

"As an active and interested member of the Interstate Oil Compact Commission, authorized by the Congress as a forum for the encouragement and sound and proper conservation of our petroleum resources, I find that—in discussing with officials from other producing States—what is happening to the oil-producing industry in Kentucky is not the exception, but the rule. Our domestic industry is exploring less, drilling less; and finding less and less oil and gas. Demands for oil and gas, on the other hand, continue to rise sharply.

"Yet, in this situation, we find the mandatory oil import program, improvised only for the purpose of maintaining a climate conducive to finding adequate defense fuel supplies, is being systematically dismantled to serve all sorts of purposes which in no way serve that security purpose.

"Mr. Chairman, the Commonwealth of Kentucky is but one of 33 States which produce petroleum. In the overall scheme of keeping our country supplied with oil, nobody would be particularly impressed with Kentucky oil production except Kentuckians. Our daily production is only about 40,000 barrels. Kentucky is the least of the small industries in the oil business. Some 800 to 1,000 individuals and small companies drill the bulk of the wells, and find and produce the bulk of the oil in Kentucky.

"The small oilmen are not only making important contributions to our economy, but they make important contributions to our State government through tax payments, to the State as well as to the counties where oil is produced. In 1968, based on production taxes paid in the first quarter, the Commonwealth of Kentucky will realize approximately \$210,000 from oil-production taxes; county governments will collect directly \$416,000 in production taxes. In addition, the industry is assessed for ad valorem taxes based on the value of oil produced in each county.

"The oil-producing industry is local in character in Kentucky, Mr. Chairman. Because the industry is dominated in our State by small independent producers, they live where they work. That employs thousands of workers, and they pay taxes. For that reason, the Commonwealth of Kentucky is striving to create a favorable climate for oil exploration and development.

"Kentucky, like many other States, has hundreds of millions of barrels of oil that could be recovered only by water flooding and by the more costly situ system, which is a fire flooding means of coaxing additional oil from old reservoirs. Several such projects are now contemplated in the State, and many others are sure to grow if we can maintain a favorable climate including a dependable system of limitations on oil imports.

"These secondary recovery projects, just as the eventual and hopeful development of oil from coal and shales, depend upon a system of rational and workable Federal policies. With surpluses of oil now existent throughout the free world, an effective oil import program is a vital element in such policies. Without reasonable and stable limits on imports, we are, in my opinion, headed on a serious course toward an American oil famine.

"We become aroused about certain 'gaps' Mr. Chairman, and I say one 'gap' we do not want—and one we could avoid if we are wise—is a fuel 'gap.' I am pleased that among 46 sponsors in the House of