buy oil from the unregulated spot markets, where prices are not subject to government ceilings. Gas dealers are mandated to supply customers at the same levels as last year, forcing them to accept the soaring prices of Rotterdam.

—*William Engdahl*