

Synthetic fuels just aren't economic today. Inflation has pushed the projected costs of oil shale and coal gasification plants to well over one billion dollars apiece and the price of the synthetic oil and gas to over \$20 per barrel equivalent. Not only do these companies want the taxpayer to foot the bill for the plants but also to insure a high enough price for energy so that they can sell the high-priced product. Banks have recognized the uneconomic nature of synfuels projects. That's why the companies are hoping the taxpayer will absorb the risk.

Even the Ford Administration has admitted that the costs of subsidizing synthetic fuels are greater than the benefits, and that the amount of energy to be produced will be "negligible." These conclusions are from the Administration's four-volume Synthetic Fuels Commercialization Program Task Force Report, published last year. The simple fact is that synthetic fuels are extremely expensive--economically and environmentally. The companies have decided that to proceed to commercial scale now (as opposed to later, when better technology might have been developed), they must have taxpayer dollars, since they don't want to risk their own.

ENVIRONMENTAL ARGUMENTS

Synthetic fuels development will be environmentally damaging. Consumption of scarce water supplies, strip mining, massive waste shale disposal, water pollution, air pollution, massive influxes of people into sparsely-populated areas, wildlife destruction, and production of cancer-causing substances would result from synthetic fuels development. The adverse effects of synfuels developments have been described by the Ford Administration itself, in their massive Synthetic Fuels Commercialization Program Task Force Report. We don't need to build the plants just to observe the massive damage we know will occur.

The West cannot afford to use its scarce water supplies for marginal developments like synfuels. Synfuel plants require massive amounts of water, diverting it from other users, affecting agricultural, industrial, municipal, recreation and ecosystem uses. Yet, if the bill passes, most plants are planned for the arid West.

Synthetic fuels production will increase the salinity of the Colorado River. The results will be disastrous for agricultural activities in California and Mexico, where a Federal Energy Administration report found millions of dollars in damage could occur.

Boom towns due to rapid population influx will degrade the quality of life in rural areas of the West. Health, education and other social services will suffer, mental health problems will increase, and worker productivity is low in boom town situations. Experience has shown that no amount of government aid or planning has been able to reduce boom town problems in the west and in Alaska.

Cancer caused by synthetic fuels development has been noted in this and other countries. There is a documented link between synfuels and cancer of the lung, skin and scrotum. At a time when more and more links between man-made substances and cancer are being proven, it would be foolish to proceed with large-scale synfuels development until the cancer question has been resolved.

Air pollution will be significant. Oil shale developers in Colorado are already trying to get air pollution standards weakened to accommodate the plants.

Land disturbed in synfuels development will be difficult, if not impossible to reclaim. Waste shale material, which will be deposited in massive quantities in canyons, will be very difficult to stabilize and reclaim. Surface mining for coal on the Navajo Reservation, where the first coal gasification plant is proposed, is in an area with less than 10 inches of rain per year, where the National Academy of Sciences states that strip mine reclamation may well be impossible.

ALTERNATIVES ARGUMENTS

Subsidies for "commercialization" of synthetic fuels are inappropriate and premature. Instead of providing money to build huge, uneconomic synfuels plants, the government should be encouraging further research and development into less damaging and more promising energy alternatives. Existing Energy Research and Development Administration (ERDA) legislation gives the agency sufficient authority to support research and development activities. For the free enterprise system to work in the energy industry, "commercialization" should not be included with government-financed research and development.

Conservation is probably the most promising alternative to massive subsidies for synthetic fuels. For example, an MIT research team concluded that the heat pump installed on existing furnaces was a favorable alternative to high-BTU coal gasification for space heating, the primary purpose for which synthetic gas would be developed. Also, studies for ERDA have shown that conserving energy is one-fourth as costly as developing similar amounts of new energy sources.

SYNTHETIC FUELS SUBSIDY LEGISLATION REVIVED

Congress has revived a proposal to provide billions of dollars to subsidize "commercial" development of oil shale and coal gasification, despite the fact that a \$6 billion synfuels guaranteed loan program was resoundingly defeated (263-140) in the House of Representatives last December. The House Committee on Science and Technology, chaired by Rep. Olin Teague (D-Texas), is now considering similar legislation as a result of heavy lobbying pressure from the oil shale and coal gasification interests.

The bill under consideration, HR 12112, would provide \$2 billion in guaranteed loans to synthetic fuel development, but numerous amendments are anticipated in the legislation when the mark-up begins during the last week in April. The concept of the legislation--to provide billions of taxpayer dollars to uneconomic and environmentally damaging synthetic fuels projects--will remain as the basis of the legislation, however, and heavy citizen pressure is needed to insure that we can once again defeat this ill-conceived program.

Letters to Congressional representatives should stress opposition to the entire concept of subsidizing the energy companies to develop synthetic fuels, rather than to a specific provision or bill number, since the Committee may make many changes in HR 12112. It is important to inform members of the House Science and Technology Committee and other members of Congress who voted against the subsidies last December that the only acceptable "improvement" in this subsidy legislation is to kill it. Amendments cannot cure the basic problem of this subsidy proposal.

A list of members of Congress who voted against the subsidy program is at the end of this bulletin. Committee members are marked with an asterisk (*). As top priority, WRITE THE COMMITTEE MEMBERS LISTED, URGING THEM TO REASSERT THEIR OPPOSITION TO SYNTHETIC FUELS SUBSIDIES. Also write other Representatives listed, reminding them that this issue may come to the floor again, and that they should VOTE AGAINST THE SUBSIDIES.

ARGUMENTS AGAINST SYNTHETIC FUELS SUBSIDIESECONOMIC ARGUMENTS

A guaranteed loan program for synthetic fuels will not "guarantee" one gallon of fuel. The guaranteed loan program will provide enough money to build a few plants, but only further taxpayer subsidies such as price supports will entice the companies to operate the plants. The Ford Administration has already testified that additional subsidies will be necessary. For starters, they want a program of loans, grants and price supports totalling \$11.5 billion. Thus, passage of a guaranteed loan program will insure more subsidies later--otherwise, if companies default, the government will be stuck with useless billion-dollar plants. With so much taxpayer money invested in the plants, future bail-outs such as price supports and guaranteed purchase contracts will make the Lockheed deal look like penny-ante poker.

The companies want--and the current subsidy bill would give them--a "sweetheart" deal. Not only would the government guarantee the loans to build the plants, thereby obtaining a low interest rate for the company, but also the government would actually make the payments on the loan, if the company said it had a cash-flow problem. If the company were to default eventually on the loan, the government would have no recourse to the company's assets, even those of a multi-national oil company such as Gulf; and although these plants would be subsidized, the companies would be able to keep the patents and other confidential information for their own private benefit.

Most of the subsidies would go to those who need taxpayer help the least--the large energy companies. The Oil Shale Corporation (TOSCO) has been lobbying for subsidies for their oil shale ventures, yet at the same time they have been able to purchase the entire west coast operations of Phillips Oil Co. TOSCO has also linked up with some of the largest corporations in the world--Atlantic Richfield, Shell and Ashland Oil Companies--to form an oil shale consortium. Other companies who would like to get subsidies for synthetic fuels development include Gulf Oil Co. and WESCO (a consortium of Pacific Lighting Co. and Texas Eastern Transmission Corp., who have joined with Utah International Inc., one of the largest mining companies in the world which is also about to merge with General Electric). It is clear that synfuels subsidies are not destined for small companies who really need help from the taxpayer. It's also clear that companies put up their own money for financially promising ventures like conventional oil refining or developing Alaskan oil and gas, but when faced with uneconomic projects like synfuels, they'd much rather risk the taxpayer's money.

Lehman, Wm. (D-Fla.)
Lent, Norman (R-NY)
Litton, Jerry (D-Mo.)
*Lloyd, Jim (D-Cal.)
Long, Clarence (D-Md.)
Long, Gillis (D-La.)
Lott, Trent (R-Miss.)
McCloskey, Paul (R-Cal.)
McCollister, John (R-Neb.)
McDonald, Larry (D-Ga.)
McEwen, Robt. (R-NY)
McHugh, Matthew (D-NY)
Macdonald, Torbert (D-Mass.)
Madden, Ray (D-Ind.)
Madigan, Edward (R-Ill.)
Maguire, Andrew (D-NJ)
Mann, James (D-SC)
Matsunaga, Spark (D-Hawaii)
Melcher, John (D-Mont.)
Meyner, Helen (D-NJ)
Mezvinsky, Edward (D-Iowa)
Miller, George (D-Cal.)
Mineta, Norman (D-Cal.)
Minish, Joseph (D-NJ)
Mitsch, Patsy (D-Hawaii)
Mitchell, Donald (R-NY)
Mitchell, Parren (D-Md.)
Moakley, Joe (D-Mass.)
Moffett, Toby (D-Conn.)
Moore, Henson (R-La.)
Moorhead, Carlos (R-Cal.)
Moorhead, Wm. (D-Pa.)
Moss, John (D-Cal.)
Mottl, Ronald (D-Ohio)
Murphy, John (D-NY)
Neal, Stephen (D-NC)
Nedzi, Lucien (D-Mich)
Nolan, Richard (D-Minn.)
Nowak, Henry (D-NY)
Oberstar, James (D-Minn.)
Obey, David (D-Wis.)

O'Hara, James (D-Mich.)
*Ottinger, Richard (D-NY)
Patman, Wright (deceased)
Pike, Otis (D-NY)
*Pressler, Larry (R-SD)
Pritchard, Joel (R-Wash.)
Quie, Albert (R-Minn.)
Rangel, Charles (D-NY)
Regula, Ralph (R-Ohio)
Reuss, Henry (D-Wis.)
Richmond, Frederick (D-NY)
Rinaldo, Matthew (R-NJ)
Robinson, Kenneth (R-Va.)
Rodino, Peter (D-NJ)
*Roe, Robt. (D-NJ)
Rogers, Paul (D-Fla.)
Roncalio, Teno (D-Wyo.)
Rooney, Fred (D-Pa.)
Rose, Charles (D-NC)
Rosenthal, Benjamin (D-NY)
Roush, Edward (D-Ind.)
Rousselot, John (R-Cal.)
Roybal, Edward (D-Cal.)
Ruppe, Philip (R-Mich.)
Russo, Martin (D-Ill.)
Ryan, Leo (D-Cal.)
St. Germain, Fernand (D-RI)
Santini, Jim (D-Nev.)
Sarbanes, Paul (D-Md.)
Satterfield, Davis (D-Va.)
*Scheuer, James (D-NY)
Schneebeli, Herman (R-Pa.)
Schroeder, Pat (D-Colo.)
Schulze, Richard (R-Pa.)
Seiberling, John (D-Ohio)
Sharp, Philip (D-Ind.)
Shriver, Garner (R-Kan.)
Shuster, Bud (R-Pa.)
Skubitz, Joe (R-Kan.)
Smith, Virginia (R-Neb.)
Snyder, Gene (R-Ky.)

Solarz, Stephen (D-NY)
Spellman, Gladys (D-Md.)
Spence, Floyd (R-SC)
Staggers, Harley (D-W.Va.)
Stanton, James (D-Ohio)
Stark, Fortney (Pete) (D-Cal.)
Steelman, Alan (R-Tex.)
Steiger, Sam (R-Ariz.)
Steiger, Wm. (R-Wis.)
Stokes, Louis (D-Ohio)
Studds, Gerry (D-Mass.)
Sullivan, Leonor (D-Mo.)
*Symington, James (D-Mo.)
Symms, Steven (R-Idaho)
Talcott, Burt (R-Cal.)
Taylor, Gene (R-Mo.)
Taylor, Roy (D-NC)
Thompson, Frank (D-NJ)
Thone, Charles (R-Neb.)
Traxler, Bob (D-Mich.)
Treen, David (R-La.)
Tsongas, Paul (D-Mass.)
Ullman, Al (D-Ore.)
Van Deerlin, Lionel (D-Cal.)
Vander Veen, Richard (D-Mich.)
Vanik, Charles (D-Ohio)
Vigorito, Joseph (D-Pa.)
Waggoner, Joe (D-La.)
*Waxman, Henry (D-Cal.)
Whalen, Charles (R-Ohio)
Whitehurst, Wm. (R-Va.)
Wiggins, Charles (R-Cal.)
Wilson, Charles (D-Tex.)
Wolff, Lester (D-NY)
*Wydler, John (R-NY)
Wylie, Chalmers (R-Ohio)
Yates, Sidney (D-Ill.)
Young, Andrew (D-Ga.)
Young, Bill (R-Fla.)
Zeferetti, Leo (D-NY)

COLORADANS: Write also to Representatives Frank Evans and Tim Wirth, who voted to support the subsidy in December. Urge them to reconsider their decisions.

This bulletin was prepared by:

Colorado Open Space Council Mining Workshop & Friends of the Earth Colorado Branch
2239 East Colfax Avenue, Denver, CO 80206; phone 303/321-6588

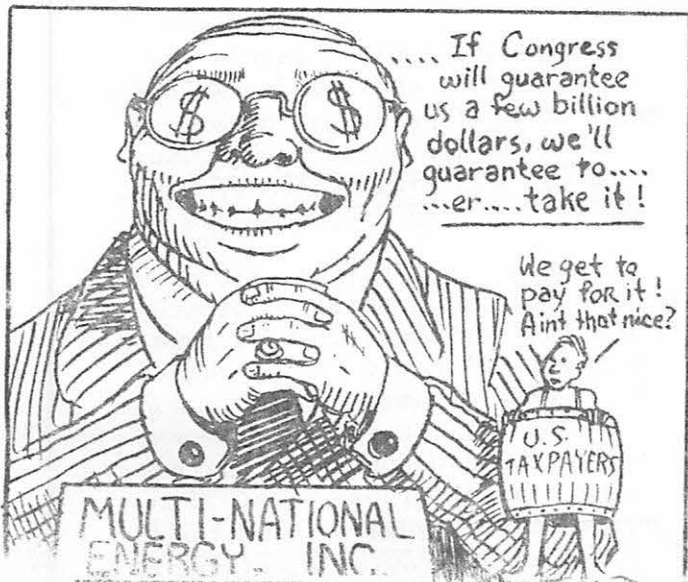
Please reproduce this bulletin and distribute to members of your organization and to friends and colleagues! Only grass-roots lobbying will defeat this legislation.

We need your help to carry on this citizen effort. If you can give us a contribution, send and make it payable to: COSC Mining Workshop-Synfuels, 2239 E. Colfax Ave., Denver, CO 80206

Friends of the Earth
Colorado Open Space Council
2239 East Colfax Avenue
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SPECIAL ALERT ON SYNTHETIC FUELS SUBSIDIES

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Even if synfuels such as shale oil and high-BTU coal gasification are desired, a massive subsidy program now could actually hinder rather than promote their development. ERDA estimates that at least one loan default--out of a mere handful of projects--would occur. That default would prove the fears of the bankers, who believe that such projects are neither technologically nor economically ready for commercialization. The default of a billion-dollar-plus "white elephant" would cast doubt on the value of developing synthetic fuel resources--not only the specific technology involved--just as the Hindenburg disaster wiped out the future of the young airship industry. In addition, subsidizing a few first generation technologies, instead of waiting for improvements in technology, would take the place of funding more diversified research and development.

The billions of dollars which synfuels subsidies would absorb could be spent in ways which would provide more energy. For example, \$2 billion could buy and install the solar equipment for over half a million new homes or completely pay for retrofitting 400,000 homes with solar equipment. This would provide for continuous energy savings and avoid the tremendous environmental and socio-economic destruction from synthetic fuels development. Unlike synfuels, no price supports would be needed.

TARGET LIST

IN DECEMBER, GRASS-ROOTS LOBBYING BEAT THE SPECIAL INTERESTS. WE CAN DO IT AGAIN WITH YOUR HELP! These members of the House of Representatives voted against the subsidy program last December. An asterisk (*) indicates members of the House Science and Technology Committee. Please write at least two letters: one to a Committee member and one to a Congressional Rep. from your state or region. URGE THEM TO VOTE AGAINST SYNTHETIC FUELS SUBSIDIES. Address: U.S. House of Representatives; Washington, DC 20515.

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|-----------------------------|------------------------------|-------------------------------|
| Abdnor, James (R-SD) | Cohen, Wm. (R-Maine) | Green, Wm. (D-Pa.) |
| Abzug, Bella (D-NY) | Collins, Cardiss (D-Ill.) | Gude, Gilbert (R-Md.) |
| Addabbo, Joseph (D-NY) | Conable, Barber (R-NY) | Guyer, Tennyson (R-Ohio) |
| Allen, Clifford (D-Tenn.) | Conte, Silvio (R-Mass.) | Hagedorn, Tom (R-Minn.) |
| Anderson, Glenn (D-Cal.) | Conyers, John (D-Mich.) | Haley, James (D-Fla.) |
| Andrews, Ike (D-NC) | Cornell, Robert (D-Wis.) | *Hall, Tim (D-Ill.) |
| Andrews, Mark (R-ND) | Coughlin, Lawrence (R-Pa.) | Hamilton, Lee (D-Ind.) |
| Archer, Bill (R-Tex.) | Crane, Philip (R-Ill.) | Hanley, James (D-NY) |
| Armstrong, Wm. (R-Colo.) | D'Amours, Norman (D-NH) | Hansen, George (R-Idaho) |
| Ashbrook, John (R-Ohio) | Daniel, Robert (R-Va.) | *Harkin, Tom (D-Iowa) |
| Ashley, Thomas (D-Ohio) | Daniels, Dominick (D-NJ) | Harrington, Michael (D-Mass.) |
| Aspin, Les (D-Wis.) | Danielson, George (D-Cal.) | Harris, Herbert (D-Va.) |
| AuCoin, Les (D-Ore.) | de la Garza, E. (D-Tex.) | Harsha, Wm. (R-Ohio) |
| Badillo, Herman (D-NY) | Delaney, James (D-NY) | Hastings, James (R-NY) |
| Baldus, Alvin (D-Wis.) | Dellums, Ronald (D-Cal.) | Hawkins, Augustus (D-Cal.) |
| Barrett, Wm. (deceased) | Derrick, Butler (D-SC) | *Hayes, Philip (D-Ind.) |
| Baucus, Max (D-Mont.) | Devine, Samuel (R-Ohio) | Hays, Wayne (D-Ohio) |
| Bauman, Robert (R-Md.) | Diggs, Charles (D-Mich.) | *Hechler, Ken (D-W.Va.) |
| Beard, Edward (D-RI) | Dingell, John (D-Mich.) | Heckler, Margaret (R-Mass.) |
| Bedell, Berkley (D-Iowa) | *Dodd, Christopher (D-Conn.) | Hefner, Bill (D-NC) |
| Biaggi, Mario (D-NY) | Downey, Thomas (D-NY) | Henderson, David (D-NC) |
| Biester, Edward (R-Pa.) | Drinan, Robert (D-Mass.) | Holland, Kenneth (D-SC) |
| Bingham, Jonathan (D-NY) | Duncan, Robert (D-Ore.) | Holt, Marjorie (R-Md.) |
| *Blanchard, James (D-Mich.) | du Pont, Pierre (R-Del.) | Holtzman, Elizabeth (D-NY) |
| *Blouin, Michael (D-Iowa) | Early, Joseph (D-Mass.) | Howard, James (D-NJ) |
| Boggs, Lindy (D-La.) | Eckhardt, Bob (D-Tex.) | Hughes, Wm. (D-NJ) |
| Boland, Edward (D-Mass.) | Edgar, Robert (D-Pa.) | Hungate, Wm. (D-Mo.) |
| Brademas, John (D-Ind.) | Edwards, Don (D-Cal.) | Hutchinson, Edward (R-Mich.) |
| Breaux, John (D-La.) | Eilberg, Joshua (D-Pa.) | Jacobs, Andrew (D-Ind.) |
| Brodhead, Wm. (D-Mich.) | Erlenborn, John (R-Ill.) | Jeffords, James (R-Vt.) |
| Brooks, Jack (D-Tex.) | Eshleman, Edwin (R-Pa.) | Johnson, James (R-Colo.) |
| Broomfield, Wm. (R-Mich.) | Evans, David (D-Ind.) | Jones, Ed (D-Tenn.) |
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| Burgener, Clair (R-Cal.) | Findley, Paul (R-Ill.) | Karth, Joseph (D-Minn.) |
| Burke, James (D-Mass.) | Fish, Hamilton (R-NY) | Kasten, Robert (R-Wis.) |
| Burke, Yvonne (D-Cal.) | Fisher, Joseph (D-Va.) | Kastenmeier, Robt. (D-Wis.) |
| Butler, Caldwell (R-Va.) | Fithian, Floyd (D-Ind.) | Kelly, Richard (R-Fla.) |
| Byron, Goodloe (D-Md.) | Florio, James (D-NJ) | Kemp, Jack (R-NY) |
| Carney, Charles (D-Ohio) | Ford, Harold (D-Tenn.) | Keys, Martha (D-Kan.) |
| Carr, Bob (D-Mich.) | Fountain, L.H. (D-NC) | Kindness, Thomas (R-Ohio) |
| Chisholm, Shirley (D-NY) | Frenzel, Bill (R-Minn.) | Koch, Edward (D-NY) |
| Clancy, Donald (R-Ohio) | Gibbons, Sam (D-Fla.) | Krebs, John (D-Cal.) |
| Clausen, Don (R-Cal.) | *Goldwater, Barry (R-Cal.) | LaFalce, John (D-NY) |
| Clawson, Del (R-Cal.) | Gonzalez, Henry (D-Tex.) | Lagomarsino, Robt. (R-Cal.) |
| Clay, Wm. (D-Mo.) | Gradison, Willis (R-Ohio) | Latta, Delbert (R-Ohio) |
| Cochran, Thad (R-Miss.) | Grassley, Charles (R-Iowa) | Leggett, Robt. (D-Cal.) |