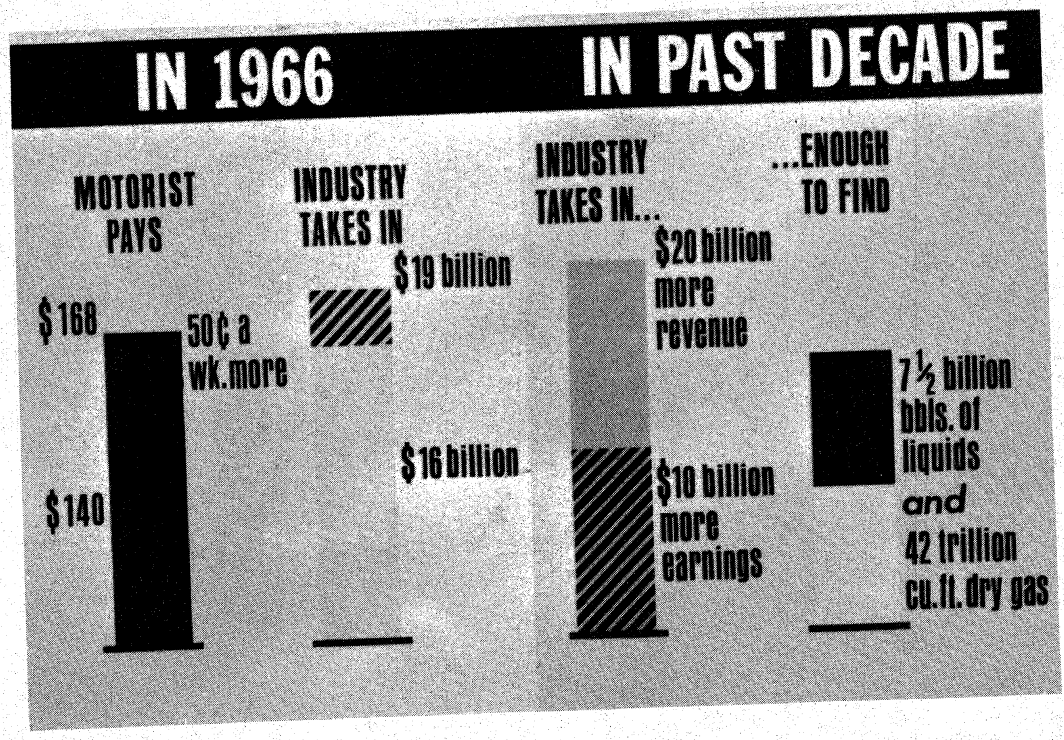

CHART 62

we suppose that industry utilizes this $10 billion in a search for new petroleum reserves, it might have found approximately 7.5 billion additional barrels of liquid and 42 trillion cubic feet of gas. This would have been sufficient to have prevented the decline in the reserve-production ratio.

The petroleum industry, for reasons of competition, would have great difficulty in increasing the price of gasoline by 4 cents a gallon, and, certainly, as we witnessed earlier this year, there would be great resistance in the Federal Government to this movement.

Now, let us, for a few moments, leave the United States and consider the prospects abroad. This is very important, because in all of the capital spending in the free world petroleum industry, 70 percent is carried out by American-owned companies and, of all of the spending for production purposes, the money spent in search for new reserves, as much as 85 percent is carried on by American-owned companies. What happens in the future is going to be determined, essentially, by the same management. This population trend is shown on chart 63.

We have, in the free foreign parts of the world, about 10 times as much capital spending as we have in this Nation. Starting in 1955 with $1.6 billion, it grew to $2 billion by 1965, and we can expect approximately $460 million more by 1975. This, again, is an ingredient for growth in terms of energy requirements in the free part of the world, and the per capita consumption in this part of the world is also rising rapidly. [Chart 64.]

All of our studies indicate to us that the free world use of energy in this 10-year period is likely to be two-thirds larger than in the past 10 years, and the consumption in the past 10 years was equal to 85 billion, which compares to 80 billion barrels in this Nation. So that the gross requirement abroad will be substantially larger than in this Nation.