

Are they cumbersome? They are very cumbersome. The problem of regulating producer prices in the field is one of the most challenging that has ever faced any administrative agency. Here you have thousands of producers, large and small, finding gas at every elevation from a few hundred feet to many thousands of feet, in combination with oil, with condensates, or gas alone, near or far from pipeline systems, belonging to independent producers, and pipeline systems alike. To try to develop a pattern, a workable administrative program that will price natural gas under those circumstances is one that I regard as a supreme challenge to the ingenuity and ability of the Commission.

The area rate proceedings, to my mind, are by far the best solution to this problem. I think they will work. I think we are making a record in our lead case, the Permian Basin proceeding upon which we will, in the course of the next few years, be able to establish fair and reasonable ceiling prices throughout the whole country. But it is not simple, it is not easy, it is cumbersome.

But what is the alternative? The individual proceedings which bogged down to the extent that they became a national scandal? To attempt to set separate prices for each well or for each company? Can you imagine the problems of administration in an industry where frequently a single well will have many owners and if you are going to set separate prices for each company or owner, you will have a number of different prices for gas from each well, let alone from each field.

It is easy to say, Find some other solution. This is the solution that the Federal Power Commission thinks is the right solution; this is the one we are working on.

Mr. Morgan says exempt the small producers. We have looked at that question. We would like to exempt the small producers but the small producers, if they have unregulated prices, introduce an element which makes regulation of the large producers very difficult. It is not easy to have a system of controlled prices if many producers in your area are selling at higher prices.

Not only that, but the smaller producers can trigger the "most favored nation" clauses and bring on the increases by the large producers.

The CHAIRMAN. Maybe it would be a lot easier and more simple if you would just recommend and adopt the Harris-Fulbright bill that was vetoed a few years ago.

Mr. SWIDLER. Well, this is the point, I think, that Mr. Morgan was, I understood, inferentially suggesting and that Mr. Drew Pearson's column was suggesting. It said that Mr. Morgan and Mr. Harris had this in common.

The CHAIRMAN. I think the distinguishing feature is that the bill did not do what Mr. Morgan suggests, but the bill was more in line toward the general approach to that, as you are arguing here, when you go back and analyze the provisions of the bill.

Mr. SWIDLER. Well, I will—

The CHAIRMAN. If you want to go back to 1949, the one Mr. Truman vetoed, that would be in keeping with what Mr. Morgan suggested. Well, I do not want to take you off your subject.