

REMARKS OF CONGRESSMAN BOB DOLE
PETROLEUM ACCOUNTANTS CONFERENCE
WICHITA, KANSAS
FRIDAY, MAY 24, 1968

GOVERNMENT POLICIES AND PETROLEUM ECONOMICS

IT IS A PRIVILEGE TO BE ASKED TO PARTICIPATE IN THIS CONFERENCE. YOUR THEME, "THE IMPACT OF OIL ON THE ECONOMY OF KANSAS", IS NOT ONLY TIMELY BUT OF GREAT IMPORTANCE NOT JUST TO KANSAS BUT TO HER SISTER OIL AND GAS PRODUCING STATES AS WELL. MOST SIGNIFICANT FOR US ALL, THE CURRENT DEVELOPMENTS -- OR, MORE ACCURATELY, THE LACK OF DEVELOPMENTS -- IN THE DOMESTIC PETROLEUM INDUSTRY RAISE SERIOUS QUESTIONS ABOUT THE ADEQUACY OF OUR DOMESTIC PETROLEUM SUPPLIES IN THE YEARS JUST AHEAD.

- EFFECTS OF GOVERNMENT ACTIONS -

WHAT THE FEDERAL GOVERNMENT DOES, OR FAILS TO DO, WITH RESPECT TO A NUMBER OF VITAL PUBLIC POLICIES AFFECTING THE PETROLEUM INDUSTRY, IS BECOMING MORE AND MORE CONTROLLING OVER THE ECONOMIC CLIMATE IN WHICH THE OIL AND GAS PRODUCING INDUSTRY MUST MAKE ITS DECISIONS, ITS INVESTMENTS, AND ITS DISCOVERIES OF PETROLEUM FUELS ADEQUATE TO MEET OUR RAPIDLY EXPANDING FUTURE REQUIREMENTS FOR BASIC ENERGY SUPPLIES.

WHILE I WILL HAVE SOME COMMENTS ON THE OBVIOUS AND LONG-STANDING ECONOMIC IMPORTANCE OF PETROLEUM TO THE STATE OF KANSAS, I THINK IT MORE IMPORTANT THAT WE RECOGNIZE AND UNDERSTAND THE INCREASING IMPACT OF GOVERNMENT POLICIES AND ACTIONS ON PETROLEUM ECONOMICS. IT IS ON SUCH GOVERNMENT POLICIES, PARTICULARLY WITH RESPECT TO IMPORTS AND TAX TREATMENT OF DEPLETABLE MINERALS, THAT I WILL DEVOTE MOST OF MY COMMENTS.

- A KANSAS OIL HISTORY -

BEFORE GETTING INTO THESE SPECIFIC PROBLEMS, I WOULD LIKE TO COMMENT ON THE STURDY CHARACTER OF THE PETROLEUM PRODUCING INDUSTRY WHICH HAD ITS BEGINNING IN KANSAS IN THE PIONEER DAYS. THE FIRST OIL WELL WEST OF THE MISSISSIPPI WAS DRILLED NEAR PAOLA, BY A NEWSPAPERMAN, G. W. BROWN, IN JUNE, 1860. THE FIRST COMMERCIAL GAS WELL WEST OF THE MISSISSIPPI WAS DRILLED IN KANSAS IN 1882. THE FIRST GAS TRANSPORTATION SYSTEM IN THE ENTIRE MID-CONTINENT WAS DEVELOPED HERE IN 1904 BY THE KANSAS NATURAL GAS COMPANY.

THE FIRST LARGE SCALE GEOLOGICAL SURVEY DIRECTED AT FINDING PETROLEUM WAS CONDUCTED ON SOME 30,000 ACRES LEASED NEAR EL DORADO BY THE LATE, GREAT WILDCATTER, E. L. DOHERTY. HIS GAMBLE PAID OFF, AND EL DORADO BECAME ONE OF OUR GREAT OIL FIELDS. THE DEVELOPMENT THERE FORMED THE BASIS OF THE OLD EMPIRE GAS AND FUEL COMPANY, WHICH PIONEERED IN SCIENTIFIC EXPLORATION WITH LARGE SCALE EMPLOYMENT OF PETROLEUM GEOLOGISTS AND ENGINEERS.

A GREAT DEAL OF PETROLEUM HISTORY HAS GONE INTO THE BOOKS IN THE STATE OF KANSAS. BUT IN LOOKING BACK ON THAT HISTORY, I CANNOT HELP BUT WONDER HOW MUCH OF THAT EARLY PROGRESS WOULD HAVE BEEN MADE -- HOW MANY OF THOSE BOLD RISKS WOULD HAVE BEEN TAKEN -- IF THOSE INDUSTRY PIONEERS HAD SUDDENLY BEEN CONFRONTED WITH THE DEGREE OF FEDERAL GOVERNMENT INVOLVEMENT IN THEIR AFFAIRS AS EXISTS IN THE MODERN PETROLEUM INDUSTRY TODAY.

THEY DIDN'T HAVE A FEDERAL POWER COMMISSION TELLING THEM WHAT THEY COULD CHARGE FOR NATURAL GAS.

AMERICAN EXPERTISE IN THE FINDING AND DEVELOPMENT OF PETROLEUM HADN'T YET BEEN EXPORTED, SO THEY DIDN'T HAVE A WORLD OIL GLUT WITH INCREASING PRESSURES BY FOREIGN OIL TO INVADE AND DISPLACE THEM IN THE AMERICAN MARKET.

THEY DIDN'T EVEN HAVE AN INCOME TAX, SO THEY WEREN'T PIAGUED BY A CONSTANT GUN AT THEIR HEAD AS TO WHETHER OR NOT VITAL DIFFERENTIAL TAX TREATMENT OF DEPLETABLE MINERAL RESOURCES WOULD BE CONTINUED.

THEY DIDN'T HAVE 85 FEDERAL GOVERNMENT ORGANIZATIONS, BY THE LATEST COUNT, IN 15 INDEPENDENT AGENCIES AND ALL BUT ONE CABINET LEVEL DEPARTMENT, INVOLVED IN ALL PHASES OF ENERGY POLICY AND IN TOO MANY OPERATIONS OF THE PETROLEUM INDUSTRY.

IN SHORT, THOSE INDUSTRY PIONEERS WERE NOT CONFRONTED WITH INCREASING UNCERTAINTIES, INCONSISTENCIES AND DISTORTIONS IN MULTIPLYING NUMBERS OF FEDERAL GOVERNMENT POLICIES AND ACTIONS WHICH -- TAKEN ALL TOGETHER -- NOW DETERMINE THE WHOLE FUTURE COURSE OF OIL AND GAS DEVELOPMENT IN THE STATE OF KANSAS AND IN OUR COUNTRY.

WHILE THE LARGER CONCERN IS IN MAINTAINING ADEQUATE DEFENSE FUEL SUPPLIES FOR THE FUTURE, CERTAINLY THE IMPACT OF A HEALTHY, GROWING OIL AND GAS PRODUCING INDUSTRY ON THE STATE OF KANSAS -- AND INDEED UPON OUR ENTIRE DOMESTIC ECONOMY -- CANNOT BE MINIMIZED.

- SIGNIFICANCE OF ECONOMIC DECLINE IN OIL PRODUCTION -

ALL BUT 13 OF THE 105 COUNTIES IN KANSAS PRODUCE OIL OR GAS, OR BOTH. SINCE THE BEGINNING OF THE INDUSTRY HERE, THE VALUE OF OIL AND GAS PRODUCED IN KANSAS HAS EXCEEDED \$8.5 BILLION. CRUDE OIL, NATURAL GAS, AND HELIUM EXTRACTED FROM GAS, ARE THE TOP-RANKING MINERALS, IN THAT ORDER, PRODUCED IN KANSAS. PETROLEUM ACCOUNTED FOR 80 PER CENT OF THE TOTAL VALUE OF ALL MINERALS PRODUCED IN KANSAS IN 1966.

BUT THIS IMPORTANT INDUSTRY HAS BEEN IN A STATE OF ECONOMIC ILL-HEALTH AND PERSISTENT DECLINE FOR A DECADE, AND WHAT HAS HAPPENED IN THE STATE OF KANSAS IS ONLY A REFLECTION OF WHAT HAS OCCURRED THROUGHOUT THE DOMESTIC PETROLEUM INDUSTRY. EXPLORATORY DRILLING, AS WELL AS TOTAL DRILLING IN KANSAS IN 1967, WERE 20 PER CENT BELOW THE LEVELS OF 1957. THE 1967 PRICE OF KANSAS CRUDE OIL WAS TWO PER CENT BELOW THE AVERAGE PRICE OF \$3.01 PER BARREL 10 YEARS EARLIER, WHILE COSTS OF ALL MATERIALS AND SERVICES USED BY THE INDUSTRY HAVE RISEN CONSISTENTLY.

THIS CONTRACTION IN ESSENTIAL INDUSTRY ACTIVITIES HAS RESULTED IN A DECLINE OF 30 PERCENT IN EMPLOYMENT IN OIL AND GAS PRODUCTION IN THE STATE, FROM 15,825 IN 1957 TO 11,100 IN 1967. RETRENCHMENT THROUGHOUT THE U. S. OIL AND GAS PRODUCING INDUSTRY, PRIMARILY BY INDEPENDENT PRODUCERS, HAS RESULTED IN A DROP OF NEARLY 50,000 IN TOTAL U.S. EMPLOYMENT IN THE PRODUCING SEGMENT OF THE INDUSTRY.

THIS LARGE DECLINE IN INDUSTRY EMPLOYMENT IN ITSELF BODES ILL FOR THE FUTURE OF THE INDUSTRY AND THE COUNTRY, BECAUSE IT REPRESENTS A PERMANENT LOSS OF SKILLED EMPLOYEES FROM THE RANKS OF OUR MOST VITAL ENERGY-PRODUCING INDUSTRY.

WORSE THAN THE ECONOMIC IMPACT, AND THE LOSS OF JOBS, HOWEVER, IS THE PERSISTENT DECLINE IN U.S. PETROLEUM RESERVES WHICH HAS OCCURRED IN THE PAST EIGHT YEARS. IN FOUR OF THESE EIGHT YEARS, INCLUDING 1967, THE DOMESTIC INDUSTRY PRODUCED MORE OIL THAN IT FOUND -- RESULTING IN A NET DECLINE IN OUR RESERVES IN RELATION TO PRODUCTION. OUR CURRENT OIL DISCOVERY RATE IS AT LESS THAN HALF THE LEVEL WHICH THE DEPARTMENT OF INTERIOR PROJECTS AS NECESSARY TO MAINTAIN ADEQUATE PETROLEUM RESERVES THROUGH 1980.

THESE ARE FACTS WHICH CERTAINLY SHOULD BE DISTURBING TO THE PUBLIC, AND TO THOSE IN GOVERNMENT RESPONSIBLE FOR POLICY PROGRAMS WHICH AFFECT INCENTIVES FOR U. S. OIL AND GAS EXPLORATION, DRILLING AND DEVELOPMENT. HOWEVER, I CAN FIND NO EVIDENCE THAT EVEN THOSE IN GOVERNMENT WHO ARE WELL ACQUAINTED WITH THESE FACTS ARE PARTICULARLY AROUSED OR CONCERNED ABOUT THE COUNTRY'S DRIFT TOWARD A LOSS OF ITS SELF-SUFFICIENCY IN PETROLEUM FUELS.

- UNRELIABILITY OF FOREIGN PRODUCTION -

RECENT WORLD EVENTS WOULD SEEM TO HAVE LEFT NO QUESTION ABOUT THE NEED TO REVITALIZE THE DOMESTIC SEARCH FOR OIL. A YEAR AGO THIS MONTH, FOR THE SECOND TIME IN A DECADE, WAR ERUPTED IN THE MIDDLE EAST, DISRUPTING A FLOW OF VITAL OIL SUPPLIES FROM BOTH THE ARABIAN PENINSULA AND NORTH AFRICA. IN THAT SITUATION, THE DOMESTIC OIL INDUSTRY IN THE UNITED STATES RESPONDED TO THE CALL TO FILL SUPPLY GAPS IN EUROPE, PARTICULARLY IN GREAT BRITAIN WHICH WAS THREATENED WITH RATIONING.

THE ARAB OIL PRODUCING COUNTRIES, IN AN ATTEMPT AT MILITARY-POLITICAL BLACKMAIL, EMBARGOED ALL OIL SHIPMENTS TO THE UNITED KINGDOM AND THE UNITED STATES. EXCEPT FOR THE AVAILABILITY OF SURPLUS OIL PRODUCING CAPACITY IN THIS COUNTRY, THE PRESSURE ON EUROPE COULD HAVE BECOME INTOLERABLE.

SO IT IS APPARENT TO ALL, OR SHOULD BE, THAT SUCH AN EXPERIENCE PROVES BEYOND QUESTION THE NEED TO HALT AND REVERSE THE DECLINES IN DOMESTIC EXPLORATION AND DRILLING WHICH HAS PERSISTED FOR A DECADE, AND TO DO ALL POSSIBLE TO SEE TO IT THAT THIS COUNTRY'S DEPENDENCE ON REMOTE AND INSECURE FOREIGN OIL IS NOT FURTHER EXTENDED.

- UNWARRANTED ATTACKS ON OIL AND GAS TAX PROVISIONS -

AS I SAID EARLIER, THERE ARE MANY FACETS OF GOVERNMENT OIL POLICY WHICH ARE UNSETTLED AND DISTURBING, BUT THERE ARE TWO THAT ARE OF PARTICULAR IMPORTANCE AT THIS TIME BECAUSE THEY ARE ON THE "FRONT BURNER" IN WASHINGTON. I REFER TO THE CONTINUING ATTACKS ON HISTORIC OIL AND GAS TAX PROVISIONS, PRIMARILY PERCENTAGE DEPLETION, AND THE CONTINUED EROSION OF THE OIL IMPORT PROGRAM ADMINISTERED BY THE DEPARTMENT OF INTERIOR.

NO CONTROL PROGRAM, HOWEVER NECESSARY, IS EVER PERFECT. HOWEVER, THE MANDATORY OIL IMPORT PROGRAM, INAUGURATED UNDER THE EISENHOWER ADMINISTRATION IN 1959 AND AUTHORIZED UNDER THE DEFENSE AMENDMENT OF THE TRADE AGREEMENTS ACT ADOPTED IN 1955, WAS, TO MY MIND, AS EQUITABLE A PROGRAM AS COULD HAVE BEEN IMPROVISED INSOFAR AS ITS IMPACT ON A VERY COMPLEX INDUSTRY.

FOR SIX YEARS, UNTIL 1965, THAT PROGRAM WAS FAIRLY SIMPLE, LARGELY SELF-OPERATING, AND ENJOYED GENERAL INDUSTRY ACCEPTANCE AND SUPPORT. SINCE 1965, HOWEVER, THE DEPARTMENT OF INTERIOR HAS INNOVATED A LONG SERIES OF EXCEPTIONS AND EXEMPTIONS TO THAT PROGRAM TO ACCOMPLISH PURPOSES HAVING NO RELATION TO ITS NATIONAL SECURITY OBJECTIVES. THESE CHANGES, INVOLVING BUILT-IN ADVANTAGES FOR CERTAIN COMPANIES AND INEQUITIES FOR THEIR COMPETITORS, HAVE ALL BUT DESTROYED ANY CONFIDENCE, IN THE INDUSTRY AS WELL AS IN CONGRESS, THAT THE IMPORT PROGRAM CAN CONTINUE TO SERVE ITS NATIONAL SECURITY OBJECTIVES.

I WON'T DETAIL THE MANY INGENIOUS DEVICES AND PROPOSALS PUT FORTH BY PRIVATE COMPANIES, AS WELL AS BY THE DEPARTMENT OF INTERIOR, WHICH HAVE HAD THE EFFECT OF WEAKENING AND UNDERMINING THE IMPORT PROGRAM. IF AUTHORITY NOW HELD BY THE SECRETARY OF INTERIOR TO IMPLEMENT VARIOUS ADDITIONAL EXCEPTIONS AND EXEMPTIONS WERE USED, HOWEVER, THE RESULT WOULD BE ADDITIONAL OIL IMPORTS OF UP TO 300,000 BARRELS DAILY.

- LEGISLATIVE GUIDELINES ON IMPORTS NEEDED -

THERE ARE MANY IN THE CONGRESS WHO BELIEVE THE TIME IS OVERDUE FOR A REEVALUATION OF THE INTENT OF CONGRESS AS TO THE DEFENSE AMENDMENT UNDER WHICH THE IMPORT PROGRAM WAS AUTHORIZED. I SHARE THE BELIEF OF 45 OF MY COLLEAGUES IN THE HOUSE THAT THE ONLY ANSWER IS TO PROVIDE SPECIFIC LEGISLATIVE GUIDELINES PLACING AN OVERALL LIMITATION ON OIL IMPORTS EQUAL TO 12.2 PERCENT OF DOMESTIC PRODUCTION. THIS, INCIDENTALLY, IS THE GUIDELINE WHICH IS SUPPOSED TO BE USED TO CONTROL IMPORTS UNDER THE PRESENT PROGRAM -- BUT WHICH IS EXCEEDED BECAUSE OF WEAKNESSES AND LOOP-HOLES IN THAT PROGRAM.

THIS PROPOSAL (WHICH IS EMBODIED IN MY BILL, H.R. 10689) DOES NOT REPRESENT RADICAL "PROTECTIONIST" LEGISLATION. IT WOULD SIMPLY WRITE INTO LAW AN EXISTING STANDARD, AND PREVENT EXCEPTIONS TO THAT STANDARD. IT WOULD NOT REDUCE IMPORTS, ALTHOUGH A MERITORIOUS CASE COULD BE MADE FOR A SUBSTANTIAL REDUCTION. IT WOULD, HOWEVER, STABILIZE IMPORTS AND PREVENT THE NATION FROM EXPANDING ITS DEPENDENCE ON FOREIGN OIL UNNECESSARILY.

NEXT MONTH, THE HOUSE WAYS AND MEANS COMMITTEE, WHERE ALL TRADE LEGISLATION ORIGINATES, WILL CONDUCT HEARINGS ON THE WHOLE FOREIGN TRADE QUESTION, INCLUDING PROBLEMS GROWING OUT OF IMPORT COMPETITION AFFECTING A NUMBER OF BASIC INDUSTRIES SUCH AS OIL, STEEL, TEXTILES, FARM PRODUCTS, ETC. IT IS MY HOPE THAT THESE HEARINGS WILL LEAD TO MEANINGFUL ACTION WHERE ACTION IS CALLED FOR, PARTICULARLY WITH RESPECT TO IMPORTS WHICH UNDERMINE OUR BASIC DEFENSE INDUSTRIES.

JUST AS I CANNOT IMAGINE PLACING OUR DOMESTIC OIL INDUSTRY INCREASINGLY AT THE MERCY OF UNLIMITED IMPORTS OF FOREIGN OIL, IN VIEW OF RECENT EVENTS AND WORLD CONDITIONS, I FIND IT EQUALLY DIFFICULT TO UNDERSTAND WHY THERE ARE THOSE WHO WOULD RUN THE RISK OF MEDDLING WITH ESSENTIAL OIL AND GAS TAX PROVISIONS THAT HAVE BEEN IMBEDDED IN THE ECONOMIC PROCESSES OF THE PETROLEUM INDUSTRY FOR MORE THAN 40 YEARS.

- DEPLETION ALLOWANCES NECESSARY -

THESE ATTACKS ARISE WHENEVER TAX LEGISLATION IS PROPOSED. THEY INTENSIFY AND BECOME BASED ON APPEALS TO PREJUDICE AND EMOTIONALISM -- NOT FACT -- WHEN THE COUNTRY IS IN DIFFICULTY AS IT IS TODAY IN VIETNAM.

THOSE ADVOCATING ELIMINATION OR REDUCTION IN DEPLETION RATES GIVE NO THOUGHT TO THE CONSEQUENCES. THEY APPARENTLY NEVER THINK ONCE ABOUT THE FACT THAT OUR COUNTRY AND OUR ARMED FORCES HAVE ADEQUATE OIL ONLY BECAUSE THE CONGRESS PROVIDED -- BEGINNING WITH THE INCEPTION OF THE INCOME TAX LAW -- FOR A RETURN OF A PART OF DEPLETING CAPITAL ASSETS IN THE OIL INDUSTRY. THIS WAS DONE FIRST THROUGH COST DEPLETION, LATER CHANGED TO "DISCOVERY DEPLETION", AND THESE SYSTEMS -- BECAUSE THEY WERE TOO CUMBERSOME FOR TAXPAYER AND GOVERNMENT ALIKE -- EVOLVED INTO THE PRESENT PERCENTAGE DEPLETION SYSTEM IN 1926.

WHILE THE PERENNIAL CRITICS OF THESE ESSENTIAL PROVISIONS CANNOT BE IGNORED OR DISCOUNTED, I AM CONVINCED THAT -- IN LIGHT OF TODAY'S EVENTS -- CONGRESS WILL NOT BE STAMPEDED INTO TAMPERING WITH THESE ESSENTIAL PROVISIONS.

TO BEGIN WITH, WE HAVE NEVER MADE MAJOR TAX CHANGES WITHOUT A THOROUGH-
GOING HEARING. SHOULD HEARINGS BE HELD ON OIL TAX PROVISIONS, IN AN
ATMOSPHERE OF CALM, THESE PROVISIONS WILL BE JUDGED ON THEIR MERIT AND ON
THE BASIS OF FACT -- NOT ON PREJUDICED EMOTIONALISM. THE CONGRESS HAS
REVIEWED THESE PROVISIONS ON MANY OCCASIONS, AND ALWAYS, AFTER SUCH
HEARINGS, HAS RECONFIRMED THEM AS BOTH PROPER AND NECESSARY.

TO ME, ONLY ONE BASIC QUESTION NEED BE EXAMINED. THAT QUESTION IS
THIS: WHEN THOSE IN GOVERNMENT WHO ARE IN A POSITION TO EVALUATE OUR
FUTURE PETROLEUM NEEDS SAY THAT OUR RATE OF DISCOVERY OF CRUDE OIL NEEDS
TO BE DOUBLED, IS THIS ANY TIME TO MEDDLE WITH AND REDUCE LONG-ESTABLISHED
INDUSTRY TAX INCENTIVES? I BELIEVE THE ANSWER TO THAT QUESTION SHOULD BE
OBVIOUS.

- PROPER POLITICAL INCENTIVES ENCOURAGE DOMESTIC PRODUCTION -

I KNOW OF NO MORE IMPORTANT CONSIDERATION FACING ME AS A MEMBER OF CONGRESS THAN THE NEED, IN THE BROAD SENSE, TO PROVIDE THE POLITICAL INCENTIVES UNDER WHICH THE DOMESTIC INDUSTRY CAN CONTINUE TO GROW, TO PROSPER, TO INNOVATE, AND TO MEET THE GREAT TECHNOLOGICAL AND ECONOMIC CHALLENGES OF FINDING AND DEVELOPING 80 BILLION BARRELS OF NEW PETROLEUM LIQUIDS AND SOME 400 TRILLION CUBIC FEET OF NATURAL GAS IN THE NEXT 13 YEARS. THAT IS THE TASK FACING THE DOMESTIC PETROLEUM INDUSTRY AS SEEN BY THE DEPARTMENT OF THE INTERIOR.

I'M NO EXPERT ON THE ENGINEERING, THE TECHNICAL, THE ECONOMIC CHALLENGES FACING THIS INDUSTRY -- ALTHOUGH I KNOW THEY ARE GREAT. BUT I DO KNOW THESE PROBLEMS WILL NOT BE RESOLVED IF THE RIGHT POLITICAL CLIMATE, BASED ON SOUND AND CONSISTENT GOVERNMENT POLICIES ON SUCH THINGS AS TAXES AND IMPORT CONTROLS, IS NOT PRESERVED.

THIS CLIMATE AT THE MOMENT, TO PUT IT AS KINDLY AS I KNOW HOW, IS CLOUDED WITH VACILLATION, UNCERTAINTY AND -- PARTICULARLY AS TO THE OIL IMPORT PROGRAM -- WITH GIMMICKRY.

MY CONCERN ON THESE PROBLEMS IS NOT JUST SHALLOW OR SECTIONAL. IT IS NOT JUST DIRECTED AT PROTECTING THE KANSAS INDUSTRY, ALTHOUGH I WOULD ARGUE THAT IS A WORTHWHILE GOAL. BUT FEDERAL POLICIES ON OIL GO MUCH DEEPER THAN THAT. I BELIEVE AN ADEQUATE ENERGY SUPPLY, WITHIN OUR OWN CONTROL, IS ALL IMPORTANT TO OUR POSITION OF STRENGTH IN THE WORLD.

- "THE OIL GAP" -

IN WASHINGTON, THERE HAS BEEN MUCH CONCERN WITH "GAPS" OF VARIOUS KINDS AND TYPES; WITH "MISSILE GAPS", PRECIOUS METAL "GAPS", ALL SORTS OF MILITARY "GAPS", AND EVEN "CREDIBILITY GAPS". BUT THE "GAP" I FEAR MOST IS AN ENERGY GAP AND PARTICULARLY AN "OIL GAP", BECAUSE RECENT EVENTS HAVE ILLUSTRATED ONLY TOO WELL THAT THIS IS A GAP WE CAN ILL AFFORD.

IF THIS COUNTRY IS TO BE SUPPLIED WITH EVER-GROWING OIL AND GAS SUPPLIES TO MEET EVER-ACCELERATING DEMANDS FOR THESE FUELS, IT IS UNTHINKABLE THAT YOUR GOVERNMENT WOULD NOT BE WILLING -- INDEED ANXIOUS -- TO PROVIDE THE KIND OF POLICIES WHICH WILL ENCOURAGE THE DOMESTIC OIL INDUSTRY IN THESE GREAT TASKS.

WE MUST WORK EVER MORE DILIGENTLY, BRINGING TO BEAR BOTH LOGIC AND REASON, AS WE SEEK AND INSIST UPON SUCH POLICIES, AND TO THAT END, MY BEST EFFORTS WILL BE DEVOTED.