Oil jobber says

Let feds negotiate with OPEC

By STEVE BARNABY

The United States could work itself out from under the economic strain of spiraling oil prices and uncertain supplies if the federal government were allowed to negotiate with foreign oil interests, according to Robert Amori, an oil jobber for Barnosky Oil, Wyandotte.

But members of the American oil family find themselves working at odds with each other rather than in unity, according to the Farmington Hills resident.

Battle lines are drawn between the major oil companies, station operators, independent oil companies and the jobbers who find themselves in the middle of the fray.

OIL JOBBERS buy surpluses from the major companies (Exxon, Shell, Gulf, etc.) and sell to independents.

But Amori said the majors now are putting the squeeze on jobbers.

"The majors are trying to commit us to buy surpluses, but they don't want a contractual relationship," said Amori. "The refiner doesn't want to move products to the independent when he doesn't have to.

"They'll sell to us, but they don't allow enough margin to pay our bills."

Amori said major oil companies claim they must sell their gasoline for five cents more a gallon than independents because of the majors offer such extras as service bays and credit cards.

"But when I go to them and want to buy it for a nickel less, they won't do it," he said.

INSTEAD, the majors will sell jobbers gasoline for only ¾ of a cent less.

"But it costs me three cents to get it out on the street and make some profit," said Amori, meaning that independent self-serve stations are forced to raise their prices. The higher price inhibits competition and costs the consumer more.

The result, Amori said, is that independents are losing their spot in the marketplace.

Jobbers have a significant role on the American oil scene, because they sell 80 percent of fuel oil and 35 percent of gasoline in the nation, according to Amori.

ALTHOUGH HE favored federal deregulation of the oil industry, Amori does see a role for the national government in the oil business.

He supported a bill introduced two years ago by U.S. Rep. William Brodhead, D-Detroit, which would have had the federal government negotiate for overseas crude oil.

In that way, American oil companies would avoid the practice of individually negotiating with the OPEC nations and making separate deals.

"That way we could establish some kind of balance of trade in which we could barter with foreign nations for what they needed," he said.

BUT THAT BILL went by the wayside when the Carter Administration opposed it. And Brodhead sees little hope of reviving such a concept under the present Reagan Administration.

"There is a feeling in Washington that regulation is unsound," said the 17th District congressman. "The price is going to continue to go up. The doctrine of the (Reagan) administration is that it is good that it is going up."

But Brodhead believes his concept was in step with the free market philosophy.

"What I was thinking was that it isn't inconsistent for the government to be the purchaser in the free market. The government could negotiate for a lower price," he said.

Amori believes this concept to be sound.

"You can't divorce the government from a resource that is so important to the nation. But we've got to find a way to counter the (OPEC) cartel," he said.

Even that could be difficult, he added.

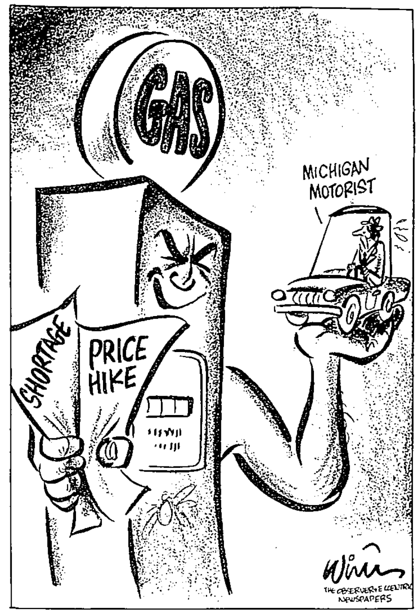
The move toward energy independence could backfire.

"BECAUSE OF the cartel, we're not working in a free enterprise system," he said.

Amori explained that if domestic oil companies invest money to develop shale oil — an expensive process — it would have to be sold at today's going OPEC rate — between $37 and $40 a barrel.

But OPEC at present is able to produce its oil at $1½ to $4 a barrel. The rest is profit. That leaves open the possibility of OPEC's reducing the price of their oil in the future, leaving American domestic producers out in the cold — and the U.S. forced to go back to OPEC.

'GOTCHA!'



Boycott would rip dealers, not big oil firms — Shipley

By STEVE BARNABY

The only persons harmed by a selective boycott of an oil company would be gasoline station owners.

That's the word from Charles Shipley, who heads the Retail Gasoline Dealers of Michigan. The major oil companies' profits, $30 billion in 1980, virtually would be unaffected by a local effort, he said.

"If this boycott was 100 percent successful, it would destroy 30 or 40 small businessmen," said Shipley in reaction to a reader response to an Observer & Eccentric survey. That survey revealed that a majority of respondents who wish to boycott an oil company would prefer it be Shell Oil.

ALTHOUGH DEFENDING station operators, Shipley admitted there is no love lost between him and the major oil companies.

"I've been fighting with them for years. Every year oil executives get up on the Fourth of July and talk about the free enterprise system, and then the rest of the 364 days they don't participate in it," he said.

The real profit from oil goes to the major oil companies. Station operators earn about five cents a gallon, Shipley said. Out of that the operator must pay his employees, the utilities and rent, which can range anywhere from $2,500 to $3,000 monthly.

"They (station operators) provide a valuable service to the community. If their business is reduced for 30 days, they would go broke," he said.

WHILE STATION operators of major brand names are theoretically independent, said Shipley, they are actually at the mercy of the company whose sign they display.

"In reality, he can't shop around for a product. If he does look elsewhere, he can be shut down," he says.

"An operator could cover up the brand name and buy an unbranded product. But even most of those are produced by the majors," said Shipley.

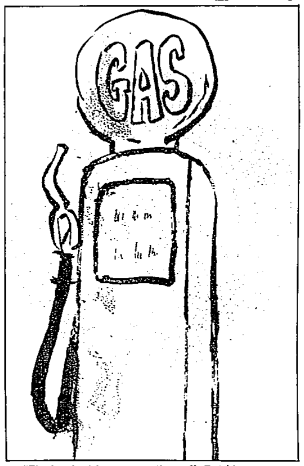
"He (the operator) would lose his lease, and Shell wouldn't take his credit cards," he says.

THE REAL problem with oil prices today, Shipley said, is that the American consumer was spoiled by the "cheap" oil of previous years.

"They should get rid of their gas hogs and drive fuel-efficient cars," he said.

If consumers would drive more fuel-efficient cars at today's oil prices, he says, they actually would be paying less a mile to drive than when gas cost 70 cents a gallon.

Shipley also blamed America's gasoline problems on the attitudes of the American auto industry.



"The handwriting was on the wall. But big cars were making them money even in 1974 and 1975," said Shipley.

Woe at the pump

Prices up 10% in '80, 12% in '81

We all know we're paying more, driving less and cringing every time we see the new numbers posted on the gasoline station tote boards.

It may not be in the $2.50-to-$3 range that Europeans are currently paying for petrol, but in the last year, the average price of a gallon of no-lead gasoline in the metropolitan area has risen from a little over the $1.30 mark to pretty close to $1.50.

Each week the Automobile Club of Michigan gathers figures from stations along major highways outstate and from many outlets in metropolitan Detroit to compute its average gas prices.

THE FIGURES aren't surprising. According to AAA, the average price of no-lead gasoline in Detroit in 1980 rose by 12.5 cents per gallon, or more than 10 percent. That left the average price on Dec. 31, 1980 at $1.339.

In the first nine weeks of 1981, however, the rise has been even more dramatic. From Dec. 31 through March 4, the price of no-lead in the Detroit area has risen by almost 16 cents to $1.496. That increase represents a 11.7 percent hike.

Figures for regular gasoline are similar: On Dec. 31 the average price in Detroit for a gallon of regular gas was $1.286, and on March 4 it was $1.445. That's a 15.9-cent increase, or 12.4 percent.

The following chart outlines the AAA gas price figures for the last nine weeks in the Detroit area:

Detroit gasoline prices Dec. 31 to March 4

	Regular	No-lead
Dec. 31	128.6	133.9
Jan. 7	129.1	134.5
Jan. 14	131.2	136.4
Jan. 21	133.1	138.2
Jan. 28	134.0	139.3
Feb. 4	135.2	140.5
Feb. 11	139.9	145.1
Feb. 18	141.9	147.1
Feb. 25	143.3	148.5
March 4	144.5	149.6