

News from Senator

BOB DOLE



(R - Kansas)

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FOR IMMEDIATE RELEASE
FRIDAY, SEPTEMBER 28, 1979

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DOLE, KANSAS DELEGATION CALL FOR INCREASED DIESEL SUPPLY FOR STATE

WASHINGTON -- In a letter today to Energy Secretary Charles Duncan, Sen. Bob Dole (R-Kan.) called on the Department of Energy to consider the possibility of authorizing additional diesel fuel to the supplying companies that serve the agricultural community in Kansas. Dole was joined by Sen. Nancy Kassebaum and Reps. Bob Whittaker, Keith Sebelius, Jim Jeffries, Larry Winn and Dan Glickman.

Citing the increased demand for diesel as a result of an excellent agricultural year in Kansas and the current low state set-aside for diesel fuel as causes, the delegation also called on DOE to look into the recent appearance of a growing spot market which has served to drive up prices by approximately 20 cents per gallon over the average price.

Following is the text of the letter to Duncan:

Dear Mr. Secretary:

The harvesting season in the state of Kansas began several weeks ago with roughly 10 percent of the crops statewide now harvested. However, with the coming month of October, it is reported by many individuals in the agricultural community and in agricultural services that a shortage in diesel fuel will occur.

According to the Kansas State Energy Office in Topeka, the state set-aside in diesel fuel for the month of September was 2,147,000 gallons. The request for this month from agricultural producers has been 8,893,000 gallons. As of Sept. 19, there has been no set-aside availability. Obviously, there is a great discrepancy in these figures which is the result of an excellent agricultural year in Kansas compared to last year. Because of this discrepancy, a large spot market has appeared in Kansas with prices for diesel selling for 19 to 20 cents per gallon above the average price.

As you will recall, on May 4 President Carter stated in remarks to the Iowa State Association of Counties that ". . .we are now re-allocating proportionately larger amounts of oil to suppliers who serve rural and agricultural markets . . . I will not allow agricultural production to be disrupted by a shortage of petroleum." The problem that has risen in Kansas is that the state set-aside cannot meet the demand, although the companies serving the agricultural cooperatives are on healthy allocations due to past actions by the Administration. It is estimated by these suppliers that the month of October will be extremely tight and many agricultural producers may have to go to this spot market for needed diesel to complete the harvesting season.

For many farmers the high cost of diesel on this spot market will not only place severe financial burdens on their incomes but could spell disaster if the winter begins early in western Kansas. We request that the Department of Energy look into the recent appearance of this growing spot market in Kansas and consider the possibility of authorizing additional fuel to the supplying companies which serve our agricultural community.