

has been "We do have a vigorous and healthy domestic petroleum industry. Look at the profits as reported by Chase-Manhattan Bank, and see how well we did during the 1967 Mid-East crisis".

The first of these criteria covers only the giants of the industry, and they are not the ones who have customarily found 85% of all domestic production. That has been the responsibility of the Independent segment of the industry. And, while drilling has been drastically reduced, the latest available figures (1966) show that the independent operator was still responsible for finding 74% of domestic production. A simple check of a few West Texas-Southeastern New Mexico telephone directories will soon reveal how many of those independents, some 40%, are no longer in business. The second criteria—how well we met the demands of the 1967 Mid-East crisis, was in no way a result of Interior Department planning, but the wisdom of the states in producing according to demand and having reserve production available in time of need.

The reserve productive capacity was limited even then. Oklahoma and Kansas were unable to increase production beyond a certain point and only certain fields in Texas could meet increased allowables with equal increases in production. With each increase the gap between under-production and allowables widened in most fields throughout the United States. We did meet the short term demand, but there were definite signs that on a long term basis we could well be depleting our reserves to a point of dependency on foreign oil during a possible future emergency. But, what was the reaction to an industry effort to see that no American went without oil, that no American fighting man ran short in fuel, and that European losses were minimal? Instead of praise and appreciation, the industry is threatened with not just a make-up of the Imports lost, but actually stepped up imports as well.

The Mandatory Imports Program was set up to see that this very thing could not happen. Although the oil industry is considered to be in its old age, given proper incentives, such as an assured level of imports and a one cent per gallon crude price increase, we believe the independent can, and will, find the necessary reserves to meet the demand, at least until some of the other energy sources can be developed to fill the gap.

Some, no doubt will say that we have cried for the poor independent operator, but have made no case. Our case is not for these individuals alone, but for everyone in these United States. The automotive industry, airlines, trains and trucks, large and small manufacturers, in fact all segments of our economy, plus the military, agree—that without oil our nation cannot function. And, we do have some facts and figures to point up our concern. (See attached charts)

For over ten years there has been a continuing decrease in all phases of the search for domestic hydrocarbons. At the same time, there has been a continually increasing demand for both oil and gas. Already we are using more crude oil than we are finding and predictions are that by the mid-1970's this same condition will exist for natural gas. In both instances, today there is a much smaller ratio of reserves to producibility than ten years ago. Without faith in the Mandatory Imports Program and proper incentives to seek additional reserves, these conditions will continue to deteriorate.

Yes, the independent operator is being, and will continue to be, hurt. But the real loser will be the consuming public, and our nation. We will be forced to a dependency on foreign oil and the whims of unstable, even unfriendly, governments. Look at the nations of Europe. Here is a perfect example of what really happens at the gasoline pumps in countries where all their crude oil is cheap foreign imports and there is no depletion provision. Gasoline is priced anywhere from 55 to 85 cents per gallon, the quality is inferior to ours, and service is practically non-existent. While in our country, product quality has continued to improve but the price, except for increased taxes, has remained noticeably unchanged. More frightening is the fact that supplies can be cut off at a moments notice and, while most of these nation's are not yet as highly industrialized as our own, they would be almost at the mercy of their suppliers.

We are not asking for any special privileges for the independent operator. Only that all be treated equally under the Mandatory Oil Imports Program, without loopholes or handouts, and that the independent operator be allowed to participate in our growing economy by getting current prices for his product in the market place, just as he has to pay current prices for what he buys in the market