Petroleum producing activities provide the economic lifeblood for thousands of local areas and communities. The 1963 Census of Mineral Industries reported 14,378 establishments engaged in U.S. oil and gas field operations and over 93 percent falls in the category of small business with less than 20 employees.

The petroleum producing industry, employing 270,500 people in 1967, is an important segment of the Nation's economy. The direct effect of declining oil industry activity on employment in all business activities in the producing areas is far-reaching.

Petroleum is the principal mineral produced in the United States. The 1967 value of domestic oil and natural gas production was over $12 billion and exceeded the combined value of all other mineral production including coal, iron ore, aluminum, uranium, gold, silver, etc. Oil or gas is being produced in 32 of our 50 states. In 12 states, petroleum is the principal mineral. The value of petroleum production in these states and the percentage of the value of total mineral production are shown in the following tabulation.

STATES IN WHICH PETROLEUM IS MOST VALUABLE MINERAL, 1966

State	Value of petroleum production	Petroleum as percent of total value of all minerals
Arkansas	$83,657,000	46.9
California	1,090,699,000	63.9
Colorado	102,388,000	36.2
Kansas	452,373,000	79.8
Louisiana	3,194,341,000	94.1
Mississippi	174,513,000	86.1
Nebraska	40,834,000	58.1
New Mexico	520,934,000	63.7
North Dakota	81,052,000	81.7
Oklahoma	914,247,000	92.2
Texas	4,579,863,000	90.9
Wyoming	391,697,000	78.2

Over 336 million acres, about 15 percent, of the land area of the United States is under lease by the industry of which only 9 percent or 31.5 million acres has been proved productive. The rentals paid on oil and gas leases, and the royalty payments to farmers and land and royalty owners aggregate some $2 billion annually, a substantial item in our economy.

It is apparent that a healthy domestic oil industry serves the interest of economic growth and increased employment.

Appendix C.—Deteriorating Conditions in the U.S. Oil Producing Industry

The Department of the Interior in a comprehensive report published in January 1965 concluded that "what has been done since 1956 to find new supplies of oil, whether through new discoveries or through increasing recovery rates of oil deposits, has not been enough to provide a sound basis for future growth."

An examination of industry experience in recent years confirms this conclusion.

Despite steady historical growth in the U.S. demand for oil products and the expectation that it will continue to do so, the exploratory and development effort of the domestic industry, rather than increasing, has been declining for more than ten years. The unhealthy trends and depressed conditions in the industry may be summarized as follows:

Decrease since base period 1957–59

	1967 (percent)
Geophysical activity	[1] −38.7
Active rotary rigs	−47.1
Exploratory wells	−35.1
Total wells	−35.8
Employment	−17.0
Crude oil price	−3.0

[1] 1966 latest available.