incentive for the discovery and development of domestic petroleum resources needed for national security.

This concern led to the adoption of the following resolution on May 18, 1967:

Whereas the mandatory oil import program provides long range assurance of stability and incentives for the discovery and development of U.S. petroleum resources needed for national security, the security of the free world.

Whereas, the Rocky Mountain Oil & Gas Association is opposed to any action which will weaken, undermine or circumvent the said program.

Whereas, applications now before the Oil Import Administration for import quotas to import foreign crude oil and unfinished oils into Puerto Rico, the Virgin Islands, and Guam and to ship unfinished products and unfinished oils therefrom to the U.S. mainland would, if granted, weaken, undermine and circumvent the program.

Whereas, the granting of such applications or similar applications for locations outside the 50 States for special import quotas would threaten the integrity and effectiveness of the whole oil import program.

Now, therefore, be it resolved: That this association stands opposed to the granting of any further applications for import quotas to import foreign crude oil and unfinished oils into territories and possessions, such as Puerto Rico, the Virgin Islands, and Guam, for the purpose of shipping finished products and unfinished oils to the continental United States from any such territories or possessions.

Since the adoption of this resolution many of the applications for special treatments then pending have been granted. Many additional applications for special treatments have been granted and many more are pending.

These special treatments have so circumvented the basic objective as to undermine the program and threaten its present and future effectiveness.

As further evidence of the deterioration of the program, the Department of the Interior recently announced that it had under consideration a proposed system for auctioning oil import licenses. The Rocky Mountain Oil & Gas Association is opposed to such a system.

The problems faced by the domestic segment of the petroleum industry are critical. It is faced with how to reverse the declining domestic exploration effort to provide adequate reserves of oil and gas for our country's needs. The domestic industry is confronted with a constant effort to circumvent the mandatory oil import program. The accumulation of pressures on the executive branch of the Government for greatly increased imports resulting from actions already taken and from applications and proposals for special treatment of individual companies and geographical areas now very seriously threatens the long range stability of the program.

The location where capital formation takes place is generally where the exploration takes place. Therefore, the increase in imported crude and petroleum products removes capital from the domestic exploration effort and lessens the domestic industry's ability to carry on the effort needed for this country to remain self-sufficient in discovered and developed petroleum resources.

Unless corrective action is taken, continued growth can be expected in imports, inconsistent with the national security objective of assuring adequate domestic oil supplies.

Incentives to discover and develop domestic petroleum reserves, including the realistic administration of the import program, are essential to the national interest and security.