

Registered Order

THURSDAY, DECEMBER 7, 1978

PART III



DEPARTMENT OF
ENERGY

Economic Regulatory
Administration



LOWER AND UPPER TIER
CRUDE OIL PRICE
CEILING ADJUSTMENTS
TO REFLECT IMPACT OF
INFLATION FOR THE
MONTHS OF DECEMBER
1978 AND JANUARY AND
FEBRUARY 1979

[6450-01-M]

Title 10—Energy

CHAPTER II—DEPARTMENT OF ENERGY

[Docket No. ERA-R-77-16]

PART 212—MANDATORY PETROLEUM PRICE REGULATIONS

Adjustments To Lower and Upper Tier Crude Oil Price Ceilings To Reflect Impact of Inflation

AGENCY: Economic Regulatory Administration, Department of Energy.

ACTION: Final rule.

SUMMARY: The Economic Regulatory Administration (ERA), of the Department of Energy (DOE), by this action issues Crude Oil Price Schedule No. 13, effective December 1, 1978, for the months of December 1978, and January and February 1979. The Schedule provides monthly crude oil price increases to take into account the impact of inflation, as permitted under the Emergency Petroleum Allocation Act of 1973, as amended (EPAA, Pub. L. 93-159).

Beginning in December 1978, inflation adjustments will be applied to the projected November 1978 lower tier and upper tier prices (approximately \$5.65 per barrel and \$12.61 per barrel respectively), resulting in lower tier and upper tier prices for the months of December 1978, and January and February 1979 of approximately \$5.68, \$5.71, and \$5.74 per barrel (lower tier) and \$12.68, \$12.75, and \$12.82 per barrel (upper tier), respectively.

EFFECTIVE DATE: December 1, 1978.

FOR FURTHER INFORMATION CONTACT:

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Jeffrey C. Conrad (Office of General Counsel), Department of Energy, 12th and Pennsylvania Avenue NW., Room 7132, Washington, D.C. 20461, 202-566-2454.

SUPPLEMENTARY INFORMATION:

A. Introduction.

B. Crude Oil Price Schedule No. 13.

A. INTRODUCTION

Under the EPAA, Congress provided flexibility to control first sale prices of domestic crude oil as long as the national weighted average first sale price ("actual composite price") did not exceed \$7.66 per barrel ("statutory composite price") for all domestic crude oil produced and sold in February 1976. Beginning in March 1976, the EPAA authorized increases in the statutory composite price to reflect the effects of inflation and to provide production incentives. Under present authority, the statutory composite price is adjusted upward at a rate not to exceed 10 percent annually.

With the issuance of Crude Oil Price Schedule No. 9, (42 FR 62125, December 9, 1977), the ERA undertook to continue the policy, announced by the President in the National Energy Plan (NEP) and implemented by the Federal Energy Administration (FEA) in Crude Oil Price Schedule No. 8 (42 FR 45284, September 9, 1977), to adjust both lower tier and upper tier ceiling prices to reflect only the rate of inflation as measured by the GNP deflator. Reference should be made to the Notice which accompanied Crude Oil Price Schedule No. 8 for a description of prior actions taken by FEA to achieve compliance with the composite price constraints of the EPAA and for a discussion of the domestic crude oil pricing policy set forth in the NEP.

B. CRUDE OIL PRICE SCHEDULE NO. 13

This price schedule continues the policy as described in the Notice which accompanied Crude Oil Price Schedule No. 8. Accordingly, under Crude Oil Price Schedule No. 13, effective December 1, 1978, the November 1978 lower tier ceiling price (the May 15, 1973 posted price plus \$1.96 per barrel, resulting in an average first sale price of approximately \$5.65 per barrel), and the November 1978 upper tier price (the September 30, 1975 posted price less \$0.06, resulting in an average first sale price of approximately \$12.61 per barrel), are adjusted for inflation for December 1978, and January and February 1979, based on the first revision of the GNP deflator published on November 21, 1978, which reflects an annual rate of inflation of 7.1 percent.

1. LOWER TIER CEILING PRICES

Adjustments to ceiling prices for lower tier crude oil and the approximate average first sale prices pursuant to those ceiling prices in December 1978, and January and February 1979 are determined pursuant to the following methodology:

A. ERA has computed a monthly adjustment factor of .00573 which when applied over a twelve-month period yields an ef-

fective annual rate of adjustment of 7.1 percent.

B. December 1978 adjustment = (\$5.65) (.00573) per barrel = \$.032 per barrel rounded to \$.03 per barrel.

C. January 1979 adjustment = (\$5.65 + .03 (.00573)) per barrel = \$.032 per barrel rounded to \$.03 per barrel.

D. February 1979 adjustment = (\$5.65 + .03 + .03) (.00573) per barrel = \$.033 per barrel rounded to \$.03 per barrel.

Based upon the monthly adjustments computed above, average lower tier ceiling prices for the months of December 1978, and January and February 1979 are computed as follows:

December 1978 = \$5.65 + \$.03 = \$5.68.

January 1979 = \$5.68 + \$.03 = \$5.71.

February 1979 = \$5.71 + \$.03 = \$5.74.

Using an average highest posted field price on May 15, 1973 of \$3.69 per barrel and the monthly adjustments as computed above, lower tier prices for the next 3 months have been determined as follows:

Month	Ceiling price	Price ¹
December 1978	May 15, 1973, highest posted field price plus \$1.99.	\$5.68
January 1979	May 15, 1973, highest posted field price plus \$2.02.	5.71
February 1979	May 15, 1973, highest posted field price plus \$2.05.	5.74

¹ Estimated average first sale price.

2. UPPER TIER CEILING PRICES.

Adjustments to ceiling prices for upper tier crude oil and the approximate average first sale prices pursuant to those ceiling prices in December 1978, and January and February 1979 are determined pursuant to the following methodology:

A. Adjustment factor (explained above) = .00573.

B. December 1978 adjustment = (\$12.61) (.00573) per barrel = \$.072 per barrel rounded to \$.07 per barrel.

C. January 1979 adjustment = (\$12.61 + .07) (.00573) per barrel = \$.073 per barrel rounded to \$.07 per barrel.

D. February 1979 adjustment = (\$12.61 + \$.07 + \$.07) (.00573) per barrel = \$.073 per barrel rounded to \$.07 per barrel.

Based upon monthly adjustments computed above, average upper tier ceiling prices for the months of December 1978, and January and February 1979 are computed as follows:

December 1978 = \$12.61 + \$.07 = \$12.68.

January 1979 = \$12.68 + \$.07 = \$12.75.

February 1979 = \$12.75 + \$.07 = \$12.82.

Using an average highest posted field price on September 30, 1975, of \$12.67 per barrel and the monthly adjustments as computed above, upper tier prices for the next 3 months have been determined as follows:

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Month	Ceiling price	Price ¹
December 1978	Sept. 30, 1975, highest posted field price plus \$0.01 ²	\$12.68
January 1979	Sept. 30, 1975, highest posted field price plus \$0.08 ²	12.75
February 1979.....	Sept. 30, 1975, highest posted field price plus \$0.15 ²	12.82

¹Estimated average first sale price.
²Beginning in December 1978, the monthly adjustment to upper tier ceiling prices becomes an addition to the September 30, 1975 highest posted price.

On or before March 1, 1979, the ERA will issue Crude Oil Price Schedule No. 14, setting forth lower tier and upper tier ceiling prices for the months of March, April, and May 1979.

Month	Estimated average lower tier ceiling price	Actual lower tier price	Estimated average upper tier ceiling price	Actual upper tier price ⁴	Statutory composite price	Actual composite price ¹	Cumulative excess receipts (millions)
1976:							
February.....	\$5.04	\$5.05	\$11.35	\$11.48	\$7.66	\$7.87	\$49
March.....	5.07	5.07	11.42	11.39	7.72	7.79	67
April.....	5.10	5.07	11.49	11.52	7.78	7.86	86
May.....	5.14	5.13	11.56	11.55	7.84	7.89	97
June.....	5.17	5.15	11.62	11.60	7.88	7.99	123
July.....	5.17	5.19	11.62	11.60	7.93	8.04	152
August.....	5.17	5.18	11.62	11.62	7.98	8.03	164
September.....	5.17	5.17	11.62	11.65	8.04	8.19	198
October.....	5.17	5.15	11.62	11.62	8.11	8.23	228
November.....	5.17	5.17	11.62	11.62	8.17	8.40	282
December.....	5.17	5.17	11.62	11.64	8.24	8.40	322
1977:							
January.....	5.17	5.17	11.42	11.44	8.30	8.28	316
February.....	5.17	5.18	11.42	11.39	8.37	8.33	308
March.....	5.17	5.15	10.97	11.03	8.44	8.19	246
April.....	5.17	5.15	10.97	10.97	8.50	8.14	161
May.....	5.17	5.18	10.97	10.98	8.57	8.23	76
June.....	5.17	5.16	10.97	10.92	8.64	8.17	-36
July.....	5.17	5.16	10.97	11.00	8.71	8.21	-159
August.....	5.17	5.18	10.97	10.93	8.78	8.25	-295
September.....	5.20	5.20	11.23	11.21	8.85	8.26	-446
October.....	5.23	5.23	11.49	11.42	8.92	8.36	-595
November.....	5.26	5.24	11.75	11.63	8.99	8.35	-761
December.....	5.28	5.25	11.80	11.76	9.06	8.40	-937
1978:							
January.....	5.30	5.28	11.85	11.78	9.13	8.34	-1,137
February.....	5.32	5.29	11.90	11.81	9.21	8.48	-1,306
March.....	5.35	5.34	11.96	11.88	9.28	8.41	-1,536
April.....	5.38	5.35	12.02	11.94	9.35	8.44	-1,772
May.....	5.41	5.38	12.08	11.98	9.43	8.43	-2,042
June.....	5.44	5.46	12.15	12.08	9.50	8.68	-2,253
July.....	5.47	5.46	12.22	12.15	9.58	8.60	-2,516
August.....	5.50	² 5.50	12.29	² 12.22	9.66	² 8.67	² -2,779
September.....	5.55	² 5.55	12.39	² 12.35	9.73	² 8.76	² -3,029
October.....	³ 5.60	.....	³ 12.50	.....	9.81	.....	.....
November.....	³ 5.65	.....	³ 12.61	.....	9.89	.....	.....
December.....	³ 5.68	.....	³ 12.68	.....	9.97	.....	.....
1979:							
January.....	³ 5.71	.....	³ 12.75	.....	10.05	.....	.....
February.....	³ 5.74	.....	³ 12.82	.....	10.13	.....	.....

¹ Beginning with the month of September 1976, includes prices for stripper well crude oil production at values imputed in accordance with sec. 121 of the ECPA. Effects of Alaska North Slope (ANS) crude oil production, which commenced June 20, 1977, are included.

² Preliminary.

³ Projected on the basis of crude oil price schedule Nos. 12 and 13.

⁴ Does not include effects of ANS or naval petroleum reserves crude oil production.

(Emergency Petroleum Allocation Act of 1973, Pub. L. 93-159, as amended, Pub. L. 93-511, Pub. L. 94-99, Pub. L. 94-133, Pub. L. 94-163, and Pub. L. 94-385; Federal Energy Administration Act of 1974, Pub. L. 93-275, as amended, Pub. L. 94-385; Energy Policy and Conservation Act, Pub. L. 94-163, as amended, Pub. L. 94-385; E.O. 11790, 39 FR 23185; Department of Energy Organization Act, Pub. L. 95-91; E.O. 12009, 42 FR 46267.)

In consideration of the foregoing, Part 212 of Chapter II of Title 10 of the Code of Federal Regulations is amended as set forth below, effective December 1, 1978.

Issued in Washington, D.C. November 30, 1978.

HAZEL R. ROLLINS,
 Deputy Administrator,
 Economic Regulatory Administration

Section 212.77 is amended in the Appendix to add Schedule No. 13 of Monthly Price Adjustments, as follows:

§ 212.77 Adjustments to Ceiling Prices.
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 APPENDIX
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RULES AND REGULATIONS

SCHEDULE NO. 13 OF MONTHLY PRICE
ADJUSTMENTS, EFFECTIVE DECEMBER 1, 1978

Month	Lower tier, May 15, 1973, posted price ¹ (plus)	Upper tier, Sept. 30, 1975, posted price ² (plus)
1976		
February.....	1.35	-1.32
March.....	1.38	-1.25
April.....	1.41	-1.18
May.....	1.45	-1.11
June.....	1.48	-1.05
July.....	1.48	-1.05
August.....	1.48	-1.05
September.....	1.48	-1.05
October.....	1.48	-1.05
November.....	1.48	-1.05
December.....	1.48	-1.05
1977		
January.....	1.48	-1.25
February.....	1.48	-1.25
March.....	1.48	-1.70
April.....	1.48	-1.70
May.....	1.48	-1.70
June.....	1.48	-1.70
July.....	1.48	-1.70
August.....	1.48	-1.70
September.....	1.51	-1.44
October.....	1.54	-1.18
November.....	1.57	-.92
December.....	1.59	-.87
1978		
January.....	1.61	-.82
February.....	1.63	-.77
March.....	1.66	-.71
April.....	1.69	-.65
May.....	1.72	-.59
June.....	1.75	-.52
July.....	1.78	-.45
August.....	1.81	-.38
September.....	1.86	-.28
October.....	1.91	-.17
November.....	1.96	-.06
December.....	1.99	.01
1979		
January.....	2.02	.08
February.....	2.05	.15

¹The price referred to in 10 CFR 212.73(b)(1) or in 212.73(c)(1), 212.73(c)(3), and 212.73(c)(4).

²The price referred to in 10 CFR 212.74(b)(1).

This schedule of monthly price adjustments was issued by the Economic Regulatory Administration on November 30, 1978 pursuant to 10 CFR 212.77. It restates without change the lower and upper tier price ceilings applicable to crude oil produced and sold in the months of February 1976 through November 1978, as determined under 10 CFR 212.73, 212.74, and 212.77. Both lower tier and upper tier ceiling prices, which were increased under Schedule No. 12 effective September 1, 1978, are further increased as indicated in this schedule, effective December 1, 1978.

This schedule is effective only through February 28, 1979. Price ceilings for subsequent months will be provided by Schedule No. 14, to be issued on or about March 1, 1979. This schedule may, however, be superseded prior to March 1, 1978 by early issuance of Schedule No. 14 to reflect further ceiling price adjustments based on presently unanticipated trends in actual composite price levels.

[FR Doc. 78-34003 Filed 12-1-78; 3:36 pm]