Gentlemen of the committee, we must respectfully take issue with representations made to you by Secretary of the Interior Stewart Udall as a leadoff witness for the administration.

We are grateful of course that this administration has seen fit to continue paying lipservice to the necessity of petroleum import limitations, but are distressed in the extreme that under Mr. Udall the import program has been manipulated into virtual ineffectiveness. It is all the more distressing that Secretary Udall would assure you that all is well in the oil import program and that, as a matter of fact, this program stands as shining evidence that Congress doesn't need to concern itself with steadily increasing imports—that the Johnson administration will do everything necessary to preserve a healthy home producing industry.

We charge that Secretary Udall is wrong when he told you that the oil import program has stabilized oil imports and preserved for the domestic producing industry all but a minor part of domestic market growth. Secretary Udall is wrong when he assured you that the 12.2-percent ratio limitation for nonresidual imports into Districts I–IV has been preserved. He is wrong when he implied that the national security purpose of the oil import program, which was clearly defined by legislative history, is being realized.

He is also wrong in assuring you that the manner in which the petroleum industry met the Mideast crisis of last summer established that no additional congressional directives are necessary to make the oil import program effective in terms of its national security purpose.

In arguing for what he terms "flexibility" of the program, Secretary Udall said: "Our oil industry was healthy and capable of meeting the increased demands placed on it, including assistance to Canada and Western Europe." The facts are that the domestic oil producing industry is not healthy, if measured in terms of drilling wells required to maintain defense-vital reserve productive capacity. Because of the drastic curtailment of exploration and drilling in this country, this Nation recently became an "oil-have-not-nation" with respect to petroleum—in the sense that we no longer are able to supply our own needs. We met the increased demand from the 6-day war in the Mideast, but only narrowly escaped some form of consumer rationing. And there is no evidence whatever that we can meet the next crisis, unless something is done to restore adequate drilling in this country. Although Mr. Udall has recognized the fact that drilling has dropped some 40 percent during the period of import restraints, and has expressed concern about it, he strangely implies before this committee that all is well. Said he:

> We are convinced and emphasized, therefore, that imposition of rigid controls would not only result in serious repercussion in our foreign relations, but would adversely affect continued growth of our exports by inviting retaliatory action on the part of our major trading countries, adding:
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> We believe restrictive legislation would only make it more difficult to meet unexpected contingencies.

We submit, to the contrary, that moderate new legislative guidelines are absolutely necessary to accomplish the purpose of oil import controls. Under Mr. Udall, nothing effective is being done to arrest the deterioration in the domestic producing segment of the oil industry. Independent producers who historically account for some 85