

It is easy, for us who still remain in industry, to see that our independent ranks are declining in number each year, month and day. We, as independent oil men, are not able to show an annual increase in profits of 22 to 27% as most major oil companies do each year. Our percentage would be on the other side of the ledger in a like amount. Our activities have declined 45% since 1959 and this is not in keeping with a healthy and vigorous domestic oil industry. Since the decline in activity we have lost 80% of our labor force for drilling rigs and in this immediate area we have lost 75% of our drilling companies due to forced sell outs, mergers, etc. We are certain that these same conditions exist in other oil producing areas of the United States where independent oil men are the predominant oil producers. Members of the committee it is now time to face the awful truth. If the conditions mentioned above are not reversed in the very near future you will lose that segment of the domestic industry that historically has drilled 85% of the rank "wildcat" exploratory wells in this nation and has contributed so much to the oil reserves of this nation.

Members of the committee forget for one minute that we are oil men and class us as Americans through and through. We are concerned as you are concerned for a nation that must be energy strong as this is the basis for our whole defense system. We are and will continue to be an oil deficit nation unless the downward trend in exploratory wells is not halted.

We in West Central Texas Oil & Gas Association believed at one time that the mandatory oil import program would maintain a healthy and vigorous domestic oil industry and would safeguard our national security. Recently events have proved that neither is being achieved. The loopholes and special exemptions that have been granted in the program these last two years have shown that the independent oil producers cannot exist in an economic climate made acceptable to only a few. We are not only the independent segment, we are the *risk element* of this industry, who, when a dry hole is drilled do not have marketing, refining, pipelining and foreign crude reserves to rely on to replace the deficit created by dry exploratory wells. Provided we have a fair economic climate in which to operate we would be able to search for and produce our pro-rata share of the nation's crude oil reserves but further dismantling and deteriorating the mandatory oil imports program as is happening now will only cause less exploratory activity which is so vitally needed and needed immediately to reverse this downward trend.

We urge the House Ways and Means Committee to investigate *every aspect* of the administering of the imports program to see why the intended results of the program are not being achieved. If the people of this great nation were fully aware of our crude oil reserve status and our deliverability of these reserves, particularly to district V (West Coast) they would all appear before this committee tomorrow.

Unfortunately most people are only concerned with what gasoline cost at the pump and not whether we have the reserves discovered and in storage to keep our nation strong as it should be.

Again members of the committee, we independent oil producers have our backs up against a granite cliff and cannot recede farther if we are to stay in business.

Ladies and gentlemen this is a sad commentary on a segment of the petroleum industry and a nation that we hate to and should not have to editorialize to awaken our Congress.

The CHAIRMAN. Thank you for sharing your views with us. Are there any questions?

The Honorable Edwin E. Willis, of Louisiana, is our next witness. Come forward, Mr. Willis, you are recognized.

STATEMENT OF HON. EDWIN E. WILLIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. WILLIS. Mr. Chairman, it is a pleasure to appear before you today to present for the committee's consideration an excellent statement submitted by the Honorable John J. McKeithen, Governor of the State of Louisiana. Like Governor McKeithen, my purpose in appearing here today is to urge that every sympathetic consideration