The CHAIRMAN. Mr. McClure.

Mr. MCCLURE. The next gentleman who will testify will be Don Watson, president of the Panhandle Producers & Royalty Owners Association.

The CHAIRMAN. Mr. Watson.

STATEMENT OF DON WATSON

Mr. WATSON. Mr. Chairman, members of the committee, I am Don Watson, of Amarillo, Tex., helium capitol of the world. As president of the Panhandle Producers & Royalty Owners Association, I represent 415 independent producers and royalty owners of the Texas Panhandle. Since oil was found in the panhandle in the early 1920's, independents have been the backbone of the industry in this locale.

I know that most of you are familiar with our geographic location, which comprises 26 counties in the panhandle. Seventeen of these have oil and/or gas production. In 1967, the Texas Panhandle alone produced over 1 trillion cubic feet of gas; and in area extent—the Panhandle-Hugoton gasfield is the largest gasfield in the world. Thirteen thousand-plus wells have accounted for cumulative production through 1967 of 1,199,666,000 barrels of oil. As you can well imagine, the economy of our area is most dependent on the petroleum industry. We have asked to present a brief report concerning the present condition of the petroleum industry in the Panhandle of Texas.

During the last 10-year period, our petroleum reserves have declined from 318 to 275 million barrels. Our production of crude oil is 6 million barrells a year less than it was 10 years ago. Last year we produced 33 million barrels of oil and discovered 17 million barrels of new reserves. This is a deficit of 16 million barrels.

Our drilling program over the same 10-year period follows the same negative pattern. In Texas Railroad Commission District 10, the Texas Panhandle, there were 1,307 field wells drilled in 1958. In succeeding years, 1,248; 1,043; 1,185; 1,030; 921; 887; 805; 590; and in the year 1967, 499. The year 1967 is down 62 percent from 1958. Wildcat wells, or those drilled outside any known field, were 118 in 1958, and 31 in 1967. Oil well completions were down from 725 in 1958, to 229 in 1967—or a decline of 69 percent. Gas well completions for the same period were 520 in 1958 and 126 in 1967—or a decline of 76 percent. The results of these figures I have just presented are as follows: The number of independent producers, who have in the past been primarily responsible for finding new oil and gas reserves in our district are rapidly declining drilling contractors, oil field service and supply companies and their related employees have also shown an alarming decline in numbers; many of the major companies have centralized their operations elsewhere; and many of our communities have suffered an economic recession.

The deterioration of the domestic petroleum industry in our region is certainly a contributing factor to the overall threat to our national security. In addition to the above, the rising cost of operations in relation to the near-static price imposed on our crude oil is forcing the independent out of business.