

The United States consumes far larger quantities of petroleum today than it did a very few years ago. The nation's use of petroleum is expected to continue growing at an unabated pace in coming years. U.S. consumption of oil rose to the colossal sum of $4\frac{1}{2}$ billion barrels annually during 1967. At this level, the U.S. consumed 50 percent or $1\frac{2}{3}$ billion barrels more oil than in 1954, a scant 13 years ago.

The next 13 years are expected to see the nation's ravenous oil appetite rise another 2 billion barrels to an annual total of $6\frac{1}{2}$ billion barrels by 1980, according to the U.S. Department of Interior in a study entitled "An Appraisal of the Petroleum Industry of the United States", published in January, 1965.

This forecast means that by 1980 consumption of oil will be nearly 50 percent higher than 1967 rates. It means the U.S. will consume almost as much oil during the next 13 years as in all previous history.

QUESTION OF ADEQUATE FUTURE SUPPLIES

Forthcoming gigantic increases in consuming rates force attention upon the enormity of future oil requirements of this country. Future oil discovery rates must be much larger than in recent years, if this country is to continue to enjoy the advantages of an abundant and readily available domestic oil supply and avoid dependence on foreign sources which can be cut off over night. This can be achieved only by a complete reversal of the 10-year downward trend in efforts to find new supplies of oil within the Continental Limits of the U.S.

Not since the great oil shortage scare of the early 1920's (which led to enactment by Congress of the oil and gas depletion tax provision as a drilling incentive for producers) has there been such widespread doubt concerning the ability of the U.S. to maintain its oil and gas producing ability at levels which will satisfy future consumption requirements. Widespread deep concern regarding the possibility of inadequate future supplies has been spawned by a sizeable decline in oil discovery rates at a time when crude oil discovery rates should be advancing to keep abreast of rising production.

DISCOVERY RATES DECLINE

Nearly 4 billion barrels less new oil were discovered in the latest decade (1958-1967) than in the preceding decade (1948-1957), while on the other hand almost 4 billion barrels more oil were produced in the last decade (Table 1, Page 4). With less oil found and more oil produced, the volume of crude oil discovered exceeded production by less than 1.1 billion barrels during the last 10 years. In contrast, discoveries in the preceding decade (1948-1957) surpassed the amount produced by 8.8 billion barrels.

The ratio of discoveries to production has deteriorated to an even greater extent during the last five years (1963-1967). More oil was produced than discovered in these years. Although slightly more oil was found the last five years than in the preceding five years, rising production exceeded the amount discovered by 12.5 million barrels. These figures get down to the basic crux of the problem—a need to discover more oil as production grows.

Whereas proved unproduced reserves remaining in the ground for future use rose 7.0 billion barrels in the decade which ended with 1957, there has been only minor growth in reserves during the latest decade. Proved unproduced crude oil reserves in the U.S. at the end of 1967 totaled 31.4 billion barrels, only a little higher than the 30.0 billion barrels in existence back in 1955, and in contrast with a peak of 31.7 billion barrels in 1961.

With production exceeding discoveries of new oil supplies in recent years, the ratio of proved reserves to current production has undergone drastic reduction since 1958. Whereas, proved unproduced crude oil reserves at the end of 1958 were 12.9 times greater than the amount produced in that year, this ratio fell to only 10.3 barrels in reserves for each barrel produced during 1967. This is the smallest ratio of reserves to production since 1924.