Statement of Hon. Robert B. Docking, Governor of Kansas

PRODUCTION DECREASE

The oil and gas industry problem in Kansas is manifested in many ways. One of the most striking ways that the problem can be shown is to review the trend of production in Kansas. Kansas' production in 1956 was 124,204,000 barrels. In 1967 it was 99,199,810 barrels, for a percentage decrease of 20.13% for the 11 year period. Even since 1964 the production has dropped from 106,252,025 barrels to its present level. This is approximately a 6.6% drop in production per year in just three years. In fact, production has dropped off so much that Kansas produced 8,386,190 barrels less in 1967 than it did in 1950.

Another very graphic example of the reduction of production in Kansas is the decline in the number of producing wells in the state of Kansas. In 1964 there were 48,297 producing wells, whereas in 1967 there were only 46,125. This constituted a decrease of 2,172 wells or a percentage reduction in the number of producing wells of 4.5% in three years.

This would indicate a reduced daily production capacity for the state of Kansas, and the figures bear out such an indication. In 1964 the average production per day throughout Kansas was 290,306 barrels while 1967's average was 271,780 barrels. This is a decrease in the State's daily production average of about 6.4%.

RESERVE SHRINKAGE

The figures just related become even more impressive when they are correlated with the decrease in the amount of proven crude reserves. In 1964 Kansas possessed 796,541,000 barrels of proven crude oil reserves. On December 31, 1967, it possessed 625,121,000 barrels. This means that Kansas' capacity to support the nation in a time of emergency has been reduced by 171,420,000 barrels of oil in three years under a program designed to accomplish the opposite result.

EXPLORATION CURTAILMENT

The exploration for oil is to say the least a high risk venture. By way of illustration the percentage of successful wildcat wells in Kansas last year was about 16%. The number of wildcat wells completed in 1964 was 3,131 while the number completed in 1967 was 2,572. This reflects a decrease in exploration of 559 wells.

Another persuasive and valid index on the future outlook of the industry is the development that oilmen are undertaking on present fields. That is, how many pool and service wells are being drilled. In 1964, 2,182 pool and service wells were drilled. This number decreased until in 1967 when only 1,748 were drilled.

A third set of figures dramatizing the problem of the oil industry in Kansas is that of rig activity. In 1964, the oil industry had 87 rotary rigs active in Kansas. On June 17, 1968, there were only 32.

All of the above analysis points to one conclusion. That is, that there is still oil to be found and developed in Kansas but that the oil industry is slackening its efforts to find it. Why? The reason must be economic. This must be so as the State of Kansas has certainly not dissuaded exploration and development.

STATE REMEDIAL ACTION

The State of Kansas has always recognized the problems inherent in the industry in question. It is interested, as a state should be, with the conservation of its wealth and the development of this wealth so that the maximum may be gained by it.

As an example of Kansas' efforts along this line, it was noted just recently in the Oil and Gas Journal that at a meeting of the Interstate Oil Compact Commission—

> "Jack Glaves, General Counsel of the Kansas Corporation Commission, said that compulsory unitization of oil fields is working well in the state under a law adopted last year. There are seven units operating under the new Kansas law. They are expected to result in the production of an extra nine million barrels of oil and eight million Mcf of gas."

Kansas continually supervises its oil industry with the thought in mind of how most economically and feasibly it can develop its wealth.