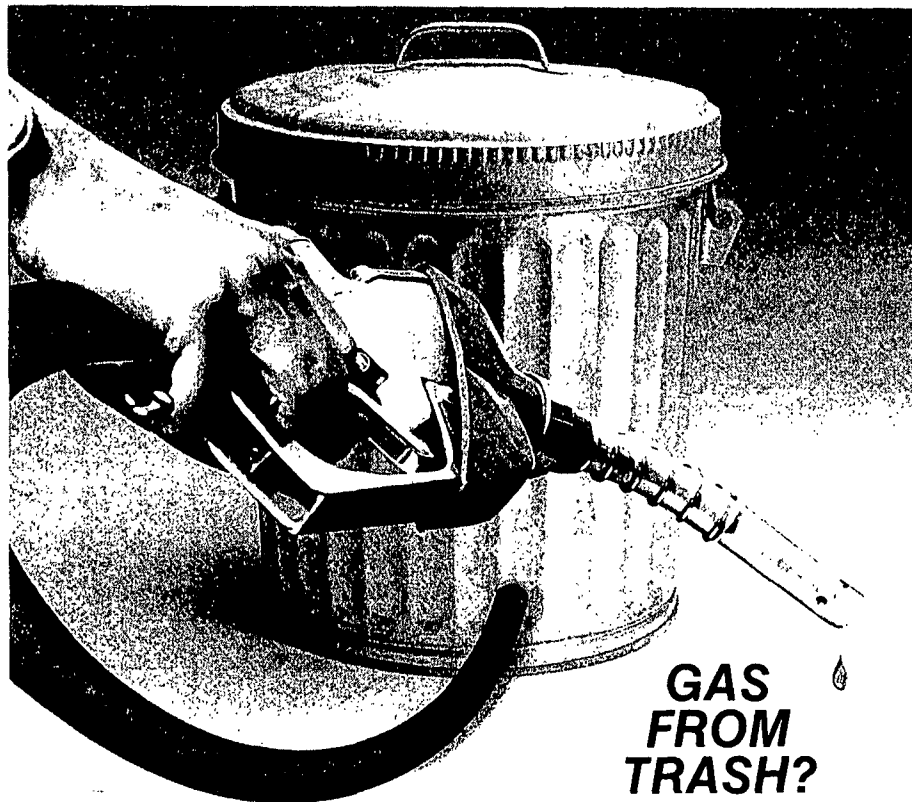


ALTERNATIVE FUELS UPDATE



There's been much talk over the past few years about the need to develop alternative fuels (synfuels) in an effort to reduce America's dependency on foreign supplied oil. Alcohol, gas, coal and even garbage have all been studied as potential energy sources, and most have been reported to produce extremely positive results.

As extensive alternative fuel research continued to mount, many individuals and organizations connected with these studies soon began to announce amazing predictions about the synfuel future in America. Everyone, at the time, was optimistic about synfuel possibilities — so optimistic, in fact, that the 1980 Energy Security Act predicted that alternative fuels would provide the energy equivalent of 500,000 barrels of oil a day by 1990 and 2,000,000 barrels a day by the year 2,000.

However, we now know that these figures haven't proven to be accurate estimates. In fact, instead of enjoying increased research, production, and marketing, synfuels as a whole are now experiencing a pronounced drop in industry interest. Most large corporations, and even a large number of government research institutions, are cutting back on research funding and experimental testing studies. In other words, many synfuels have essentially been placed on a rather indefinite back burner.

Why did this happen?

The answer is really rather simple. Gasoline shortages eased. Fuel prices stabiliz-

ed or even went down. The large oil companies, no longer faced with a market that would make synfuel research and production profitable, curtailed most alternative

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fuel development programs. After all, as long as the above conditions continue, synfuel production isn't going to be an immediate need until the last supplies of oil begin to be exhausted. And that's a very long time for companies interested in making money now.

However, even in this dim picture there continues to be one bright spot. Though a great deal of funding and interest has been lost for the majority of alternative fuels research, there are still some significant research and development programs that

continue to be sponsored, many by major oil companies. One such remaining pocket of promising research concerns alcohol blend fuel development — development which has continued to be attractive for two very important reasons.

First of all, alcohol blends are economically competitive with current gasoline prices. Methanol's 40 to 45 cent a gallon prices and ethanol's healthy tax subsidies make them both cheap gasoline extenders.

Furthermore, alcohol blends require no extensive automotive fuel systems redesign — they can be used easily and, for the most part, efficiently in existing systems. A gas/alcohol blend even has an enhanced octane rating, another plus for existing fuel systems.

However, even with all these benefits, alcohol blends are, for the present at least, definitely not problem free. For example, using these blends can save gasoline. However, the percentage saved is not a large one. Alcohol will only work in existing fuel systems in quantities of up to 10% ethanol or 4% methanol. And as America's transportation needs increase, these savings aren't going to stop up the gap that's going to occur when oil supplies begin to dwindle.

Another problem concerns the system for combining gas and alcohol. The shipping of alcohol blends is currently prohibited. Therefore, gas and alcohol must be shipped separately to gas station owners who mix them together directly into outside reservoirs. Here's where the potential problem comes in. This method of mixing, if improperly done, will result in a possibly contaminated and unbalanced fuel blend — a blend that's severely damaging to those automobiles that receive it.

In response to these potential problems, major oil companies are stepping up quality control inspections as well as providing the means for owners to examine their blends themselves. However, such measures take time and are now far from comprehensive.

And that's exactly where alternative fuels are today. Alcohol blends are the only immediate, feasible gasoline substitutes and additives. However, even the blends have their problems and need further research and production controls.

What's going to happen in the future?

Well, in the future you can expect to see synfuels standing once more in the nation's spotlight if once again foreign conditions lead to gasoline shortages or extreme price increases. And of course, when the worldwide supply begins to dwindle, synfuels are going to be THE ONLY sources of energy left to cultivate. Then you can be sure to hear about serious synfuel development and research. But until then, synfuels will remain a truly secondary alternative in a gasoline dominated economy.