

# The Story of Gasoline in Omaha

## Permanent Oil Distribution Industry of Omaha With Annual Payroll of Over \$2,000,000.00 to Sustain Big Loss in Year Just Closing

By C. JAMES WISSER

The public is very much interested in the price of gasoline in Nebraska. Is the price of gasoline below or above a normal figure in comparison with the price of other products in general use?

FOR eight months Omaha and parts of Nebraska have enjoyed the fruits of an overproduction of crude oil with a subsequent dumping of a large volume of gasoline on the midwest market, bootlegged about to the discomfiture and financial loss of the legitimate jobbing and distributing interests of the state, with millions of capital invested in real estate, buildings, equipment, etc.

The permanent oil distributing interests are confronted with the same situation in Omaha, distributors of retail food and clothing products might be placed in, if the Marshall Fields, the Gimbels, the Lyttens, the Rothschilds and others should temporarily load up the local retail clothing and food markets with merchandise at a price away below a profitable figure to themselves and a consequent unfair policy toward Omaha retailers with their present fixed investments, overhead, taxes, etc. The word "temporary" is applied to this imaginary condition with the retail industry and could not continue indefinitely, any more than the present gas situation can continue any great length of time in Nebraska. Ask any wholesale oil distributor you meet if he is losing money and he will tell you "certainly," but will immediately add, that while the financial loss is bad enough, their real grievance is what they term the unjustified interference of political and other agitatory interest in an economic situation that can only be solved by the unchangeable law of compensation and the survival of the fittest.

**WHAT WOULD HAPPEN IN RETAIL BUSINESS?** Making a political football out of such an important commodity as oil, it is suggested, has set business interests of Nebraska studying. What is to hinder city or state officials, they say, from competing with Omaha wholesalers and their contracts with manufacturers of trademark food products or selling sugar and coffee at a price below commercial quotations. They might figure men and women's ready-to-wear hats and collars were selling too high and open up a department store.

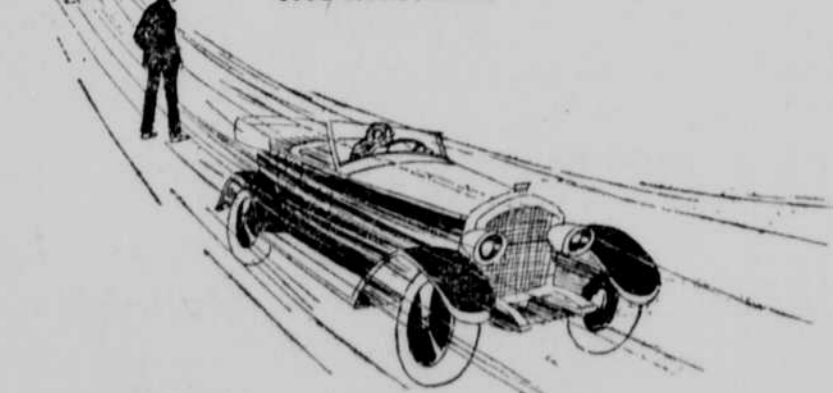
Clothing, sugar, milk, building materials and housefurnishings are up 70 to 100 points above the price level of 1913, while gas is up only 12 points, according to figures of the U. S. Bureau of Labor and Department of Commerce for 1923.

### TO FACE LOSS IN 1924

Based on the Nebraska Consumption of Gas during 1923, Omaha distributors have already set their teeth to face

## The Human Power that drives your Car

- The geologist
- The leaseman
- The driller
- The pipe liner
- The refiner
- The marketer



a huge loss for the year 1924. One of the results of the 1924 situation has been the entire curtailment of projected improvements. This included large warehouse construction and increased service station facilities. Omaha has become a very important distributing

center and during 1923 had insufficient tankage and warehouse facilities to care for an expanding business. Clearing skies in the oil situation is indicated for Nebraska for 1925. This is the sentiment expressed by Omaha oil interests. It is firmly believed that the

price of gas will of its own accord again reach a normal figure, which means that Omaha can look forward to some very necessary construction projects that have been postponed this year.

### THE COST OF YOUR GALLON OF GASOLINE

It may be of interest to know that every time one uses five gallons of gas someone has to pump half a barrel of crude oil out of the ground. It may also be of interest to know that the profit on a gallon of gasoline is split seven ways, to-wit: the geologist, the leaseman, the driller, the pipe-liner, the refiner, the railroad and the jobber and service station distributor.

### HOW YOUR GAS MONEY IS DIVIDED

At the price of gas in Omaha today, apparently, someone is not getting their "split" or profit in its production.

When the wholesaler pays 21¢ for transportation from refinery to his bulk station, 31¢ for his other expenses and profit and the retailer who sells it to the motorist at a margin of 2c, out of which he must maintain his filling station, pay taxes, give free air, water, greasing service, meet his daily payroll and from what is left he gets his profit. Add the 4c, 3c, 2½c or 1c tax on gasoline in the various states and gasoline so produced would cost the consumer anywhere from 17½ to 20½ cents.

As this article concerns the jobbing and distributing problems of the Omaha oil industry only—a varying spread of profit per gallon concerns only the refining and producing end.

There's no such "animal" with the distributing end. Railroad transportation charges, tank wagon, station overhead, taxes, interest on their investment, monthly payroll, are charges fixed and immutable. They practically remain unchanged, whether 50 or 5,000 gallons of gas are sold a day.

### Benefits of Omaha Service Stations

Omaha service stations enjoy the reputation of being the finest constructed and best equipped in the entire middle west.

This is one of the outstanding results of keen competition between distributors of gas. Hundreds of thousands of dollars are invested in real estate and buildings in the city which have tended to improve realty conditions in all sections of Omaha.

The increasing number of service stations contrary to general belief, it is claimed, has nothing to do

with the cost of gas to the consumer any more than any other commodity. Omaha has perhaps fifty men's hat stores and the price of hats are no more affected by the number of establishments selling them than the service stations serving a continually increasing demand.

### OMAHA'S ANNUAL OIL PAY ROLL

The annual payroll of Omaha's oil distributors is over \$2,000,000. Over \$600,000 of this amount is paid to Omaha employes alone. This does not include taxes, supplies and construction or transportation expenditures.

### PUBLIC SENTIMENT IS BEGINNING TO REACT

Public sentiment is beginning to react not only in Nebraska but throughout the country in their attitude toward the oil industry. They are beginning to realize that there are a lot of reputable companies engaged in the producing, refining and marketing of petroleum and its products, and they would not be good business men did they not sell their goods at a price that would net them only proper returns on their investments, and that is what the reputable companies have been doing, but the industry as a whole is overproduced, both as to crude and as to refined products.

In other words, the industry has nearly 50 per cent more refining capacity than it has a market for the output. The result is, a number of refiners are selling the refined products, in order to raise money to keep going, at prices below the cost of producing. No one has any desire to stop them, because the handling of a business in this way is only answered by ultimately the companies going into the hands of a receiver.

Here is an analysis of what it takes, in the oil business, to produce gasoline. Crude, with pipeage from the well to the refinery, costs five cents (5c) per gallon in the Mid-Continent field. It is refined several times in a plant that cost from \$250,000, depending upon its size, to \$5,000,000. It is shipped in a tank car that costs \$3,000. There is the fuel bill to pay, maintenance, the pumping, the men, the plant, and all the items that enter into the manufacture. Then, it is shipped to a point, unloaded by a pump and pipe line, put into storage, then loaded into a tank wagon, hauled to a service station, and then dispensed from the service station into a man's car, and you buy it.

### Over \$1,000,000 Invested in Oil Station Property in Omaha



MANHATTAN OIL STATION, 18TH AND DAVENPORT



U. S. OIL STATION, 25TH AND FARNAM



SHAFFER OIL STATION, 10TH AND DOUGLAS

### COMPARISON OF INDEX PRICES OF INDICATED COMMODITIES By Years, 1913 to 1923, Inclusive

1913 PRICE LEVEL, 100  
Compiled from Bureau of Labor and Department of Commerce Statistics

Year	All Commodities	Gasoline	Household Goods	Building Materials	Cloth & Clothing	Farm Products	Eggs	Sugar	Butter	Potatoes	Milk	Floor
1913	100	100	100	100	100	100	100	100	100	100	100	100
1914	98	83	100	92	98	103	103.3	110.3	93.6	112.8	93.9	111.2
1915	101	75	100	94	98	104	100.6	130.2	92.5	74	94.8	145.4
1916	127	121	106	120	127	123	115.9	161.1	106.4	180.8	102.3	158.5
1917	177	132	125	157	175	190	161.6	180.6	134.3	313	143.1	248.5
1918	194	139	153	172	228	218	196.2	182.4	162.5	158.3	174.9	...
1919	206	142	184	201	253	231	214.7	209.4	190.7	232.3	190.5	216.8
1920	226	170	254	264	295	218	228.4	296.7	189.2	424.2	191.4	276.5
1921	147	143	195	165	180	124	160	144.3	133.7	174.8	168.8	181.6
1922	149	140	176	168	181	133	133.7	139.1	128.2	165.3	164.3	158.9
1923	154	112	183	189	200	141	139.3	197.7	148.3	142.4	171.6	139.3

