

The major factor, however, is the erosion of the program by the exemptions and exceptions which have been made over the last 2 years, none of which have reinforced the "national security" aspects of the program, and many serving only to further aggravate our country's dollar outflow.

Since 1965, there has been an increasing number of "exceptions," both within and outside the 12.2-percent limitation standard of the program for Districts I-IV (including all States east of the Rockies) of nonresidual imports of domestic production in that area. These exceptions have included the granting of special quotas within the 12.2-percent ceiling to petrochemical interests, Puerto Rican and Virgin Island projects, Eastern marketers for No. 2 fuel oil, and companies that carried over their 1967 allocation. These exceptions amount to 150,000 barrels daily in 1968.

Canadian imports constitute an overage of 60,000 barrels daily over and above the 12.2 ceiling. Other "exceptions," totaling 180,000 barrels daily of imports in excess of the 12.2 ceiling, included bonded jet fuel and a part of the carryover of 1967 quotas.

These "exceptions" have increased 290,000 barrels a day in just 3 years. These exceptions have resulted in industry's loss of confidence in a program whose integrity is in serious doubt.

As a result, pressure continues to mount on the program, and its stability is in question. By 1972, total allowable imports under the 12.2 limitation can be expected to increase to 1,235,000 barrels daily. The accumulated pressures and proposals that now threaten to increase imports exceeds many times this increase in imports that are allowable.

Other factors which destroy confidence in the program have been the totally inadequate administrative procedures followed by the Department of Interior in taking unilateral actions of great consequences without proper hearings, and without providing an opportunity for interested parties to present their views. The actions recently of the Oil Import Appeals Board in granting import quotas for the first time to oil marketers were taken without hearing, and after denying interested parties the right to be heard in public hearing.

In addition to this accumulation of threats to the stabilization of the program, the completely unauthorized interference into oil pricing, first in the Oklahoma-Kansas crude oil prices in 1966, then in gasoline pricing, and now in asphalt pricing, serve to shatter the confidence in the entire program. These actions serve to only raise the question as to whether imports are to be firmly limited to serve oil security objectives or be maneuvered to keep depressed oil prices even further depressed.

Domestic production and exploration have continued to decline along with operating rigs, drilling completions, footing drilled; and seismic crews have reached new lows in 1966. The additions to our reserve have been inadequate.

In Oklahoma, 1959 and 1966 activity compares as follows:

Total well completions fell from 6,230 to 4,069, a 35-percent decline.

Footage drilled declined from 21,278,000 feet to 18,142,000 a reduction of 15 percent.

Operating rigs were reduced from 226 to 141. In 1967, rig activity has further declined.