In summary, therefore, we suggest there is urgent need to provide, first, a clear-cut quantitative limitation on imports, especially non-residual imports into district I–IV, as proposed by IPAA.

Additionally, we suggest the time is at hand to emphasize that the purpose of the import program was to insure adequate domestic oil supplies for national security purposes—and to that end the President was authorized to do "whatever necessary."

Failure to exercise this authority, we submit, necessitates new congressional directives at this time.

Thank you, very much, Mr. Chairman.

(Mr. Steed's prepared statement follows:)

STATEMENT BY NETUM A. STEED, PRESIDENT, TEXAS INDEPENDENT PRODUCERS & ROYALTY OWNERS ASSOCIATION

Chairman Mills, gentlemen of the committee, I am N. A. Steed, president of the Texas Independent Producers and Royalty Owners Association. 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're concerned with total oil imports—but more particularly with non-residual 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.

Gentlemen of the Committee, we must respectfully take issue with representations made to you by Secretary of the Interior Stewart Udall as a lead off witness for the Administration.

We are grateful of course that this Administration has seen fit to continue paying lip service 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 non-residual 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 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 Omport 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.