

OFFICE COPY

REPORT OF
COMMITTEE ON PETROLEUM TRANSPORTATION FACILITIES
OF THE
NATIONAL PETROLEUM COUNCIL

July 1, 1947

July 1, 1947

Mr. Walter S. Hallanan, Chairman
National Petroleum Council
Suite 310, 1025 Connecticut Avenue
Washington 6, D. C.

Dear Mr. Hallanan:

Your Committee on Petroleum Transportation Facilities was appointed May 13, 1947 and asked to ascertain facts and report to the Council the overall facilities available for transportation of crude oil and petroleum products and to coordinate the separate findings of the studies now in progress by Transportation Committees authorized at the January Council meeting.

Inasmuch as the five committees on transportation by rail, truck, barge, pipeline and tankers, respectively, have prepared detailed reports in which all available factual data are assembled, this Committee will confine itself to comment on the overall transportation situation and certain aspects of particular fields of petroleum transportation.

The Committee has considered the transportation facilities available only with respect to the petroleum demand as it is today, and without reference to demand as it might be in the event of war, or as it is likely to develop in the future. We have also considered the available facilities in each field of transportation in relation to the economic use of each form, and without reference to the substitutions which can be and are made when one or more forms of transportation are overtaxed.

In general it appears to the Committee that the petroleum transportation systems of the United States are well suited to their purposes, and with some small exceptions, are adequate to meet current transportation requirements. It appears that under the stress of competition and in response to the normal play of economic factors, transportation facilities of the various types required for oil movements have been developed and integrated into a highly efficient system. Briefly, as to each form of transportation, the situation is as follows:

Pipe Lines:

Pipe Line systems vary somewhat from other transportation facilities in that they are fixed as to location and capacity. Generally speaking, present pipe lines in the United States are adequate for the normal movement of crude to the refining centers and the distribution of refined products therefrom. However, there are a few locations such as West Texas where more pipe line capacity is needed. This

situation is being corrected just as fast as pumping equipment and pipe can be obtained. There is also a shortage of pipe line capacity from Texas into the Midcontinent area and in a similar way more pipe line deliveries are needed into the vast refining centers of Illinois, Indiana and Ohio. These situations will be taken care of by projects already announced by the industry and now under way.

A similar situation exists in the U. S. gas industry except many new lines are needed to keep up with the increasing demand for gas fuel. This normal expansion was not taken care of during the war, so it will take some time to correct the situation.

Tank Cars:

The previous report as submitted by your subcommittee indicates a shortage of tank cars which will continue until sufficient steel is made available to the car builders. The need of high pressure cars for the movement of propane and butane is the most critical in the entire tank car picture at the present time, and current indications point to this critical condition continuing throughout the winter of 1947-48. Certain abnormal movements of crude oil and products which will be discontinued when new pipe lines are built tend to accentuate the short tank car position.

Transport Trucks:

Tank trucks are in balance at the present time to meet today's demands. This is due to the fact that the number of tank trucks have been increased about 22-1/2% since the end of the war. However, the program for replacements and new equipment has been and will continue to be held up due to the shortage of steel.

Barges:

Present barge equipment is sufficient to meet the current requirements with the exception of movements on the Mississippi and Ohio Rivers, which are abnormally high due in part to pipe line congestion. In this connection it is important that shippers and receivers of petroleum products by barge, particularly those located on the Ohio and Mississippi Rivers, analyze their loading, discharging and receiving facilities, so that tows can be turned around expeditiously. This condition does not obtain at the present time, and while it is felt by the committee that some of the delay in improving facilities is occasioned by a shortage of steel, it is also highly desirable that the companies should study all phases of their shore equipment so as to increase their efficiency. This will enable the handling of a greater quantity of products with the same number of units and help relieve such shortage as there is.

Tankers:

There is no shortage of tankers. The United States fleet, both Government owned and privately owned, is far in excess of today's needs for ocean movement of petroleum. It is recognized that there will be changes in the ownership of some of the present U. S. Flag tankers, based upon Congressional permission, but the world picture will not change due to change in ownership, and as increasing numbers of vessels come from new construction in foreign yards, the total supply of tankers is expected to increase.

In conclusion, it appears that the oil industry and its affiliates are doing everything indicated to relieve the stringency in certain phases of the transportation situation. The bottleneck of steel is one that cannot be overcome immediately, and all steps should be taken to see that this particular material is made available as rapidly as possible.

Respectfully submitted,

B. B. Jennings, Chairman
Committee on Petroleum
Transportation Facilities