As a result of these actions the integrity and meaningfulness of the program are in grave doubt. The industry does not know what to expect next. It cannot with full confidence make plans for the future.

The industry needs to know whether or not our Government intends to remain self-sufficient as to oil or does it intend to become increasingly dependent on oil imports.

I urge this committe to provide a clear answer by writing into the law definite legislative standards which would please general limits on administrative discretion.

Mr. Chairman, I also wish to emphasize the tremendous impact oil imports have on the balance of payments.

Even with the mandatory oil import program, we import oil on a scale I doubt any other nation would permit in competition with its own essential industry. Total oil imports now amount to 30 percent of our crude oil production. It is my understanding that oil imports now generate about a $2 billion annual dollar outflow.

As one heavily engaged in seeking ways and means to improve our critical fiscal situation, I feel that the Congress must reevaluate the impact of petroleum imports with regard to our balance-of-payments position and otherwise.

I recognize, Mr. Chairman, that this question of trade policy is filled with complexity. It is my conviction, however, that we must put priority on our national self-interest, from both a defense and an economic standpoint.

In this question of oil imports and the deteriorating effect on the domestic industry, both our defense posture and our economic strength are vitally affected. I urge that this committee give this matter its most earnest consideration and take action that will rectify what appears to me to be a dangerous situation involving our future oil supply position.

(The statement of Permian Basin Petroleum Association, referred to, follows:)

STATEMENT OF ROBERT M. ORR, PRESIDENT, AND ED THOMPSON, EXECUTIVE VICE-PRESIDENT, PERMIAN BASIN PETROLEUM ASSOCIATION

This statement is presented specifically for the more than 3,000 members of the Permian Basin Petroleum Association and generally for all those involved in the Independent Domestic Oil Industry in the Permian Basin, either directly or indirectly. In other words, for those responsible for some 85% of the economy of the area.

First let me define the Permian Basin. It is an area covering over 100,000 square miles in 57 counties in West Texas and 4 counties of Southeastern New Mexico. This is the nations largest single petroleum producing area, with more than 92,000 oil wells producing one and three quarter million barrels of oil per day and some 10,000 gas wells producing about four billion cubic feet of gas per day. You can easily see why some 85% of the economy is derived from the petroleum industry, with the other 15% making their living in related industries.

For some time now, our people have been losing faith in the Mandatory Oil Imports Program, although, at its inception, they gave it full support, recognizing the need for some foreign imports of both oil and gas. The PBPA has appeared before Interior hearings, to point up the need for incentives for domestic exploration and point out the dangers of the developing loopholes in the program, to no avail.

Interior Secretary Udall and Assistant Secretary Moore have failed to answer questions as to the validity of various new gimmicks with the stated purpose of the Presidential Proclamation . . . insuring our national security by safeguarding a vigorous and healthy domestic petroleum industry. In fact, their answer