

Gulf Oil's Directors Approve Record 1974 Capital Budget

1973 Total Topped by 34% as Outlay Nears \$2-Billion

By GERD WILCKE

Directors of the Gulf Oil Corporation approved yesterday a record capital budget for 1974 of almost \$2-billion, or 34 per cent higher than the \$1.5-billion expected to be spent this year.

The company, the first of the major oil companies to announce spending plans for next year, said that \$1.5-billion, or 75 per cent of the 1974 budget, had been allocated for projects to develop new supplies of energy.

B. R. Dorsey, chairman of Gulf, said that the dramatic rise in the company's spending plans actually began in the middle of 1973.

"We had originally set budget of approximately \$900 million," he noted, "but, when earnings improved material and impending energy shortages came on us much faster and harder than anticipated we revised our capital program upward about 60 per cent to about \$1.5-billion."

Gulf's spending plans among the larger commitments made by a single company in 1974, although Gulf's total dwarfed by projected outlay by the American Telephone and Telegraph Company, which has earmarked \$10-billion. E. I.

Projects to Develop New Energy Supply Are Allocated 75%

Pont de Nemours & Co., Inc., the chemical giant, however, is projecting a total of \$2.5-billion for capital outlays for the 1973-75 period.

When Gulf reported nine-month earnings of \$570-million, up 60 per cent from \$356-million in the year-earlier period, Mr. Dorsey noted that improved profits were welcome in view of the large capital needs expected by the energy industry in the next decade.

'Dramatic Illustration'

Yesterday the executive termed the 1974 spending program a "dramatic illustration" of his earlier statement. "Continued increases in profitability levels are required to sustain and permit further acceleration of such programs," he said.

Mr. Dorsey said that more than \$860-million in next year's program was targeted for energy-resource acquisition and development in North America,

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A RECORD BUDGET IS BACKED AT GULF

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almost twice as much as the \$470-million allocated in 1973.

Of the new figure, \$575-million was being planned for oil and gas exploration and production, including lease sales in the United States. In addition, \$190-million will go for developing nonpetroleum forms of energy, such as coal, uranium and oil shale.

Mr. Dorsey said that funds allocated for oil and gas exploration and development in the Eastern Hemisphere would go from \$146-million in 1973 to \$526-million next year. Most of this increase will be devoted to the development of fields recently discovered in the North Sea.

In a separate announcement, Gulf and Shell Nuclear, Ltd., a company of the Royal Dutch Shell Group, said it had completed arrangements to establish two joint ventures in the nuclear-power industry.

The ventures will be the General Atomic Company, for activities in the United States, and General Atomic International, for activities outside the United States.

In another development, Santa Fe Industries, Inc., said yesterday that it would spend \$220-million for capital improvements in 1974, about 10 per cent more than in 1973.

The transportation division plans expenditures of \$166-million next year for the purchase and rebuilding of locomotives and freight cars and other improvements including a new, computerized freight yard at Barstow, Calif. The division's expenditures this year amounted to \$150-million.

Expenditures for natural resources (lumber, oil exploration, coal and pipelines) will total \$37-million, up from \$26-million this year. The company will reduce expenses for real-estate development and construction to \$17-million from \$24-million in 1973.

The Pacific Power and Light Company announced in Portland, Ore., that its 1974 construction budget would reach a high of \$260-million, up from \$152.6-million it will spend this year.

The large West Coast utility said that capital outlays for plants already under construction would amount to \$180.8-million next year, while new projects slated to get underway in 1974 would require \$33.6-million. The remainder will be aimed at regular system expansions and improvements.

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**B. R. Dorsey, chairman of
Gulf Oil.**

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