

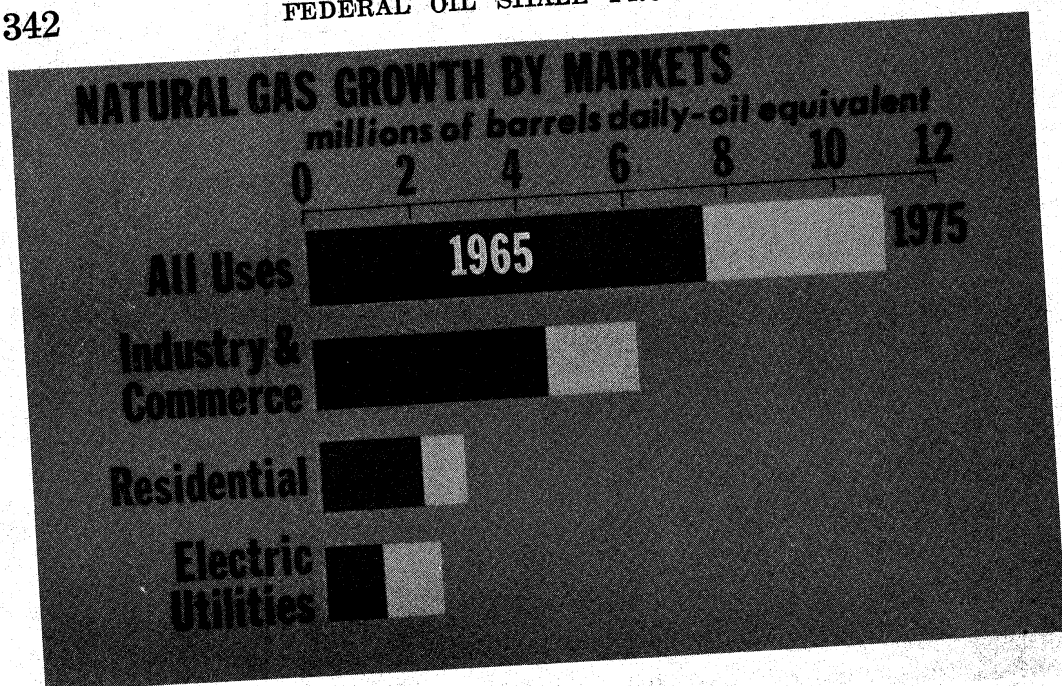


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The matter of imports is a political matter, as we realize, and we see no basis for trying to predict what is going to happen in this area. We have assumed arbitrarily, so that we can get along with our work, that the current relationship between domestic production and imports will remain essentially the same. If this is, indeed, what will happen, our domestic industry will need to produce in 1975, the amount shown on this chart. Now, that is a growth that is considerably larger than the growth in the preceding 10 years or the difference between these two points. The expansion for imports, on the other hand, would be smaller in this decade than in the past decade. The reason for it being higher than in the past decade is that there is no mandatory control over the volume of imports. The amount of natural gas that would be required in 1975 is indicated. These volumes are equal. We have a scale of millions of barrels daily and trillions of cubic feet of gas per year. An easy conversion of this: 1 million barrels of oil per day will do the same amount of work in the energy market as 2 trillion cubic feet of gas per year.

The expansion for gas in this 10-year period will need to be larger than the growth in the past 10 years. We can expect some increase in imports, coming largely from Canada. There has been talk about moving natural gas by tanker from foreign sources, but I doubt if any large consumer of natural gas would want to time himself to a contract on the basis of such gas delivery. Let us consider a foreign source of gas being delivered by a tanker. When that foreign source discovered that this natural gas was displacing oil, and not returning an earning, they could correct that matter very quickly, and this would indicate that the tanker movement of gas would not be a reliable source. So, for the most part, we look to Canada as an increasing source of natural gas.

We need to consider whether or not the domestic industry is capable of producing an adequate supply of oil and gas in 1975. The first