home heating oil to northeastern consumers, and perhaps other purposes which for the moment I do not think of.

There was even the threat at one time to use the quota as a means to prevent the domestic oil industry from passing along increased operating costs in the form of higher gasoline prices.

We are not saying that any of these purposes is not worthy of attention. What we are saying is that it was never the intent of the mandatory oil import program to spread a large part of the economic benefit from importing low cost crude oil to companies, territories, et cetera, outside the domestic oil industry. Rather, we think it was always the intent to preserve the viability of the domestic oil industry by allocating the economic benefit of importation among the members of the industry in an equitable manner.

The program itself is all right, but what has been done with it is wrong. Each new act of taking from the domestic oil industry for some outside purpose has created more complications, more demand by other special interest groups for the same consideration, more loopholes and more complexities from the standpoint of administration.

In summary, we like the program and think the way it was initially designed was of great benefit to the domestic oil industry. However, we think the program should be restored to its original basis.

I might conclude and say that these associations endorse the position of the Independent Petroleum Association and what they say to you in testimony.

The CHAIRMAN. Thank you, Mr. Jones. Mr. McClure.

Mr. JONES. I appreciate appearing before the committee. Thank you.

The CHAIRMAN. Thank you.

Mr. MCCLURE. The next witness will be Netum Steed, the president of the Texas Independent Producers and Royalty Owners Association.

The CHAIRMAN. Mr. Steed.

STATEMENT OF NETUM A. STEED

Mr. STEED. Chairman Mills and gentlemen of the committee, we appear at this hearing to voice our concern over the lack of effectiveness of the mandatory oil import program which was administratively devised as the result of findings made under the National Security Section of the Trade Expansion Act.

This hearing, we trust, will afford an opportunity for appropriate consideration of this important matter and, in our judgment, will demonstrate the urgent need for new legislative guidelines limiting the level of oil imports.

Like representatives of the Independent Petroleum Association of America, and the more than 20 State and regional associations representing independent producers over this nation, we are concerned with total oil imports—but more particularly with nonresidential imports into petroleum districts I–IV (all U.S. area east of the Rockies), which is the portion supposedly limited to 12.2-percent ratio with domestic production.

Regulation of this security-sensitive portion of total oil imports into the United States has virtually ignored congressional intent clearly stated in the national security section of the Trade Act and now threatens to render the mandatory program virtually meaningless.