will have to be abandoned if the existing relationship between production and imports is continued. The loss of these reserves could be a stringent blow in our national defense planning.

In California there are a total of 41,348 wells of which 27,195 are in the stripper well category (less than 15 barrels per day) which means that 65 percent of the wells in California are marginal in nature with another 7 percent approaching the marginal condition.

According to an interstate oil compact survey made in January 1967 there were 455,561,000 barrels of oil considered as primary reserves while secondary reserves were calculated at 710,962,000 making a total in both primary and secondary reserves of the marginal wells in California 1,166,523,000 barrels. The country and the State can ill afford to lose these reserves. Reductions in imports into California could keep these reserves active.

Having been an operator of such wells in the State for many years I know that each month that goes by under the existing price structure and import condition will see some of these wells abandoned and the reserves lost. The amount of cheap foreign crude that is brought into California under the current quota system certainly has a depressant effect on the price of crude oil.

It is the old story of the charges for wages and materials in this country being fixed on a plateau which makes competition with cheap foreign labor almost an impossibility unless our Government recognizes these facts and drastically reduces the import quotas into California.

It is not a matter of inefficient operation but a matter of a standard of living which has been established in this country by Government edict as to minimum wages and other such artificial factors. If these artificial factors are to be maintained there certainly should be consideration given in balancing them with more stringent protection against the influx of foreign production which is developed under conditions over which we do not have this same restrictive control.

The large integrated companies can continue to exist and prosper under this quota system but the small independent producer is being put out of business by this price squeeze which is related directly to imports.

In California we are moving rapidly toward a time when the only production and exploration for oil possible will be that done by the major companies. The small independent operator is a vanishing breed being killed by the pestilence of low-cost imports.

By reducing imports into California you gentlemen not only would be making a change in the balance of payments favorable to this country but would be pumping lifeblood back into the small independent who is being artificially destroyed.

The small independent operator in California is being artificially destroyed—not by a competitive system, but by prices constricted by cheap foreign oil imports and levels of operating expense decreed by government. California is the most critical area in the Nation in this regard.

I agree with Mr. Stark Fox in almost all instances. We work together very carefully. I want to convey to you very briefly, if I may, in addition to my prepared statement the position of and the condition of the small independent operators in California.