

Over the past 5 years production actually has exceeded the amount discovered by 12.5 million barrels. With production exceeding discoveries of new oil supplies in recent years there has been a drastic decrease in the ratio of crude unproduced reserves to production.

At the end of 1958 crude unproduced reserves were 12.9 times greater than the current annual production in that year. A steady decline in ratio of reserves to production has occurred since 1958. At the end of 1967 the ratio had fallen to 10.3 barrels in reserve for each barrel produced during the year. This is the smallest ratio of reserves to production since 1924.

Unless future discovery rates are vastly larger than in recent years this country is on the threshold of a shortage in domestic oil supplies.

The stakes are high. National security is dependent upon an abundant supply of cheap oil. Operation of the Nation's industrial plants is dependent upon an abundant supply of cheap oil. All forms of transportation are dependent upon oil. Oil and gas are prime ingredients in today's modern petrochemical world.

The sudden and drastic changes in the Nation's outlook for an abundance of future crude oil focuses attention on why less oil is being found and how discovery may be stimulated. Despite the popular notion that oil has become too difficult to find in the United States, figures prove this to be a false premise.

It is extremely important to realize that the amount of oil discovered has remained remarkably consistent with the amount of effort made to discover new oil supplies. Practically the same amount of oil in ratio to the number of wells drilled is being found today as in past years.

The ratio of volumes discovered to exploratory wells drilled also has maintained a remarkable similarity over the years. In the 1948 to 1957 period new reserves found amounted to 64,000 barrels for every well drilled, contrasted with nearly 63,000 barrels in the latest decade. These figures are in my statement in much more detail.

In terms of barrels found per exploratory well drilled, only 3,000 less barrels were found in the latest decade than in the preceding 10 years. Since 1956 drilling activity has undergone continual, substantial reduction falling to just 36,883 wells in 1966 and then dipping to only 32,473 wells in 1967.

The 1967 drilling rate represented a decline of 44 percent from the alltime peak of 1956. Meanwhile crude oil production rose 22 percent between 1956 and 1967 and U.S. consumption of petroleum advanced 62 percent.

A continuation of these widely contrasting trends will undermine the industrial, social, and military strength of the United States. In a published study entitled "An Appraisal of the Petroleum Industry of the United States" the Department of the Interior concluded that efforts to find new supplies of oil since 1956 have not been enough to provide a sound basis for future growth.

In addition, the Department of the Interior declared discovery rates must be increased to 6 billion barrels annually. Doubling of recent annual discovery rate levels will be a most difficult task. Drilling is the only way oil can be found and be recovered from the depths of the earth.