

BOB DOLE
 1ST DISTRICT, KANSAS

243 CANNON HOUSE OFFICE BUILDING
 AREA CODE 202
 225-2715

COMMITTEES:
 AGRICULTURE
 GOVERNMENT OPERATIONS

DISTRICT OFFICE:
 101 FEDERAL BUILDING
 GREAT BEND, KANSAS 67530
 AREA CODE 316
 SW 3-5423

Congress of the United States
House of Representatives
 Washington, D.C. 20515

COUNTIES:

BARTON	HODGEMAN	RAWI
CHEYENNE	JEWELL	REPU
CLARK	KEARNY	ROCK
CLOUD	KIOWA	RUSH
DECATUR	LANE	RUSE
EDWARDS	LINCOLN	SALII
ELLIS	LOGAN	SCOT
ELLSWORTH	MEADE	SEW
FINNEY	MITCHELL	SHEP
FORD	MORTON	SHEP
GOVE	NESS	SMIT
GRAHAM	NORTON	STAF
GRANT	OSBORNE	STAN
GRAY	OTTAWA	STEV
GREELEY	PAWNEE	THOA
HAMILTON	PHILLIPS	TREC
HASKELL	PRATT	WALI
		WICH

STATEMENT OF THE HONORABLE BOB DOLE (1st Dist-Kansas)
 BEFORE HEARING ON MANDATORY OIL IMPORT PROGRAM
 DEPARTMENT OF INTERIOR, WASHINGTON, D. C., MAY 24, 1967

MR. CHAIRMAN: I appreciate this opportunity to testify before this group on the subject of oil imports -- a subject that is of much interest to many of us.

The oil business is a very vital one in my congressional district in Western Kansas. The State of Kansas is blessed with large reserves of all fuels -- oil, natural gas, and coal. Those individuals, including the Independent Oil Dealers, with the foresight and initiative to develop these resources have a right to some protection as now provided by the Oil Import Program.

Forty-four of the fifty-two counties in my district (1st Kansas) are producers of oil and/or gas. These activities and related industries account for the employment of some 30,000 people in the State. Of these resources, crude petroleum is first in value. Approximately 30% of state taxes are received from fuels and vehicle taxes. About $\frac{1}{4}$ of the total land area in Kansas is productive or leased for mineral rights. These figures point out that the people in my district have a big stake in the oil industry, and they are concerned that it remain the strong, aggressive and progressive industry that it should be.

Kansas, as well as other states, have experienced a decline in the exploration, development, and drilling for oil over the past few years. This has become of real concern to those of us who are so vitally interested in this industry. The slackening of activity in the oil industry is not a healthy one. It threatens the economy of my district and my state and imposes a real threat to our national security.

There are many areas in the state of Kansas where drilling and development operations can be carried out. Thus, the lack of continuing development is not a question of depleting resources but rather a matter of simple economics. Oil men, like the rest of us, are encouraged by certain incentives that lead them to move forward with confidence that further development will be a sound business venture. Simply stated, the decline

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in new developments is the result of the worsening cost-price squeeze. This has been especially hard on the small producer who has been the backbone of the industry in Kansas.

The one basic objective of the United States Oil Import Program is to maintain our security requirements for petroleum fuels. This can only be accomplished by building and maintaining a healthy domestic oil producing industry. I wholly support this objective and believe we should take every step to see that our national security is not impaired by our over dependence on foreign oil. Although the vitality of the domestic oil industry is not what I think it should be, I believe that we would be in a much worse condition today if we had not had a Mandatory Oil Import Program.

Now we find that our primary objective of maintaining a stable and healthy domestic oil producing industry is being threatened. These threats include increased quantities of Canadian oil seeking additional markets in the United States, the establishment of foreign trade zones and other proposals to enlarge imports for petrochemical plants.

I urge that the 12.2% overall limitation on all non-residual imports into Districts I - IV be maintained. Within these limitations, the shipments in any form other than crude oil should be progressively phased out. Also, in determining allowable imports, a base should be established on the actual production of crude oil and gas during the latest 12 months for which figures are available. This eliminates the development and use of estimates that have been far less than satisfactory. This procedure was followed in the allocation period during the first half of 1963. This procedure would assure that imports would not increase until there was also an actual increase in domestic production. Certificates of overland imports should be obtained from importing companies and those should be used in determining allowable overseas imports. In the past, the estimates used have been consistently low thus permitting imports to come in quantities above the allowable ratio to domestic production.

Earlier I stated that non-crude oil imports should be progressively phased out and reduced until eliminated. The imports of unfinished oils rose sharply before mandatory import controls. One of the main reasons for the mandatory program was the great increases in these unfinished oils.

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At the same time, light finished products are readily available from domestic refineries.

Certain chemical plants have stated they must have access to imported feedstocks. This is a substantial market for the domestic petroleum industry now estimated at about 500,000 barrels a day. Any actions in regard to revision of the import program for these purposes must be consistent with the security program of a healthy domestic industry. No changes should be made in this regard until the Department of Interior has determined the full effect of any change on the security objective of the mandatory import programs.

My last point is that no special treatment be given to imports of finished asphalt of the asphaltic content of crude or unfinished oils. We now have adequate stocks of crude oil for the manufacture of asphalt products and that we have adequate manufacturing facilities that are not now used to full capacity. Earlier a "Voluntary Program" was perhaps justified. It was needed to assure an adequate supply of asphalt for our vital Interstate Highway Program. Today this situation has changed and we can manufacture adequate supplies in our domestic industry.

I thank you for the opportunity to testify on behalf of the domestic oil interests of my state and urge that you give my suggestions your favorable consideration.