The 1967 well completion rate was the lowest since 1946, and was less than the prewar peak of 35,213 wells drilled in 1937. The 1967 completion rate was 25,945 wells or 44 percent less than the all-time peak of 58,415 wells drilled in 1956. Meanwhile, crude oil production rose 22 percent between 1956 and 1967, and U.S. consumption of petroleum advanced 62 percent.

A decrease in drilling efforts to make more oil available at a time when U.S. consumption and production is undergoing rapid growth is a path wrought with many far-reaching perils. A continuation along this course will undermine the industrial and military strength of the U.S. in the most distant future.

INTERIOR SAYS NOT ENOUGH DRILLING

The Department of Interior in its previously mentioned "Appraisal of the Petroleum Industry of the United States" concluded that efforts to find new supplies of oil since 1956 have "not been enough to provide a sound basis for future growth." We concur with this conclusion by the Department of Interior. Unless frightening downward trends in discovery rates are reversed within a relatively few years, the U.S. will lack the readily available and abundant supply of oil and gas upon which it has built its industrial, social and military health and strength.

In its appraisal of the industry, the Department of Interior declared discovery rates must be increased to 6 billion barrels annually. This means oil discovery rates must be doubled. This will be a difficult task. It cannot be achieved unless the economic health of the producing segment offers sufficient incentive to domestic producers.

Many factors have contributed to the economic deterioration of the producing segment of the U.S. oil industry during the last decade. Large scale imports of foreign oil have been an especially important factor. Total imports of crude oil and refined products advanced from an annual total of 188 million barrels in 1948 to 575 million barrels in 1957, to 650 million in 1959, then to over 900 million barrels per year by 1965.

CRUDE PRICES DECLINE—COSTS RISE

These large increases in imports of foreign oil have occurred at a time when domestic oil producers were in need of expanded markets in which to sell excess producing capacity. The combination of these circumstances caused crude oil prices to be depressed below 1957 levels, and small advances during the past 18 or more months have not yet restored these price reductions. U.S. crude oil prices averaged $2.93 per barrel in March, 1968, compared with $3.17 per barrel in early 1957.

Unfortunately, depressed crude oil prices have come at a time when inflation, the additional expense of deeper drilling, and the high cost of offshore drilling have combined to boost the cost of drilling wells. According to annual studies known as the "Joint Association Survey of Industry Drilling Costs", expenditures for drilling advanced from an average of $46,500.00 per well in 1955 to $60,648.00 per well in 1965, an increase of 30.6 percent. Drilling costs rose from an average of $11.55 per foot drilled in 1955 to $13.44 per foot in 1965. These are the latest available drilling cost figures. When data for 1966 and 1967 becomes available, these surveys are likely to reflect additional advances in drilling costs.

With costs up and prices received down, there has been less incentive for U.S. producers to drill. The result: less drilling and less oil discovered, as already related.

In the final analysis, all the factors influencing the willingness of producers to invest in drilling ventures boil down to the simple equation of profit probabilities. Producers will expand their oil discovery efforts by drilling more wells whenever economic conditions provide sufficient financial incentives.

The rapid rise of oil imports into the U.S. following World War II aroused sufficient concern to attract the attention of the Federal Government as early as 1955. At that time, the President's Committee on Energy Supplies and Resources stated further significant increases in oil imports would damage the domestic oil industry to such an extent as to jeopardize national security. Congress responded by early enactment of a law empowering the President to limit imports of commodities whenever they threatened to impair national security. President Eisenhower initiated a voluntary oil import program in 1957. Total