percent of discoveries are simply unable to fulfill their obligation to this country under present import policies. We suggest to you that this administration is so anxious to retain total authority over oil import policy that it would misrepresent the situation faced by our Nation because of an ineffective oil import program. The national security objective of oil import curbs is not being realized, and there is no evidence it will be realized unless the Congress proves willing to penetrate these misleading assurances from Mr. Udall.

Gentlemen, I mentioned awhile ago that we were unable to take care of our own oil import situation, our own production, in this country now because we are importing 2½ million barrels a day or more of oil and our reserve productive capacity's ability to produce more oil is only 2¼ million barrels.

Therefore, if our imports were cut off we would be short today some quarter of a million barrels of oil, and this situation is steadily growing worse as our oil imports increase, and as our demand increases, and as our productive capacity decreases, so I don't know that we would be able to meet another crisis, even a short one like we had last summer.

Our testimony is quite long and I will not read it all, Mr. Chairman. I would like to emphasize a few points and read the conclusions, if I may.

The CHAIRMAN. Your entire statement will be made a part of the record.

Mr. STEED. Thank you, sir. The program has been continually liberalized and the points have been well brought out by the other witnesses here. There are a number of points which are above the 12.2, three of which I would like to mention that hurt us particularly.

The oil import from Canada is steadily increasing, is every year underestimated and is never made up. The excess oil that comes into this country from Canada is left outside the 12.2 and in effect it comes out of the domestic producers hides, particularly Texas and Louisiana, who prorate to meet the market demand, so any excess oil that is brought in from Canada hurts us directly and this situation has kept growing and is not compensated for from year to year as these overages occur and it has always been an overage.

There is a proposal to give bonus quotas to low sulfur residual fuel oil processors. This could amount to 300,000 or 400,000 barrels a day in addition to what is now being brought in and this will all be outside of the 12.2 quota according to Secretary Udall's proposals.

We go into this in some detail in our statement and I commend it for your study, if you will.

A third point is the carryover of the unused 1967 import licenses. This is the oil from the Middle East that was not allowed to be brought in because the Arab countries would not permit it at the time and since then because of high tanker rates and other reasons it hasn't been brought in, but some 140 million barrels will be brought in before the end of this year according to the projections.

This is some 410,000 barrels a day which will be added on sometime during the balance of this year and this will mean a million dollars a day extra in the balance-of-payments situation, an increase in the deficit.