

RESPONSES TO QUESTIONS OF THE SUBCOMMITTEE ON SCIENCE, RESEARCH,
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Question 1: Concerning the eventual exhaustion of petroleum, what are your views on a policy which would reserve liquid fossil fuels for use as chemical raw materials and depend more on coal, coal gasification products, and nuclear energy for heat, electric power, and transportation?

Answer: In 1961, a special National Fuels and Energy Study Group was established by the Senate Committee on Interior and Insular Affairs to make a thorough evaluation of our Nation's fuels and energy resources. The motive for such an evaluation was a fear, expressed in some quarters, that this Nation may be in danger of running out of oil and natural gas, and that end-use controls were therefore needed to conserve these assets.

But after roughly 10 months of exhaustive analysis, the study group submitted its report to the Senate committee and, in effect, rejected any policy of end-use controls. The study group called the "wasting asset" argument for end-use controls irrelevant because total energy supplies are far in excess of anticipated needs for a long time to come. They further stated that "the fundamental cost of strict acceptance of the doctrine of controlled end-use would seem to be a broad range of cumbersome policies that in an economic sense would probably misallocate resources." One of the key points made in the report was that "competition among fuels has been a factor in making America an energy-intensive economy * * * Such competition provides the product—fuels in this case—at the least cost to the public."

Prior to publication of the study group's report, representative groups having an interest in fuels and energy policy were asked to submit statements to be included in the report. The consumer's right to select the product he wants, and the right of private business to compete fairly in supplying these products has and should continue to be the foundation of this Nation's policy toward business.

The adequacy of our liquid petroleum reserves has been examined time and again. Prophets of doom have been predicting for more than half a century that our reserves of this vital resource would be gone by 1925, then by 1941, and then 1962. But, year after year, oil exploration and development have increased, with the result that today our Nation's reserves of crude oil and natural gas liquids are a great deal higher than when pessimists were predicting their complete exhaustion.

Reserves fall into two principal categories—proved and ultimate. Proved reserves of oil and natural gas liquids now stand at over 39 billion barrels. These are the minimum reserves recoverable from existing fields, under present economic and operating conditions. They are our current working inventory underground which can be counted on as confidently over a period of time as money in the bank.