

"Mr. IKARD. Does the committee amendment that will be offered to the national security section of the committee bill dealing with investment, exploration, and development necessary to assure the proper growth of an industry have any significance to the petroleum industry and other extractive industries?"

"Mr. MILLS. Yes. This amendment will be offered to the bill for the purpose of further clarifying the committee's intentions with respect to encouraging free enterprise, exploration for, and the development of our natural resources at a rate sufficient to meet the demands of our national security. If drilling and exploration activities do not reach a satisfactory level, then under this provision the President or his designate would have the responsibility of re-evaluating existing programs for the regulation and control of imports to see that they meet the requirements of the new standards in the committee bill."

This Voluntary Program continued in operation until March 10, 1959, at which time the President established the Mandatory Oil Import Program. In contrast to the Voluntary Program which covered only crude oil imports, the Mandatory Oil Import Program covered imports of crude oil and its products and derivatives.

The Mandatory Program was established after the Director of the Office of Civil and Defense Mobilization on February 27, 1959, "advised the President that imports of crude oil and its products and derivatives were threatening to impair the national security."

On February 27, 1959, the Director of OCDM, in his memorandum for the President, quoted the Secretary of Commerce as follows:

"It is my considered opinion that the present rate of imports of crude oil and its derivatives and products is a major contributing factor to the *decline in drilling operations* both for exploration and development in the search for new oil reserves . . . Continuation of this trend will inevitably result in a lowering of our *available reserves*." (Emphasis supplied)

In this same report, the Director said:

"The consequences would continue to upset a reasonable balance between imports and domestic *production*, with deleterious effect upon *adequate exploration* and the *development of additional reserves* which can only be generated by a healthy domestic *production industry*." (Emphasis added)

Thus the President issued Proclamation No. 3279, dated March 10, 1959, which placed in effect the Mandatory Oil Import Program to be administered by the Department of the Interior.

When he established the Mandatory Oil Import Program, the President issued the following statement:

"I have today issued a Proclamation adjusting and regulating imports of crude oil and its principal products into the United States.

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"The new program is designed to insure a stable, healthy industry in the United States capable of exploring for and developing new hemisphere reserves to replace those being depleted. The basis of the new program, like that for the voluntary program, is the certified requirements of our national security which make it necessary that we preserve to the greatest extent possible a vigorous, healthy petroleum industry in the United States."

Presidential Proclamation 3279, as amended, remains today as the foundation of the Mandatory Oil Import Program.

APPENDIX B.—IMPORTANCE OF PETROLEUM TO NATIONAL SECURITY AND ECONOMIC GROWTH

Petroleum is vital to both the national security and the economic growth.

PETROLEUM AND NATIONAL SECURITY

Comprehensive studies by the Congress and the Executive Departments made during the past twenty years, and practical experience in times of emergencies, repeatedly have recognized and demonstrated the importance of petroleum to national security.

With a Federal budget including many billions of dollars for programs of defense against all types of aggression, it is apparent that our security requirements for petroleum are not limited to the needs of a nuclear war. Our mobilization base must match the needs of a nuclear war, large-scale conventional warfare, limited conflicts and a protracted cold war. We must also maintain a position