over 60 percent of the effective value of exchanges of foreign oil import allocations. A further similar increase would wipe out the entire effective value of such exchanges with the result that small oil refiners would be lost to the competitive economy and the defense effort.

On behalf of our members, I thank you for the opportunity to appear before your committee and bring to your attention the urgent requirement to protect the interests of small oil refiners in any legislation your committee may report to the House. Without preserving their competitive position in the domestic petroleum economy, they will not be able to survive. This is clearly demonstrated by the statistics heretofore noted.

I would apologize for going over my allotted time.

Mr. ULLMAN. Are there questions?

Thank you very much, Mr. Famariss, for bringing your views before the committee.

Mr. FARMARISS. Thank you, sir.

Mr. ULLMAN. Mr. Buschman, we are glad to have you before the committee. Will you please identify yourself for the record and with the understanding your full statement will be in the record proceed as you see fit.

STATEMENT OF ROBERT A. BUSCHMAN, PRESIDENT, AMERICAN ASSOCIATION OF OILWELL DRILLING CONTRACTORS

Mr. BUSCHMAN. Thank you. My name is Robert A. Buschman. I am vice president and general manager of Field Drilling Co. of San Antonio, Tex. I appear at these hearings as president of the American Association of Oilwell Drilling Contractors, a national trade association whose primary membership consists of firms engaged in the business of drilling wells for oil and gas producers.

A study by the U.S. Department of Interior has forecast that the U.S. annual consumption of oil by 1980 will be 2 billion barrels more than in 1967, an increase of 50 percent.

Such prospective immediate growth rates raise question concerning the industry's ability to find sufficient new supplies of oil and gas to fulfill the needs of the Nation. Not since the great oil shortage scare of the early 1920's which led to the enactment by Congress of the oil and gas depletion tax provisions as a drilling incentive for producers has there been such widespread doubt concerning the ability of the United States to maintain its oil producing capacity at levels adequate to satisfy future consumption requirements.

Concern about adequate future supplies is spawned by a sizable recent decline in oil discovery rates. For the first time since enactment of the oil and gas depletion provision the United States is failing to discover enough new oil to keep known reserves abreast of rising production.

During the last decade, 1958 to 1967, nearly 4 billion barrels less oil was discovered than in the preceding decade, while production was advancing by 4 billion barrels. Discovery volume exceeded production by 8.8 billion barrels in the decade which ended in 1957 but in the last decade discoveries exceeded production by only 1.1 billion barrels.