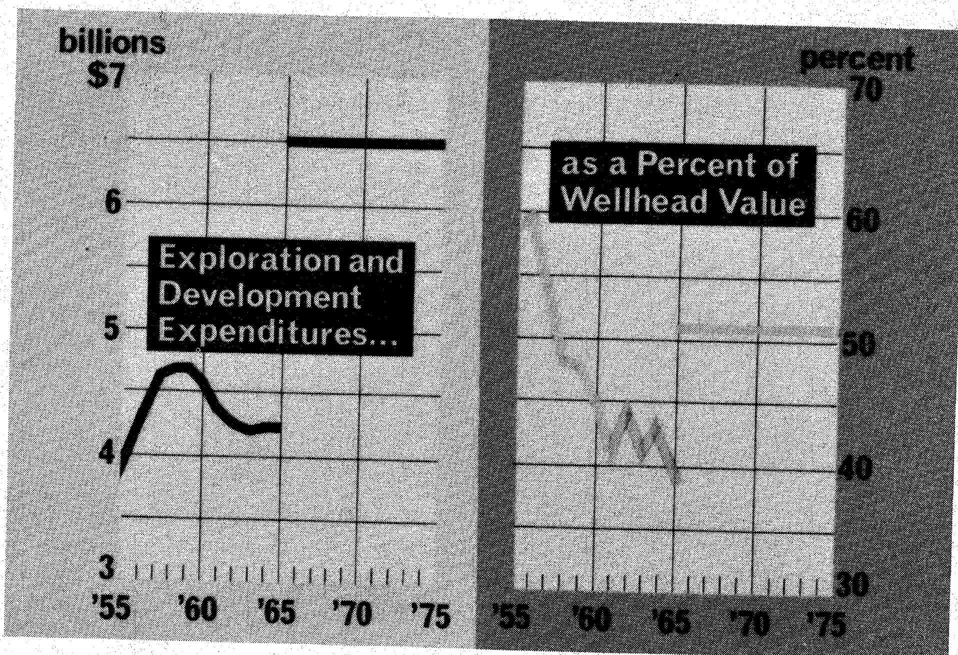

CHART 52

On chart 53 we have charted, for the post-war period, the wellhead value of the petroleum hydrocarbon production, starting at the beginning of the period at about $2.5 billion and going to almost $11 billion by 1965. You can see that the fastest growth occurred from this point up to this point (indicating).

On the side of the chart we find that, for the period ranging from 1946 to 1957, the average annual increase in wellhead value amounted to $600 million and two-thirds of that expansion came as the result of the price depreciation caused by the severe economic conditions of the 1930's, when we were going through the depression. Also, because of large discoveries of new crude oil reserves and the fact that crude oil was severely depressed at the time we entered World War II, this depressed situation existed until the end of the war. With the lifting of the price controls in 1946, the price of oil crude increased approximately three times by 1957, and that was a major source of additional revenue flowing to the petroleum industry, and, of course, a large increase in available capital funds.

There has been no net increase in the price of crude oil since 1957. Indeed, there has been some decline. And in the period ranging from 1957 to 1965, the growth of wellhead value was less than one-half as large as it was in this earlier period.

If we project the growth of the wellhead value to the end of the decade, assuming a constant price for crude oil and some modest increase in the price of natural gas, this shows the trend line that results and the average annual growth would be only about two-thirds as large as it was back in this period of years.

Well, this indicates, of course, that the expansion of revenue and capital funds is going to be more restricted relative to the needs for capital spending than it was in the earlier period, and it tells us that management necessarily must be more selective.

We might also infer from this chart that there is a need for an increase in the price of crude oil, particularly if the independent