

This column, which appeared in the local Gannett paper

8352

TODAY

runs counter to what Rep. David Stockman says in an article in the December 1979

READER'S DIGEST

"Why the Senseless Rush to Synfuels".

Early 1980

Rep. Stockman says the synfuel would cost \$40 per barrel. E. L. McGee, Research Engineer, Exxon's Carter Oil Company, says coal-oil would cost \$27-\$29 per barrel. My TODAY column maintains that electricity, gas and oil derived from an integrated plant would bring the cost of oil to virtually zero.

Take your choice.

Make Oil From Coal Cheaper Than From Wells

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The action by the congressional committee to take windfall profits from the oil industry is putting the cart before the horse. The better way is for the government to tell the oil industry: "Either you immediately set up operational plants in your vast coal mines for producing oil and gas from coal, or the government will immediately compete with you on its own coal reserves, much as was done in the production and distribution of electricity via TVA back in the 30s."

Would you believe that oil can be made from coal cheaper than it can be pumped from oil wells? Incredibly, you hear nothing about it. Yet, oil can be made today directly from coal by a revolutionary process involving low-temperature carbonization known as LTC. Potentially it may be our cheapest and best way to get oil. Geologists tell us there are enough coal reserves to last for many centuries. So LTC could dispel the myth that we must forever depend on extortion by the Arabs for our comfort and survival. With LTC, coal is heated to from 680 to 1,380 F, in the absence of air to prevent combustion, to distill out all oil and gas. A ton of coal yields a barrel of oil, 3,000 cubic feet of rich fuel gas, and 1,500 pounds of smokeless solid fuel! The smokeless fuel can either be burned as fuel, or converted into four more barrels of oil, all from one ton. In addition, the same ton of coal can produce 100 kilowatts of electricity. The economics becomes astounding with an integrated energy plant. The ideal process would combine a carbonizer, a refinery, a city gas works, and a central electric station so as to produce oil, gas, smokeless fuel, and electricity under the same roof at the same time.

The market prices for the upgraded coal products — gas, electricity, smokeless fuel and phenols — would let you virtually give away the oil and still net a fair return. There isn't the slightest question about its feasibility. This was the conviction too of government scientist, Lewis Karrick, who had a lot to do with patenting and improving the process back in the early 1930s. Karrick proved this in commercial-scale tests on Appalachian coal in 1947, and in eight years of pilot plant testing at the University of Utah.

The basic idea is not new. Before 1890, we had over 50 plants extracting oil from coal, until over-abundant cheap petroleum forced them to close.

Early studies showed bituminous coals also could be processed to produce oils at \$1.50 to \$2 a barrel — without any credit for the sales value of the by-product gas and solid fuel residue. And if the solid smokeless fuel were sold wholesale at raw smoky coal prices, then the oil would cost nothing. You could give the oil away and still make money.

Early Bureau of Mines tests in commercial-scale plants at Rifle, Colo., proved oil could be made from coal for nothing a barrel when processed in series with a steam-generated electric power plant using its off-peak steam to produce fuel gas, crude oil for cracking into gasoline, smokeless fuel, and liquid chemicals worth more than the cost of the raw coal itself — all in conjunction with its output of electricity.

This encouraging resource discovery prompted Pennsylvania's progressive Gifford Pinchot to warn: "The fuels trust will

never permit the shale-oil and oil-from-coal projects to get developed unless they own them." George Otis Smith, Director of the U.S. Geological Survey, explained, "The shales of northwestern Colorado and Utah can produce ten times as much oil as has been removed from wells since the drilling of the first well in 1859. Shale oil will regulate the price of gasoline and assure an unlimited supply of that fuel."

The big oil firms apparently plan to start distilling oil from shale. But they will not touch coal, using the same process, because, in the handwritten words of a Justice Department lawyer: "The world oil cartel fears the cheap production of oil from coal might bring about a reduction in price."

But if the prospect of converting coal to oil is financially all that enticing, why has not private enterprise invested in an integrated multi-purpose energy operation of that magnitude? The oil companies and their allies in the government scientific agencies can't be all that powerful in blocking it, or can they?

A few informed officials both in Federal scientific agencies and the Department of Justice say, unfortunately, yes, according to oil expert, Harvey O'Connor.

Today Karrick's method is being demonstrated on a commercial scale in England, not for making oil, but for producing smokeless fuel. In addition to proving the system's efficiency, the British plant also highlights another factor having enormous ecological implications for us all — it causes no discernible emission of either smoke or odor. Presently we burn up over a half-billion tons of coal every year... polluting the air; destroying 400 million barrels of oil; and 1.4 trillion cubic feet of rich fuel gas, plus billions of dollars worth of job-producing chemicals for making plastics and fertilizers. LTC would stop this pollution and the staggering waste. LTC is ideally suited to private enterprise initiative. This would open up the entire energy industry to greatly increased competition from many small producers. And this is the reason why the idea has been kept under wraps by Big Oil, Big Bureaucracy, and Big Banking. And who is Big Oil? The same land monopolists who all these years should be paying land value taxes on their holdings.

Mr. E. L. McGee, Research-Engineer of Exxon's Carter Oil Company, Baytown, Tex., says the cost per barrel is \$27-\$29. These figures do not square with what I have stated above, as passed on to me by a respected researcher, Harlan Trott of Walnut Creek, Calif.

With LTC so economically and ecologically promising, with Big Oil owning most of America's coal fields, the questions rise:

- Why hasn't Energy Czar James Schlesinger insisted on a crash program of changing coal to oil and gas and electricity?
- Why hasn't the Congress been on top of this problem long before this present crisis?

- If the U.S. could develop a crash program in space technology via NASA, why can't such a crash program be instituted in the development of energy resources?

- Why must the U.S. taxpayers pay a \$2 billion subsidy to produce synthetic fuel when the research and pilot plants at Provo, Utah, and Rifle, Colo., have shown it possible to sell the fuel at only a few cents a gallon?

- Or does Big Oil control the Department of Energy?