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BEFORE THE

DEPARTMENT OF THE INTERIOR

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DOCKET NO. _____

In the Matter of:

MEETING OF NATIONAL PETROLEUM COUNCIL

Place Washington, D. C.

Date January 25, 1968

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By: Mr. Glenn Nielson

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Under Secretary of the
Department of the Interior

11

The Honorable John J. McKeithen,
Governor of the State
of Louisiana

22

The Honorable Eugene V. Rostow,
Under Secretary of State for
Political Affairs

33

Rear Admiral Fowler W. Martin,
Commander, Defense Fuel Supply Center

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Admiral Onnie P. Lattu,
Director, Office of Oil and Gas,
Department of the Interior

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UNITED STATES DEPARTMENT OF THE INTERIOR
MEETING OF NATIONAL PETROLEUM COUNCIL

Conference Room A and B
Departmental Auditorium
Department of the Interior
Washington, D. C.
Thursday, January 25, 1968

The meeting was convened at 9:30 a. m., J. C. Donnell, II,
Chairman, National Petroleum Council, presiding.

PARTICIPANTS PRESENT:

Jack H. Abernathy,
Big Chief Drilling Company

Earl Baldrige,
Champlin Petroleum Company

Perry R. Bass
Fort Worth, Texas

Elmer E. Batzell,
Washington, D. C.

Carroll M. Bennett
Texas Pacific Oil Company

Fred E. Bergfors, Sr.,
Quincy Oil Company

Harold H. Bible
Lion Oil Company

W. T. Blackburn,
Rocky Mountain Oil & Gas Assn.

Jacob Blaustein,
American Trading and Production Corporation

H. D. Borger,
Consolidated Natural Gas Company

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PARTICIPANTS PRESENT (Cont'd):

Howard Boyd,
El Paso Natural Gas Company

Reid Brazell,
Leonard Refineries, Inc.

E. D. Brockett,
Gulf Oil Corporation

Bruce K. Brown,
International Trade Mart

George H. Bruce
National Stripper Well Assn.

E. O. Buck,
National Bank of Commerce

John L. Burns
Cities Service Company

Robert A. Buschman,
American Association of Oilwell Drilling Contractors

Sam H. Casey,
Commonwealth Oil & Refining Company, Inc.

Boyce R. Clark,
National Tank Truck Carriers, Inc.

J. C. Donnell II,
Marathon Oil Company

Buell G. Duncan,
American Gas Association *not present*

Frank O. Elliott,
Elliott Production Company

Elmer R. Erickson,
Northwestern Refining Company

William A. Fluhr,
National Oil Jobbers Council, Inc.

Robert L. Foree,
Dallas, Texas

PARTICIPANTS PRESENT (Cont'd):

1
2 Stark Fox,
Independent Oil & Gas Producers of California

3
4 George P. ~~Carver~~^{G.},
Natural Gas Pipeline Company of America

5 James A. Ransford, for George F. Getty II,
6 Getty Oil Company

7 Richard J. Gonzalez,
Houston, Texas

8 *John C. Jacobs for* Baxter D. Goodrich, *not present*
9 Texas Eastern Transmission Corp.

10 Ford M. Graham,
The Louisiana Land and Exploration Company

11 Luke W. Finlay, for Michael L. Haider,
12 Standard Oil Company (New Jersey)

13 Jake L. Hamon,
Dallas, Texas

14 John Harper,
Harper Oil Company, Inc.

15 Alvin C. Hope, *Fred L. Hartley (late)*
16 San Antonio, Texas *Union Oil Company of Calif.*

17 P. N. Howell,
Howell Refining Company

18 John G. Hurd,
19 Laredo, Texas

20 Harry A. Jackson,
American Petrofina, Incorporated

21 J. Paul Jones
22 Pennsylvania Grade Crude Oil Association

23 C. D. Fentress, for W. W. Keeler
24 Bartlesville, Oklahoma

25 John M. Kelly
Petroleum Consultant, Washington, D. C.

H. M. McClure, McClure Oil Company⁴ (late)

PARTICIPANTS PRESENT (Cont'd):

1 Alfred A. Kiltz,
2 Mt. Vernon, Indiana

3 Stanley Learned,
4 Phillips Petroleum Company

W.C. Hart for Cecil E. Loomis, The Columbia Gas System Inc,
5 A. T. Jacobson, for E. H. McCollough,
6 Amerada Petroleum Corporation

7 ~~Philip~~ C. Bennett, for D. A. McGee,
8 Kerr-McGee Corporation

J. Howard Marshall, Allied Chemical Corp.

9 John W. Mecom,
10 Houston, Texas

11 C. W. Miller,
12 Natural Gas Processors Assn.

13 Don H. Miller,
14 Skelly Oil Company

15 Otto N. Miller,
16 Standard Oil Company of California

17 Ellis Mills,
18 Association of Oilwell Servicing Contractors

19 Charles H. Murphy,
20 Murphy Oil Corporation

21 A. L. Nickerson,
22 Mobbil Oil Corporation

23 Glenn E. Nielson,
24 Husky Oil Company

25 Lee S. Osborne,
Western Oil & Gas Association

Ed Parkes,
United Gas Corporation

L. T. Potter,
Lone Star Gas Company

J. H. Pipkin, for J. Howard Rambin, Jr.,
Texaco Inc.

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PARTICIPANTS PRESENT (Cont'd):

Fred H. Robinson,
Missouri-Kansas Pipe Line Company

Arch H. Rowan,
Rowan Drilling Company, Inc.

Wilton E. Scott,
Tenneco Oil Company

J. L. Sewell,
Mid-Continent Oil & Gas Assn.

Al Woodward, for Forrest N. Shumway,
Signal Oil and Gas Company


J. A. Stoll, for Charles E. Spahr,
Standard Oil Company (Ohio)

N. A. Steed,
Texas Independent Producers & Royalty Owners Assn.

E. L. Steiniger,
Sinclair Oil Corporation

W. A. Strauss,
Northern Natural Gas Company

John E. Swearingen,
Standard Oil Company (Indiana)

 A. W. Tarkington,
Continental Oil Company
Paul E. Tabiaferro, Sumner Oil Co. (late)
Van Thompson,
Aztec Oil & Gas Company

H. A. True, Jr.,
True Oil Company

W. M. Vaughey,
Vaughey and Vaughey

R. L. Vockel,
The Waverly Oil Works Company

H. F. Wagner,
c/o Farmers Union Central Exchange, Inc.

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PARTICIPANTS PRESENT (Con't):

J. Ed Warren,
New York, New York

Roland A. ^{Whealy}Shely, for Everett F. Wells,
Ashland Oil & Refining Company

John H. White,
Port Oil Company

J. H. Williams,
Williams Brothers Company

John G. Winger,
The Chase Manhattan Bank

M. A. Wright,
Humble Oil & Refining Company

P R O C E E D I N G S

1
2 CHAIRMAN DONNELL: The meeting of the National
3 Petroleum Council will please come to order. The Secretary
4 will read the roll.

5 (Thereupon, Vincent M. Brown, Secretary-Treasurer,
6 called the roll.)

7 MR. BROWN: A quorum is present.

8 CHAIRMAN DONNELL: Thank you. You have received
9 the minutes of the last meeting of the Council on July 13,
10 1967. If there are no correction or objection they will be
11 approved as submitted to you.

12 Since the last of the Council one of our members has
13 passed on, and I would like to ask Glenn Nielson to read a
14 resolution.

15 READING OF RESOLUTION IN MEMORIAM OF MAURICE

16 HENRY "BUD" ROBINEAU BY MR. GLENN NIELSON

17 MR. NIELSON: The members of the National Petroleum
18 Council, with a sense of most profound sorrow, note the pass-
19 ing on August 18, 1967, at the age of 67, of one of the Charter
20 members of the National Petroleum Council and an outstanding
21 figurefigure in the oil industry, Maurice Henry "Bud" Robineau.

22 "Bud" Robineau was born in Syracuse, New York, July
23 29, 1900. His father, Samuel, was a naturalized United States
24 citizen from Paris, France, and his mother Adelaide Alsop
25 Robineau, gained recognition as the first American to win

1 international attention as a ceramic artist. He attended public
2 schools in Syracuse.

3 In April, 1917 he left high school to join a Syracuse
4 University Hospital Unit and served in the First World War as
5 an ambulance and hospital orderly on the Western Front and in
6 England. After the War ended, "Bud" returned to school, obtained
7 his high school diploma and attended Syracuse and Cornell Uni-
8 versities.

9 He was graduated from the Colorado School of Mines
10 with a mining engineering degree in 1923.

11 Mr. Robineau was employed as a field sales representa-
12 tive by the Texas Company after graduation from college. In
13 the summer of 1924, he resigned his Texaco position and, with
14 others, formed an organization that later became known as the
15 Western Nebraska Oil Company. One year later he became sole own-
16 er of the fledgling enterprise based in Sidney and Lodgepole,
17 Nebraska.

18 Subsequently he joined with Mr. Bay in founding the
19 Bay Petroleum Corporation and became its president in 1932, a
20 position he held until 1939, when he and his family agreed to
21 accept the Cheyenne refinery, the old Western Nebraska Oil
22 Company's outlets, and other marketing facilities in Wyoming,
23 along with crude supply contracts, in exchange for their stock
24 in Bay Petroleum Corporation.

25 On June 12, 1940, Robineau, in conjunction with
Roland V. Rodman and Bard Ferrall, incorporated The Frontier

1 Refining Company and he served as its president until his
2 death. "Bud" built Frontier Refining into the largest inde-
3 pendent refining and marketing company in the intermountain area,
4 with operations in 19 Western States and the Province of Saskatch-
5 ewan.

6 The company has a raring horse and rider as its trade
7 mark, with a motto of "Rarin' to Go", which not only is the
8 motto of the Frontier Refining Company but was axiomatic of
9 "Bud", who led a dynamic life in both the oil industry and
10 athletics where he enjoyed the association and competition with
11 national and international tennis champions.

12 Maurice Henry Robineau was a Charter member of this
13 Council, having been appointed by the Secretary of the Interior
14 on June 18, 1946.

15 He served as a member of the Appointment Committee
16 from January, 1948 until the time of his death and served as a
17 member of 21 study committees and subcommittees of the National
18 Petroleum Council from 1946 to 1967.

19 Today, the members of the Council pause to pay
20 tribute to the memory of a dedicated servant of the American
21 people, a leader in the petroleum industry, a renowned athlete,
22 and an esteemed friend. With others whose lives he touched, we
23 join in mourning his loss and paying tribute to his memory, and
24 in extending to his wife, Fannabelle; sons, Rodney, Rick, and
25 Michael; and his daughter, Germaine Garcia, our deep and sincere

1 sympathy.

2 NOW, THEREFORE, BE IT RESOLVED, on this the 25th day
3 of January, 1968, that this resolution be entered upon the
4 permanent records of the Council, and an appropriate copy there-
5 of be delivered to the family of Maurice Henry "Bud" Robineau
6 as a remembrance of the love, admiration, and respect which
7 we shall always have for him.

8 CHAIRMAN DONNELL: Shall we adopt this by rising.

9 (Everyone rose.)

10 MR. NIELSON: Thank you.

11 CHAIRMAN DONNELL: On December 8, 1967, Alfred Jacob-
12 son passed away in New York City. Perhaps no other Council
13 member ever believed in the Council and its value more than
14 Alfred Jacobson. He was a charter member of this body and re-
15 mained a member for 19 years. And for fourteen and one-half
16 years he was Chairman of the Agenda Committee.

17 In order that we may prepare an appropriate memorial
18 resolution to our wonderful colleague I would like to ask the
19 following members to serve on a small committee for this pur-
20 pose: Bruce Brown, Mike Haider, Jake Hamon, Howard Marshall.

21 Our co-Chairman, Secretary of the Interior, Stewart
22 Udall, is unable to be with us today. We are very happy, how-
23 ever, to have the Under Secretary of the Interior, David S.
24 Black, attend this meeting. Mr. Black was appointed by Presi-
25 dent Johnson to his present position on July 20, 1967.

1 From the fall of 1966 to the time of this recent
2 appointment, he was the Administrator of the Bonneville Power
3 Administration. As most of you recall, Mr. Black served as a
4 Federal Power Commissioner from July, 1963 to September, 1966.

5 He is a lawyer and a native of Washington State.

6 I am pleased to present to you the Under Secretary of
7 the Interior, the Honorable David S. Black.

8 (Applause.)

9 STATEMENT OF THE HONORABLE DAVID S. BLACK, UNDER
10 SECRETARY OF THE INTERIOR

11 MR. BLACK: Thank you, Mr. Chairman. Governor
12 McKeithen, Jack Abernathy, Secretary Moore, Jake Hamon, dis-
13 tinguished guests, gentlemen, I am very delighted to be able
14 to stand in for Secretary Udall this morning. It is always a
15 disappointment when a distinguished group assembles, that the
16 top man is unable to be present, and the benefits of this fre-
17 quently inure to the Under Secretary. The Secretary is in New
18 York today, and all day and this evening, in connection with
19 meetings with Governor Rockefeller and Lawrence Rockefeller in
20 connection with some important conservation matters, and he
21 extends to you his disappointment that he cannot be here and
22 his compliments.

23 As it was just noted, I was a member of the Federal
24 Power Commission for about three years, and while I have had
25 communication with some of you in that capacity, I am afraid

1 that my reputation to most of you has been gleaned from the
2 trade press which was not always wildly enthusiastic. But,
3 that's the nature of the regulatory beast, I guess, and I hope
4 that you will look through fresh eyes.

5 Regardless of how it dealt with individual operators
6 in the oil business, there is no doubt that 1967 was a year
7 to remember. By and large it was a good year for the oil in-
8 dustry, with domestic production of both oil and gas up strong-
9 ly from the year before to record high levels -- and this
10 would have been true even had there been no crisis in the
11 Middle East. Wellhead revenue from crude oil and natural gas
12 liquids reached a new high of ten billion six hundred million
13 dollars. Two billion nine hundred million dollars was real-
14 ized by producers and royalty owners from the sale of natural
15 gas. Combined, the revenue from these two sources was \$13-1/2
16 billion, an increase of one billion dollars over 1966.

17 But 1967 will be remembered principally as a year
18 of proving and testing. The events of last summer provided
19 a rigorous test of the strength, the resourcefulness, and the
20 resiliency of the world petroleum industry, in which American
21 companies played such a dominant role. To the great credit
22 of these companies, order and continuity in world petroleum
23 supply were quickly restored with a minimum of participation
24 by governmental agencies and without the need for applying
25 formal schedules to production and transportation.

1 There was a test also of the vigor and productive
2 capacity of the domestic industry. The response of domestic
3 producers to the disruption of normal supply patterns was a
4 rapid increase in production to a rate of a million barrels a
5 day above the pre-crisis levels, and I would stress that the
6 limits of this expansion were set by demand, not by supply.
7 At the peak producing rates of 9.4 million barrels a day for
8 crude oil achieved in August, there were 183 major fields in
9 Texas and Louisiana which still had reserve productive capacity.
10 Had a more serious situation demanded additional production,
11 it could have been made available.

12 The response of our domestic producers proved the
13 wisdom of our national policy of relying principally upon
14 sources here at home for our oil supply. The shutdown of
15 production and transportation facilities in the Middle East
16 and in Africa last June interrupted -- for what fortunately
17 turned out to be a brief period -- approximately two-thirds
18 of the oil supply of Western Europe, and the continued closure
19 of the Suez Canal is still costing European consumers millions
20 of dollars a month in added transportation charges. In con-
21 trast, less than 3 percent of our own oil supply was affected,
22 and domestic producers in addition to replacing this amount
23 were able to provide 25 million barrels of crude oil to Eastern
24 Canada and the nations of Western Europe to help alleviate the
25 supply problems they experienced.

1 The year 1967 also proved something else; namely,
2 that good discoveries of oil can still be made here in the
3 United States by those who look in the right places.

4 When these discoveries are fully evaluated, 1967 may
5 look like a very good year for onshore oil discoveries.

6 But through all this evidence of the strength,
7 prosperity, and prospects of the domestic oil industry there
8 runs a curious strain of pessimism that is most readily appar-
9 ent from the statistics on drilling.

10 Preliminary totals for the year indicate that drill-
11 ing -- both exploratory and development -- for 1967, were back
12 down to what they were in the years right after World War II.
13 The contrasting trends of drilling and production over the past
14 three years are especially worth our attention: since 1964,
15 domestic production of liquid hydrocarbons has increased by
16 over one and a half million barrels a day, and wellhead revenue
17 in 1967 from that source \$1-1/2 billion more than it was three
18 years before.

19 The Texas market demand factor has gone from 28 percent
20 to 45 percent during the same period, and the average price
21 of crude oil has increased by 4 cents a barrell. This is a
22 long enough period to demonstrate that the improved markets are
23 not just a transitory phenomenon, but have good prospects of
24 continuing. Yet the response has been the extension of a de-
25 cline in exploratory drilling -- that was already eight years

1 in progress -- to levels not seen since 1948. The current
2 decline in drilling, covering the 11 years that have gone by
3 since 1956, has the dubious distinction of being the longest
4 in the history of the oil business.

5 I should add that this drab performance has been
6 brightened considerably by the strong pickup in drilling activ-
7 ity that has occurred since last summer. After lagging badly
8 behind 1966 for the first six months of 1967 the number of
9 active rotary rigs has advanced steadily to reach a point in
10 December where they exceeded the level for the comparable week
11 a year earlier. This is highly encouraging, and if it con-
12 tinues, could be the harbinger of a turn-around in domestic
13 oil exploration that is long overdue.

14 Now we have another factor that will be increasingly
15 evident in the affairs of the oil industry, and of every other
16 business that is significantly involved in foreign operations.
17 The President has made known the general terms of his program
18 for reducing the gap in our balance of payments, and although
19 it will be some time before its implications for individual
20 companies become clear, it is obviously going to have an im-
21 portant effect on the investment programs of major oil companies.
22 After making due allowances for the exceptions which have been
23 and will be made, the fact remains that it is the President's
24 clear intent that a large portion of the capital that has been
25 programmed for overseas investment this year by the oil

1 industry remain at home.

2 To a large extent, I suggest, the turn-around pros-
3 pects for domestic exploration will depend upon the decisions
4 which must now be made as to how to employ the funds that had
5 originally been ticketed for investment in foreign operations.
6 Demand is strong, allowables are up, a number of important dis-
7 coveries have been made and prices have improved -- which in
8 the past have frequently signaled a resumption in exploration
9 effort.

10 Now an extensive category of competing investment
11 opportunities has been temporarily foreclosed, and there re-
12 mains the job of assessing the relative attractiveness of the
13 opportunities that remain. And under the new conditions it
14 may well be that many onshore prospects will look better in
15 1968 than they have in the past several years.

16 At any rate, I would hope so. If the Nation is to
17 continue its tried and proven policy of relying mainly on
18 domestic sources for its oil, we shall need every barrel we
19 can find over the foreseeable future. Our studies indicate
20 a production requirement of 52 billion barrels of crude oil
21 in the 150-year period ending in 1980 -- roughly half again the
22 amount produced the 15 years ended in 1965 -- and 10 billion
23 barrels more than was added to proved reserves during that
24 period. To provided this amount of oil will require both im-
25 provement in recovery of known deposits and the discovery of

1 new ones. It is to the task of increasing discoveries through
2 added exploration effort that I would like to address some
3 thoughts this morning.

4 So much has been said and written about the favorable
5 outlook for finding oil in offshore locations, in Alaska, and
6 in deep horizons that there is a tendency to discount the con-
7 tribution made by the old producing provinces. Without diminish-
8 ing the importance of the newer areas, it is still true to say
9 that by far the greater portion of the oil that has been found
10 in this country since 1956 has been located in established pro-
11 ducing regions. It took a lot more looking by many more pros-
12 pectors to find it, and the deposits are smaller, on average,
13 than they are in the virgin provinces, but this is where 80
14 percent of our new discoveries have come from over the past 10
15 years.

16 In this regard I want to say that we look upon the
17 Council's upcoming study of future petroleum provinces as one
18 of the most important it has ever undertaken. The two antece-
19 dent studies of this nature completed in 1941 and 1951 by the
20 American Association of Petroleum Geologists have proved highly
21 prophetic of the significant discoveries that were subsequently
22 made, and no doubt importantly influenced many exploration
23 decisions.

24 I am delighted that the Association has made its great
25 resources available to the Council for this third assessment of

1 the potential oil producing regions of the United States.

2 Until the new assessment is made, however, we shall
3 have to rely upon the best knowledge we presently have of where
4 and how to find oil. And the knowledge we have suggests that
5 we cannot afford to pass up any bets -- that we must continue
6 to look in new provinces and in old provinces; at deep horizons
7 and at shallow ones; onshore and offshore.

8 We can hope for big finds, but we should not disdain
9 the smaller ones, which are likely to account for a growing
10 share of the total oil discovered. Whether an operator runs
11 one rig or a hundred, he has a vital part to play in the suc-
12 cess of domestic exploration over the coming years.

13 Traditionally, the Independent has made most of the
14 discoveries, and the larger companies have put up most of the
15 money for the costly business of petroleum exploration. The
16 singular success that has attended the search for oil in this
17 country has resulted in large measure from these thousands of
18 joint ventures between large and small operators which assured
19 the maximum coverage of available prospect areas.

20 The index of activity has been paced by the willingness
21 of the larger companies to participate in such ventures through
22 farm-outs and cash contributions which have to compete with the
23 demands of other investment programs worldwide.

24 Under the conditions which now prevail, I feel it is
25 not out of line to hope for an increase of interest by the

1 larger companies themselves or through participation in the
2 ventures of independents, then 1968 may indeed become known as
3 the Year of the Turnaround in domestic exploration and drilling
4 oil activity.

5 The President's program has another aspect which bears
6 importantly upon an area of common interest between us. The
7 problem created by the proposed restrictions on travel abroad
8 resolves itself into one of how we can best accommodate several
9 hundred thousand patriotic but itchy-footed Americans who would
10 still like to go somewhere this summer. I submit that in 1968
11 the oil industry is likely to get a better response to its
12 travel-promotion efforts than at any time within recent memory.

13 As chief landlord and warden of our National Park
14 System, Secretary Udall is professionally and personally enthus-
15 iastic about travel in America, and we have noted with pleasure
16 the petroleum industry's high degree of enthusiasm for it too.
17 Over the past three years your companies have cooperated gener-
18 ously and open-handedly in the Golden Eagle program, and I would
19 be remiss indeed if I did not express again the Department's
20 sincere appreciation for this fine support in our efforts to get
21 Americans out to enjoy their national parks and recreation areas.
22 The \$7.00 Golden Eagle Passport is valid for entry to more than
23 2,500 Federal recreation areas operated by the National Park
24 Service, Forest Service, Bureau of Sport Fisheries and Wildlife,
25 the U. S. Army Corps of Engineers, and the Bureau of Land

1 Management.

2 This year, especially, we again solicit your coopera-
3 tion toward the objective of getting more Americans to see more
4 of America. We are especially hopeful that more coverage can be
5 given the Golden Eagle program through normal advertising media
6 and that additional companies will join those who now sell the
7 Golden Eagle Passport through their credit card systems.

8 The President's program to reduce travel abroad by
9 Americans has a very important reverse side to it; namely, the
10 encouragement of other peoples to come visit America. I am
11 pleased to note that Mr. Frank Ikard has been asked to serve
12 on the industry-government Special Task Force on Travel ap-
13 pointed by the President to recommend ways to promote travel in
14 the United States by people of other nations. I am sure you
15 all will be hearing more from this committee, for here, too, is
16 an opportunity for the oil industry to contribute significantly
17 to a better balance in the

18 In closing, let me return to the theme of my remarks
19 this morning; namely, that by giving your earnest support to the
20 President's program for preserving the integrity of the dollar,
21 you can help your industry help your country. No one supposes
22 that the measures proposed will be pleasant or easy or that the
23 burden will be distributed with perfect equity. But they are
24 absolutely essential, and the clear call of duty is to get on
25 with them. And in doing so, your industry will have the

1 opportunity not only to stimulate vacation travel in the United
2 States, but to provide the basis for an expansion in domestic
3 exploratory activity necessary for the continued growth of
4 domestic reserves and production upon which our national security
5 depends.

6 Gentlemen, it has been a real pleasure to meet with
7 you this morning, and I hope that in the months to come I will
8 have an opportunity for closer communication with many of you.

9 Thank you very kindly for your attention.

10 (Applause.)

11 CHAIRMAN DONNELL: We are delighted with our next
12 speaker, who comes from the great State of Louisiana, and joins
13 us in our deliberations today. Born in Grayson, Louisiana,
14 John J. McKeithen completed his college and law work at LSU.

15 He was married in 1942 and has six children.

16 During World War II he rose from the rank of private
17 to first lieutenant with the Army's 77th Infantry Division, and
18 received the Broze Star.

19 His rise in the political rans of Louisiana was swift
20 and impressive. From 1948 to '52 he was State Representative of
21 Caudwell Parish. In 1954 he was elected Public Service Commis-
22 sioner and reelected in 1960. In 1964 he was elected Governor
23 of the State, and in November, 1967, he became the first Governor
24 in this century to succeed himself as the Chief Executive of the
25 State of Louisiana.

1 Last December the Governor was elected Chairman of
2 the Interstate Oil Contract Commission.

3 It is indeed a pleasure to present the Honorable John
4 J. McKeithen, Governor of the State of Louisiana.

5 (Applause.)

6 STATEMENT OF JOHN J. MC KEITHEN, GOVERNOR
7 OF THE STATE OF LOUISIANA.

8 GOVERNOR MC KEITHEN: Mr. Chairman, many distinguished
9 guests, members of this organization which plays such a vital
10 role in virtually every aspect of this Nation's life. I am
11 happy to be here with you today and honored that you have asked
12 me to address you, and hopeful that what I may have to say may
13 in some way be of value to you as you go about your endeavors,
14 but certainly will let you know how we feel about certain prob-
15 lems facing our country today. how we feel about it in the
16 deepest of the Deep Southern States.

17 Early in my public career I determined that when I
18 bored an audience it would be unknowingly. That is, that I
19 would never take up people's time by lecturing to them on a
20 subject about which they knew more than I did.

21 In other words, I would aspire to never bring coal
22 to Newcastle. And so it is that I shall not talk to you about
23 oil and gas as I suspect that even your newest member knows
24 more about it than I do.

25 From a purely personal standpoint, I shall mention

1 that I do hold one, as yet unpublicized record pertaining to
2 your industry; more dry holes have been drilled on land which I
3 own than on land held by any other individual I know now.
4 Whether or not this record is an official one I cannot say, but
5 it is an extremely frustrating one, I can sorrowfully testify
6 to.

7 Nor can I resist doing a little bragging, you know
8 we are close to Texas, a trait that I know is completely foreign
9 to the oil business. I cannot resist mentioning that Louisiana
10 is the second largest producer of oil and natural gas in our
11 Nation, and that acre for acre the most prolific, by far, produc-
12 er of oil and gas in this Nation, with an output of over half
13 a billion barrels a year and a production of nearly five
14 trillion cubic feet of natural gas annually.

15 In fact, statistics shows us that Louisiana supplies
16 about one-eighth of the Nation's total output of oil require-
17 ments, and if necessary could increase our oil output to about
18 900 million barrels a year.

19 In addition, our proven reserves are increasing, and
20 over the past ten years, better than 50 percent of all new
21 reserves discovered in this country have been found in Louisiana.

22 All of which goes to prove . . . that the Governor
23 of Louisiana, despite all good intentions, just could not resist
24 carrying a few coals to Newcastle. And so it is that while I
25 hope that you remember my statistics, I also hope that you will

1 forgive me for just a little boasting. I'm afraid that Washington
2 brings out that quality in men and I must admit that in Louisi-
3 ana we do on rare occasion do a little boasting, but we don't
4 think we quite compare yet to that category with our great sister
5 state to the west, the great State of Texas, which I am told,
6 also leads in that field, too.

7 It is our country that I want to discuss with you this
8 morning, the Great United States of America, the Great Nation
9 that so many citizens now refer to as THE United States of
10 America, not OUR United States of America, but THE United States
11 of America, as if it were some foreign power here in our midst.
12 Particularly I want to discuss with you love of that country
13 and loyalty to that country, for somehow in some sad way, as
14 we gained access to the heavens and under the sea, and even to
15 the human heart, that portion of us that once reacted at an
16 emotional and spiritual level to this great country of ours has
17 grown tired and out of style, and even old-fashioned.

18 And this great Nation founded on hope flounders now
19 in despair, it seems.

20 Now, not that any people could remain at an emotional
21 pitch of fervor and frenzy, but the fact is that neither can a
22 nation remain at the bottom of the emotional well, cannot remain
23 there and survive. For nations, like individuals, have enemies,
24 and despair, is the soft vulnerable underbelly of both men and
25 nations. Despair is a signal, to those seeking that signal, that

1 fervor is slumbering, that hope is on sabbatical leave and
2 that patriotism is relegated to parades and 4th of July speeches,
3 that Americans no longer believe, no longer believe in America.

4 The fires that had once burned so brightly within us
5 have become smoldering ashes that virtually smothered us. The
6 adrenalin of love of country, has been watered down into a con-
7 coction of weak tea that could neither inspire us or sustain us;
8 it is as if the entire Nation has hung its head.

9 Have we simply grown tired of it all, all that was so
10 hard to acquire? That was hard to believe as any child's history
11 book shows that we are so very young as a nation. If we were
12 tired it certainly was not the weariness of old age. Had defeat,
13 some place along the way of time, sapped our energies, stilled
14 the magnificent quest upon which we had set? This did not
15 follow, for as a nation we had lost no wars, and for the first
16 time in the annals of nations, as victors we had demanded no
17 tribute. In fact, our course was to build up what we had been
18 forced to strike down, and it is interesting to note here that
19 Germany and Japan, with thriving booming economy, are eloquent
20 proof that we are a people who do not know the meaning of re-
21 venge or the ancient sickness of vendetta.

22 Perhaps history held some other lesson for us and
23 there were those who advanced the theory that despair was merely
24 the natural watering place for a nation as it traversed history
25 and as it traversed time. We cannot accept this theory, despair

1 might well serve as the starting point, even the motivation for
2 a nation's birth as men sought escape from it, a better or more
3 free life. But even in the birth of a country despair was not
4 the single or even primary factor. For while man wept because
5 he could not worship in the manner that pleased him, or cried
6 out because he could not earn a living to sustain his family,
7 this nation could not and would not have come into being if he
8 had stopped at the wailing wall. But, thank God, neither our
9 founding fathers nor those who came after them, did this. They
10 utilized the wretchedness of their very existence as a motiva-
11 tion and as a factor that stirred them not down but stirred
12 them up and on, on from debtor's prisons and ghettos and member-
13 ship in the wrong church or the wrong political party; on from
14 a homeland that most would never see again and loved ones who
15 from that moment on would be nothing but precious memories.

16 Some died on the long journey here, for them the
17 impossible dream remained just that; some died here in the winter
18 and never saw the trees blossom; and some died defending this
19 new land which they did not even yet own and might never own. It
20 is all too easy to forget them and to forget their sacrifice, for
21 in most cases history does not even record their names, or even
22 their deeds. Let us simply remember them as Americans, let us
23 simply recall their deeds, as establishing America and above
24 all, let us never forget that if they despaired they did not
25 tear down, but built up; that if they did not find exactly what

1 they had set out to find they knew that their children could
2 find it. They never lost faith in their country and they never
3 lost hope in her and their tomorrows.

4 We submit that it is the manifestations of this despair
5 if allowed to go unchecked, could mean the destruction of what
6 many Americans have died for, what many of you in this room have
7 fought for, and what young Americans are fighting for at this
8 very moment.

9 What are these manifestations of despair, these
10 tangible proofs of a people not keeping faith with yesterday,
11 relegating the sacrifices of the past to history's junk heap?
12 Certainly no fair man could classify the burning of one's draft
13 card, or urging that the act be done, with faith in or hope for
14 one's country. Yet, we have witnessed this act time and time
15 again, we have seen it applauded, and we have seen those who
16 opposed it branded as bigots, or worse. Learned men assured us
17 that the act was a certmony of self-expression, youth expressing
18 itself, even having a good time. All, we were patiently told,
19 the privileges of youth. Our Government was caught in the same
20 dilemma as the most humble citizen and for months our Government
21 could not react except to note this phenomena and timidly shake
22 its head. We, who feared no nation on earth, seemingly stood
23 afraid before anarchy within our own borders.

24 Perhaps we can excuse Government for its inaction for,
25 indeed, the act itself was a new one in our midst. The residues

1 of the McCarthy era had left behind an atmosphere wherein men
2 and Government checked themselves before using words like
3 "disloyalty" or "treason".

4 Then came the flag burners, the tearing apart or
5 setting afire of this Nation's Flag and some of us, who could
6 expect the cynical title of sentimentalists, remembered a hill
7 on Iwo Jima and a handful of Marines went through hell itself
8 to place Old Glory on that hill. If that memory, or one even
9 more personal perhaps experienced by one's own self in combat,
10 moved us to protest desecration of our flag, again we were fed
11 the soothing tranquilizer "just youth". Society seemed more
12 bent on offering wrongdoers an "out" than on punishing those
13 who broke the law. We rationalized for everyone and guilt
14 became the exclusive property of psychiatrist. Rationale became
15 the order of the day for everyone and for everything.

16 Congress has finally passed legislation against the
17 desecration of our flag; but I cannot be somewhat less than
18 enthused when I remember that this legislation, this legisla-
19 tion which makes it a crime to desecrate our flag, must still
20 stand the test before our own, our own, our own, United States
21 Supreme Court. Let us simply hope we shall see, let us simply
22 say we shall see and we shall hope and we shall pray that this
23 Nation's own courts will not hold unconstitutional an act making
24 it a crime to desecrate our own Nation's flag.

25 Draft card burning, desecrating our flag, were not

1 the end of this funeral procession of faith.

2 Next came the protest marches against our military
3 involvement in Southeast Asia and though Americans were dying
4 there and are dying there right now, and though three Presidents
5 of the United States, one Republican, and two Democrats, with
6 the consent of the United States Senate, had committed our
7 presence there, we were quickly told that the right to dis-
8 sent, to be against the policy of our Nation, was a basic
9 American right. And we were witnesses to the incredible
10 sight of our Nation's leaders sneaking, like children in a
11 game, into our great cities, to escape the abuse and vitupera-
12 tion heaped upon them by these same citizens who, we were told
13 were dissenting in the American way. Democracy, democracy in
14 this great Nation of ours had become the victim of her own
15 benefactors.

16 No one dared to mention the philosophy of an earlier
17 generation. It was dismissed as too simplistic, or worse too
18 patriotic.

19 I submit that it is exactly right and of course, you
20 and I know what it is, my country, right or wrong, if wrong
21 to make right.

22 Next came perhaps the saddest thing of all: Men
23 refusing to fight for their country. If that wasn't bad
24 enough, these cowards were looked upon by some as heroes,
25 possessors of some as yet unnamed, undefined philosophy that

1 made the act of cowardice the act of heroism. And we were
2 treated to this spectacle of seeing these creatures admired,
3 even put on a pedestal, but I submit a pedestal of absolute
4 shame.

5 Nor had this sickness that coursed through the veins
6 of this Nation reached its peak. Still to come was violence
7 in our streets and the unbelievable spectacle of firemen and
8 policement doing their duty being shot down while great dia-
9 logues were being carried on between state capitols and this
10 very city.

11 I believe it imperative to here state that these acts
12 were not limited to any race, any creed or color. Those who
13 claim otherwise are themselves the victims of blind prejudice
14 which is as foreign to democracy as the violence which they
15 condemn. Let me also note that our Negro fighting men are
16 performing in combat at this very moment alongside their
17 white comrades in arms with heroism that reflects great credit
18 upon them and upon this Nation which has not always been so
19 deserving of that devotion and display of courage.

20 Now, exactly where has our despair led us? What
21 exactly have we in refusal to fight for our country, in carry-
22 ing the flag of the enemy in parades, even sending and giving
23 moral and financial aid to those who are killing young
24 Americans?

25 I could probably come up with a fancy name, or answer

1 big words, technical terminology, but that doesn't mean a thing.

2 But I have too much respect for my country, and
3 too much love for it, and too much respect for you and far
4 too many memories of those friends I left behind on half for-
5 gotten islands in the broad Pacific Ocean. And so I shall call
6 those acts what they are: Disloyalty, which is a polite
7 way of saying treason to these United States of America.

8 (Applause.) But I say to you who love this Nation, as I do,
9 and who like myself am lucky to be here today, it is a time
10 not for soul searching and not for pondering that which we
11 pondered and not for assuming still more guilt which others
12 tell us to assume, not for despair which is the final resting
13 place of dead civilizations an- useless beings, it is time
14 to be an American in the full and true sense of that word.

15 And it is past time that we demand that of all other
16 free citizens of these United States of America.

17 I do not believe that it is asking too much of any
18 man who enjoys to the fullest the legal and legitimate bless-
19 ings which living in a democracy brings to him, not demanding
20 too much that he do this and thus, the strong must not bend
21 to the will of the weak; the brave must not look to the cowards,
22 the loyal must not look to the disloyal.

23 Let us know them, let us recognize them, and when
24 they break the law, let us punish them.

25 For democracy cannot be diffused by the maladjusted,

1 torn assunder by the mad, nor injured by those who would
2 willfully do it injury.

3 This is much too precious a possession to lose. Too
4 much blood was spilled to establish it and too much blood has
5 been spilled to hold it together and too much blood has been
6 spilled to protect it.

7 As this great Nation was handed to us by other
8 generations, so do we bear the sacred responsibility of hand-
9 ing it to future generations. This is a noble venture. May
10 it never be said of us or written of us that the weaknesses of
11 a few wrecked the strength of many, and eventually the hope of
12 all mankind.

13 Thank you very much.

14 (Applause.)

15 CHAIRMAN DONNELL: Thank you very much, Governor.

16 Our next speaker, who will speak informally to us
17 and off the record, is the Honorable Eugene V. Rostow, the
18 Under Secretary of State for Political Affairs.

19 Mr. Rostow was born in New York City and, of course,
20 is well known and highly regarded in academic and political
21 circles. He received his law degree from Yale, and prior to
22 that time entered into graduate study at Kings College, Cam-
23 bridge University. He was a professor of law at the Yale Uni-
24 versity Law School from 1938 to 1944 and served as Dean of the
25 Law School from 1955 to '65.

1 He has authored several books. Mr. Rostow has been
2 an advisor of the United States Department of State for some
3 years prior to his appointment in 1966 as the Under Secretary
4 for Political Affairs.

5 Following his remarks, he would like to have you ask
6 him any questions you may have on the general subject he is
7 covering.

8 I am pleased to introduce the Honorable Eugene V.
9 Rostow.

10 (Applause.)

11 STATEMENT OF THE HONORABLE EUGENE V. ROSTOW,
12 UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS

13 (Discussion off the record.)

14 (Applause.)

15 CHAIRMAN DONNELL: We are happy to have Admiral
16 Martin with us again. He is, you know, Commander of the
17 Defense Fuel Supply Center.

18 STATEMENT OF REAR ADMIRAL FOWLER W. MARTIN,
19 COMMANDER, DEFENSE FUEL SUPPLY CENTER.

20 MR. MARTIN: Mr. Chairman, gentlemen, I don't know
21 if there is any particular significance in the fact that the
22 last two meetings of this Council seemed to have coincided
23 with international crises. I suppose you wonder if I have
24 anything to add to the Pueblo incident, and I don't, except I
25 think I can say with assurance that it wasn't caused by the

1 ship running out of fuel.

2 When I last spoke to you we were just emerging from
3 the Middle East crisis. Aside from the continued closure of
4 the Suez, that emergency is now past in so far as our supply
5 of oil is concerned. The fact that it was met with no interrup-
6 tion to military POL supplies is due in large part to the full
7 cooperation of the oil industry. To have such cooperation ex-
8 tended when emergency adjustments also are required in ac-
9 companying supply systems, justifiably merits our sincere thanks.

10 In the early stages of the emergency we entered into
11 contingency contracts with a number of oil companies calling
12 for emergency deliveries of some six and a half million barrels
13 of product per month. We didn't actually have to activate these
14 contracts. They were instead retained as an insurance policy
15 against possible future contingencies.

16 As a result of a review of our emergency plans we
17 have since decided not to renew the contracts. Our experience
18 has convinced us that in the event of a future denial situation
19 we can ship to U. S.-Caribbean sources with a minimum impact of
20 military operations. Of course, this would require full indus-
21 try support and I know if the need should arise again we can
22 count on you.

23 Turning to a more current problem, it will come as no
24 surprise to hear that military requirements, primarily offshore,
25 are continuing to grow, although no longer at the rate

1 experienced during fiscal year 1967. That year requirements
2 jumped 45 million barrels, or some 11 percent, due primarily
3 to sharply increased shipments to Southeast Asia. Total mili-
4 tary requirements for fiscal year 1968 are some 6.4 million
5 barrels higher than last year, and in fiscal year '69 require-
6 ments are expected to climb at least another 4 million barrels.

7 Looking at performance by individual products quickly
8 shows the bulk of this growth is accounted for by J. P. Ford
9 jet fuel. For this product the growth in requirements for
10 this year and next will be in the order of 4 to 5 million bar-
11 rels a year. These growing military requirements, coupled
12 with dislocations and civilian oil markets due to the closure
13 of the Suez have made it difficult for us in DFSC at times to
14 obtain full coverage of certain of our worldwide procurements.
15 This has been particularly true of J. P. Ford. I, therefore,
16 appreciate your assistance in making additional product avail-
17 able to us.

18 Also, you find us receptive at all times to any sug-
19 gestions you have concerning our operations or procedures that
20 might result in an increase offer of product.

21 Another matter of current interest which concerns
22 the DOD decision made last November to lift itself and posed
23 restriction on imports. That decision was based primarily on
24 budgetary considerations. DOD felt that it could no longer pay
25 the high percentage differential required to procure domestic

1 product in order to continue the balance of savings -- the bal-
2 ance of payment savings involved. We are at present incorporat-
3 ing the changes in our procurements and distribution programs
4 required by that decision. We anticipate that the use of the
5 quota will be limited for a time as domestic requirements are
6 already largely covered through June. No action will be taken
7 to import a product that would jeopardize the integrity of
8 contracts already awarded to domestic suppliers.

9 Thereafter it is planned to use the quota so as to
10 achieve maximum budgetary savings to the Government. I must
11 hasten to add, however, that these plans could change at any
12 moment, as the balance of payments goals for fiscal year 1969,
13 starting 1 July, become more fixed, and I am sure that you are
14 all aware that between the time that the decision was made in
15 November to use the import quota, and as of now, the balance
16 of payments problem has become significantly more difficult.

17 In conclusion I would like to say a few words about
18 a domestic problem which we share with you in the industry;
19 namely, pollution controls. We have received our sailing orders
20 in this regard from the President and Secretary McNamara.
21 These orders say loud and clear, "Get with it." In buying over
22 23 million barrels of heating oils a year for roughly a thousand
23 installations in the United States we are, of course, one of
24 your largest customers. We realize that actions we take af-
25 fect you to a considerable degree. Let me mention briefly,

1 therefore, some of the ways that we are grappling with the
2 program. Our most immediate concern are requirements for DOD
3 installations in the cities of New York, Philadelphia, and
4 Chicago, and in his Executive Order the President required
5 Federal agencies to provide leadership in air pollution matters.
6 Since several large users in these cities have indicated they
7 are switching to burner oils of a 1 per cent fuel content, the
8 Department of Defense decided we certainly would not be leading
9 if we did not also switch to this percentage for the coming
10 heating season. We therefore tailored our buys to reflect
11 this policy. In addition to this three-city area, DOD has also
12 responded to an over-all health, education and welfare require-
13 ment to burn the lowest sulphur content fuel that is reasonably
14 available. Maximum sulphur limits have, therefore, been estab-
15 lished, aimed at eliminating from our current buys the 25
16 percent of fuel oil having the highest sulphur content, in our
17 last buy.

18 For the future we face the problem of meeting the
19 Nation's standards set by HEW for Federal facilities located
20 in the New York, Philadelphia and Chicago areas, and due to
21 come into effect on 1 October 1968.

22 We are also participating in the development of the
23 so-called phased and orderly air pollution abatement plan for
24 DOD. This plan, which covers 313 military installations in
25 the United States, proposes a five-year program for correcting

1 or abating air pollution problems that now exist. This is
2 where we stand on pollution at the moment.

3 Many decisions of interest to you as well as to us
4 have yet to be made. We don't know where all of these will
5 lead us. I do know, however, from experience that many diffi-
6 problems will be encountered, which will require your full co-
7 operation.

8 I just have one other comment I would like to make in
9 closing about myself, individually. Some of you may have
10 noticed that I was recently elected as the President of the
11 Navy Federal Credit Union. This doesn't mean that I am abandon-
12 ing my interest in the oil industry, but I note that the
13 future of careers for some people in the Department of Defense
14 seems to be in the area of banking, and I wanted to get a head
15 start.

16 (Applause.)

17 CHAIRMAN DONNELL: I would like to introduce next
18 the Honorable J. Cordell Moore, Assistant Secretary of the
19 Interior.

20 (Applause.)

21 STATEMENT OF HONORABLE J. CORDELL MOORE, ASSISTANT
22 SECRETARY OF THE INTERIOR FOR MINERAL RESOURCES

23 MR. MOORE: Mr. Chairman, gentlemen, we have had some
24 very interesting speeches today. I would like for the record
25 to reflect my appreciation to Governor McKeithen and Mr. Rostow

1 and to Under Secretary Black. I am sorry they are not here
2 so that they can hear our remarks.

3 This time of the year is usually reserved for a re-
4 view of the happenings of the year gone by and a thoughtful
5 look at the months coming up. Any review of 1967, of course,
6 must be built around the events subsequent to the outbreak of
7 hostilities in the Middle East, the cut-off of Arab oil, the
8 closure of the Suez Canal and the pipelines, followed by the
9 magnificent effort put forward by your industry on the domestic
10 and international fronts, to make certain that consumers at
11 home and abroad would be assured of minimum disruption in oil
12 supply.

13 This effort was so successful, I might add, that
14 the consumer in Europe and in the United States, where the
15 potential impact of these events was the greatest, was hardly
16 aware that the oil supply had been interrupted or in jeopardy.

17 While industry and Government were coping with the
18 oil emergency, those- closely associated with the problem were
19 also taking the opportunity to look ahead and to draw some ob-
20 vious conclusions regarding how to go about reducing the impact
21 of any such future disruptions in oil supply.

22 One obvious conclusion has manifested itself quite
23 clearly: since the closure of the Suez more than 50 tankers rang-
24 ing from 150,000 to 240,000 deadweight tons have been ordered
25 from European and Japanese shipbuilders, although I should point

1 out that construction of these massive tankers was well under
2 way before the Arab-Israeli war, which only served to give
3 fresh impetus to new orders.

4 The beginnings of the second obvious conclusion --
5 the need for greater geographic and political diversification
6 of supply -- was also with us before the June war, and this in
7 part was present in the increasing trend toward exploration in
8 offshore areas, which many quite rightly regard as among
9 petroleum's brightest frontiers.

10 I would like to spend a few minutes this morning,
11 then, discussing offshore oil with you, in the context of the
12 larger question of the future of the natural resources under
13 the sea, in the sea-bed and on the ocean floor.

14 If I were asked to characterize the year 1967, in
15 connotation other than the Middle East crisis, I would have to
16 say that it had been an "offshore" year. We saw rigs operat-
17 ing in virtually every major body of water in the world, from
18 the North Sea to off the shores of Australia, from offshore
19 West Africa to Alaska's Cook Inlet, to name only a few.

20 Today there are about 75 countries involved in the
21 search for offshore oil, and production of offshore oil and
22 gas is under way or about to begin in 24 countries. Just ten
23 years ago, you could count the number of countries undertaking
24 offshore exploration on the fingers of one hand. To give you
25 an idea of the potential of offshore oil, and the current

1 realization of this potential, about 20 percent, or about 70
2 billion barrels, of the world's total known resources are off-
3 shore; others who look into their crystal ball claim they see
4 at least 700 billion barrels of offshore oil awaiting eventual
5 discovery. Current production in these areas in the Free
6 World is on the order of 5 million barrels daily or roughly 16
7 percent of total daily output.

8 The production of gas offshore, currently about 6
9 percent of the world total, is less significant but gaining
10 momentum, as evidenced last July, when the first North Sea gas
11 flowed onshore in Britain.

12 Offshore production in the Communist world is minimal,
13 about 250,000 barrels daily, and all of it comes from the
14 Caspian Sea. But with the recent Soviet purchase of a floating
15 drilling platform from Holland, capable of drilling in waters
16 up to 200 feet deep, we expect their offshore capability to
17 substantially increase in the coming years.

18 It has been predicted that, over the course of the
19 next ten years, the oil industry will invest more than \$25
20 billion in offshore exploration, in 100 different countries.
21 This compares with an annual investment today of some \$1 bil-
22 lion. If to this were added the expenditures for offshore
23 leases and production facilities, annual outlays could well
24 double. Another \$1 billion is tied up in offshore drilling
25 equipment at work around the world. Just 11 years ago the count

1 of offshore mobile rigs was only 25; last year it reached 150.
2 And we can look forward to probably comparable growth in the
3 rig fleet in the years ahead, for the exploration effort to date
4 represents only a glance at what the Continental Shelves hold
5 in store for us. It is thought that the Continental Shelves
6 cover some 3 or 4 million square miles and already many off-
7 shore target areas in the Red Sea, in the North Sea, and in the
8 South Atlantic take precedence over the adjoining land.

9 The interest of the petroleum industry in the sea
10 is shared on an increasing scale by others. You are all aware
11 of the recovery of sulfur from the sea and I would add that
12 offshore tin is assuming growing importance. The recovery of
13 diamonds off the coast of Southwest Africa is technologically
14 well established. Moreover, discoveries of vast quantities of
15 manganese, cobalt and nickel offer exciting prospects for the
16 future of deep sea mining. To this must be added the interests
17 of the commercial fishing industry, defense, and recreation,
18 not to mention those who have a deep concern regarding the
19 aquatic life of all of the oceans.

20 The major extensive mineral exploitation of the seas
21 being conducted at this time is offshore oil drilling. Although
22 there has been a long history of offshore oil drilling and
23 production, it has only been in recent years that rapid, mean-
24 ingful advances in techniques and technology have been made.
25 Yet the deepest water in which we have a producing well at the
present time is only 285 feet, and where hard minerals are

1 concerned, we have not even begun any significant mining from
2 the seabed at comparable depths. Current technology has limited
3 production thus far to depths of about 150 feet. Thus, we
4 are only beginning to realize the extent of the wealth of the
5 seven seas.

6 And although the seas, some term it the deep seas,
7 hold forth great promise, they still remain a true frontier,
8 for we do not yet know what means will be needed to tap that
9 wealth most efficiently and we know very little about how the
10 ocean's resources are distributed throughout the world.

11 But one thing we do know, and that is that as the
12 search for oil and hard minerals progresses into deeper waters,
13 it gives rise to political, legal, and economic implications
14 of far-reaching, international import, as well as to very im-
15 portant security considerations.

16 Guidelines are quite limited; indeed, the major
17 existing guideline, apart from territorial waters, is that con-
18 tained in the 1958 Geneva Convention on the Continental Shelf
19 which provides for the exercise of sovereign rights over ad-
20 jacent ocean floor to areas to a depth of 200 meters and beyond
21 to the limit of exploitability. In other words, the outer
22 limit of a nation's capability to explore and drill offshore.

23 Until now this definition has worked well, and it may
24 continue to work well for some time to come if our offshore
25 capability is slow to advance from its present state. It might

1 be safe to presume for the foreseeable future that any explora-
2 tion of marine resources will take place on what would be
3 generally regarded as Continental Shelf, which would permit
4 us to postpone indefinitely any decision on the rules for the
5 areas beyond the shelves.

6 But I feel that the offshore industry has only begun
7 to express its technological capability, that the effort to
8 meet the challenge of this nation's growing energy requirements
9 will bring forth advances of which we only dream today, and
10 that these advances may not be too far away.

11 It is already feasible to drill beyond the Continental
12 Shelves, in water deeper than 600 feet. Indeed, with recent
13 technological advances, it is possible to drill in water up
14 to 5,000 feet deep. The Department of the Interior, on the
15 basis of the exploitability test, has already granted geologic
16 reconnaissance permits for areas at depths exceeding 5,000
17 feet. It has granted oil and gas leases for areas at depths of
18 up to 1,500 feet and has granted phosphate leases even beyond
19 that. More important, the Department has indicated an intent
20 to assume jurisdiction over the ocean bottoms as far as 100
21 miles off the Southern California Coast in water depths as
22 great as 6,000 feet.

23 While we assess our own capability to exploit the
24 sea, we must be aware that we are just one nation in an inter-
25 national community of 120 or more. These issues at hand have

1 a great potential for political and emotional appeal, particu-
2 larly among the developing nations who may view the treasures
3 of the sea as the ultimate answer to their economic problems.
4 For while just a few nations have the capability to carry out
5 oceanographic research and development, many nations have sub-
6 stantial coastlines and it is unlikely that these nations
7 would assent to any proposals which would preempt what they
8 consider to be their own interests.

9 Continued development of offshore technology brings
10 forward more and more questions as to the effect on deep ocean
11 mineral exploitation of that formulation provided by the Con-
12 vention on the Continental Shelf. There are those who believe
13 that in the very near future the capability to occupy and
14 appropriate all the deep ocean mineral areas will rest in the
15 hands of a few ocean powers. This has been followed by mount-
16 ing pressure to make decisions about rights in and uses of the
17 lands beneath the sea, and to make these decisions soon.

18 The attitude of your government toward the develop-
19 ment of mineral resources of the deep ocean floor was well ex-
20 pressed by President Johnson in July, 1966, when he said, and
21 I quote: "Under no circumstances, we believe, must we ever
22 allow the prospects of rich harvest and mineral wealth to cre-
23 ate a new form of colonial competition among the maritime
24 nations. We must be careful to avoid a race to grab and hold
25 the lands under the high seas. We must ensure that the deep

1 seas and the ocean bottoms are, and remain, the legacy of all
2 human beings." End of quote. This means, above all, that the
3 deep ocean floor should not be the stage for competing claims
4 of national sovereignty.

5 But it was not until the placing of the Malta proposal
6 before the General Assembly of the United Nations last year that
7 the issue of exploitation of minerals under the deep seas
8 became so explosive. The Malta proposal envisaged that an
9 international agency should be granted exclusive rights in
10 the submarine areas involved and it was suggested that a treaty
11 should be drawn up which, among other things, would set aside
12 the seabed and the ocean floor exclusively for peaceful pur-
13 poses and that the net financial benefits derived from the
14 utilization of the natural resources of the areas in question
15 should be used primarily for the betterment of the developing
16 countries.

17 Subsequent discussion of this proposal has brought
18 to light a multitude of problems and difficulties, to which
19 the answers are not easily found. This discussion, and you can
20 be assured that there have been some forceful expressions of
21 opinion, has served one major function, if nothing more -- it
22 has made clear to many that so little is known of the deep
23 sea. With this lack of knowledge as a background, a display
24 of caution is clearly in order lest we move too far or too
25 quickly. Too much is at stake to allow imprudent and hurried

1 decision.

2 Oceans have always been an integral part of our life.
3 We have used them as a means of communication, as a source of
4 food, and they have at times been essential to our security.
5 Now that their importance is taking on an even greater role, we
6 should become more cautious, not less, about arriving at con-
7 clusions based on concepts which in turn reflect little more
8 than preconceived notions. The opportunity that our developing
9 technology now promises, to use or abuse the seas and the sea-
10 bed as man has used and abused the land, may affect our atti-
11 tude toward the sea in ways that cannot be predicted. We must
12 make every effort to determine that the riches of the sea do
13 not become the subject of colonial competition, as the Presi-
14 dent has warned. We must make every effort to pass this heri-
15 tage of ours unspoiled and untrammled to the next generation,
16 and to others following.

17 Later on in the program you will hear more about
18 this subject from the Chairman.

19 I think I can close by saying, with your permission,
20 that most of all we must strive to keep our heads above those
21 waters.

22 Gentlemen, I am delighted to see you here and I
23 regret that I am going to have to leave, but I appreciate your
24 all being here again and I appreciate your attention, and
25 Admiral, too, will thank you for the report which I understand

1 will be presented today.

2 Thank you all.

3 (Applause.)

4 CHAIRMAN DONNELL: Mr. Hamon, the Chairman of the
5 Agenda Committee, will make his report.

6 AGENDA COMMITTEE REPORT BY JAKE L. HAMON

7 MR. HAMON: Gentlemen, under date of January 24th,
8 the Honorable J. Cordell Moore addressed a letter to Mr. J. C.
9 Donnell requesting the Council to undertake a study concerning
10 the development of petroleum resources from the ocean floor.

11 In requesting this study Assistant Secretary Moore
12 stated that the offshore areas were among petroleum's bright-
13 est frontiers and in the next decade we should see unprecedented
14 activity in this direction. He points out that as the search
15 progresses into deeper waters, it gives rise to political,
16 legal and economic implications of international import. There-
17 fore, in order to assist the Department of the Interior and
18 other Government agencies in formulating their posture toward
19 development of petroleum resources of the ocean floor, the
20 Petroleum Council is requested to prepared a study which should
21 consider "(a) whether the definition of the Continental Shelf
22 is in keeping with technological advancements in offshore
23 capability, (b) what type of regime would best assure the order-
24 ly development of the petroleum resources of the ocean floor
25 and the time frame within which it might be implemented, (c)

1 what type of regime is best designed to assure conservation
2 of the resources and protection of the environment, and (d)
3 any other points or comments deemed appropriate." Copy of this
4 request letter is attached.

5 As provided in the Articles of Organization of the
6 Council, this letter was considered at the above-mentioned meet-
7 ing of the Agenda Committee, at which meeting it was unanimously
8 agreed to recommend to the Council the appointment of the ap-
9 propriate committee to make the study as requested by Assistant
10 Secretary Moore.

11 By our Agenda Committee yesterday afternoon, it was
12 the unanimous feeling that this study should be undertaken. We
13 felt it was of tremendous importance and we could be of help
14 to the Government in resolving some of these knotty problems.

15 Therefore, Mr. Chairman, I move that we undertake
16 such a study.

17 CHAIRMAN DONNELL: Is there a second to the motion?

18 A MEMBER: I second.

19 CHAIRMAN DONNELL: You have heard the motion. Are
20 there any comments or discussion?

21 (No response.)

22 CHAIRMAN DONNELL: If not, as many as favor it will
23 please say "Aye".

24 (Chorus of "Aye".)

25 CHAIRMAN DONNELL: Opposed, "No."

1 (No response.)

2 CHAIRMAN DONNELL: Thank you, Mr. Hamon.

3 We now come to the part of the agenda which is really
4 the business of the Council, and that is the report of the
5 committees which have been studying the various matters re-
6 ferred to us by the Secretary.

7 The first is that of the Committee on Oil and Gas
8 Transportation Facilities, John Swearingen, Chairman.

9 REPORT OF THE COMMITTEE ON OIL AND GAS

10 TRANSPORTATION FACILITIES BY JOHN E. SWEARINGEN

11 MR. SWEARINGEN: Mr. Chairman, and gentlemen, ^{insert} A year
12 ago the Committee on Oil and Gas Transportation Facilities and
13 its five subcommittees were established and began their task.
14 It was our job to make a thorough study to determine current
15 petroleum and gas transportation capacities including natural
16 gas transmission lines, crude oil and petroleum products pipe-
17 lines, crude oil gathering lines in major surplus production
18 areas, inland waterway barges, tank cars, and tank trucks.

19 The Committee and its subgroups completed their
20 assignment in nine months, and on September 21 last, Mr. Donnell
21 transmitted to you, for your comments and approval, the proposed
22 final report. The approvals were received from you by October
23 9 and the final report was issued in mid-October. All of you
24 received copies of it at that time.

25 I would like to say a word about the content of the

1 study. In 1962 a comprehensive report on oil and gas trans-
2 portation facilities and capacities, as of the end of the
3 previous year, was issued by the Council. The current study
4 contains an even more comprehensive review of transportation
5 facilities and updates the data included in the previous NPC
6 report.

7 Since December 31, 1961, both the number of units and
8 capacities of rail tank cars, petroleum barges, and tank trucks
9 have increased considerably. Also, extensive additions and
10 new construction of oil and gas pipelines have occurred.

11 In connection with the study of pipelines, additional
12 data were prepared to update the 1962 study by assembling,
13 cataloging, mapping, and indexing detailed information on
14 individual pipeline systems and their pumping stations and
15 river crossings.

16 Master sets of maps containing this information have
17 been compiled and will be kept in the custody of the Office of
18 Oil and Gas, Department of the Interior, for its use in emergency
19 planning and defense mobilization studies, as well as Emergency
20 Petroleum and Gas Administration test exercises. Detailed data,
21 in machine sensible form, are now being turned over to the
22 Office of Oil and Gas, as well as the National Resources
23 Analysis Center, for storage on computers.

24 Among other things the report discusses gathering
25 and trunk line bottlenecks and the movement of crude oil from

1 Gulf Coast producing areas to meet unusual requirements occa-
2 sioned by the reduction in crude oil supply from the Middle
3 East and Africa that commenced early in June, 1967. It also
4 discusses the importance of retaining emergency planning for
5 the oil industry, including pipelines, in one Federal agency.

6 This over-all effort has represented a considerable
7 task. I wish to express my appreciation to you members and the
8 people in your respective organization for cooperating with
9 us, both by supplying the information and making available to
10 us top calibre executives and technicians to staff our sub-
11 committees.

12 To Winston S. Peeler, who served as my assistant in
13 this work, and to each of the following five subcommittee
14 Chairmen, as well as individual members of their groups, the
15 Committee extends its sincere thanks for the extensive time
16 and effort devoted to these assignments, and for the quality
17 of content in each separate report:

18 The heads of the subcommittees are:

19 Mr. J. H. Pittinger, who headed our subgroup on
20 Petroleum Pipeline Transportation Facilities;

21 Mr. S. Orlofsky, Gas Pipeline Transportation;

22 Mr. George Peterkin, Jr., Inland Waterways Transpor-
23 tation;

24 Mr. C. H. Wager, Tank Car Transportation; and

25 Mr. S. F. Niness, Tank Truck Transportation.]

1 Mr. Chairman, I move the acceptance of the final
2 report and request that the Committee on Oil and Gas Trans-
3 portation Facilities be discharged.

4 CHAIRMAN DONNELL: As many as favor the motion will
5 please say "Aye".

6 (Chorus of "Aye".)

7 CHAIRMAN DONNELL: I am sure the Council is very
8 grateful to you, Mr. Swearingen, and your associates, for
9 this fine study.

10 MR. SWEARINGEN: Thank you.

11 (Applause.)

12 CHAIRMAN DONNELL: The next report is that of the
13 Committee on Effects of New Technology on the Petroleum In-
14 dustry. Unfortunately the Chairman of that Committee, Mr.
15 McCurdy, is unable to be here today and his report will be
16 given by Mr. Hamon.

17 REPORT OF COMMITTEE ON EFFECTS OF NEW

18 TECHNOLOGY ON THE PETROLEUM INDUSTRY ON

19 BEHALF OF RICHARD C. MC CURDY BY JOHN P. HAMON

20 MR. HAMON: Mr. Chairman and members of the Committe
21 and distinguished guests, [at the last meeting of the Council ^{instead}
22 in July, Mr. Richard C. McCurdy presented to you for your
23 consideration and approval a report covering the first part of
24 the committee's assignment. This committee, as Mr. Donnell
25 has pointed out, is Effects of New Technology on the Petroleum

1 Industry.

2 At that time you approved the report for publication,
3 subject to any comments or suggestions received from members
4 of the Council during the next 30 days following the meeting.
5 We wish to report today that all appropriate comments have been
6 incorporated and the polished ~~--I hope it is polished--~~ manu-
7 script was put into the publishing mechanics in September.
8 While it took a few months to produce, the experts tell us it
9 was achieved in record time for a book of this size.

10 The volume, "IMPACT OF NEW TECHNOLOGY ON THE U. S.
11 PETROLEUM INDUSTRY, 1946 - 1965," was released January 15. Many
12 of you have already seen a copy of this impressive study. In
13 the event you have not, copies are here in both hard back and
14 paper binding for your perusal. ~~They will be available up~~
15 ~~here.~~

16 The authors of this publication were chosen from the
17 top experts in their respective fields in our industry and, con-
18 sequently, the book is written in technical language. Never-
19 theless, I believe a large part of the book is understandable
20 to non-technical people who have a general knowledge of produc-
21 ing and refining operations. I am sure that a broad spectrum of
22 your employees will find this book both valuable and interest-
23 ing and urge that you make it available to them.

24 Gentlemen, ~~this is part of our sales pitch, but we~~
25 ~~are not relying entirely upon you.~~

1 In addition to the normal publication distribution
2 program of the Council, it is working in close cooperation with
3 the Society of Petroleum Engineers in Dallas to obtain a wide-
4 spread distribution of this volume among technical people. This
5 program is proceeding most successfully.

6 Now, the second portion of the assignment to the
7 committee is to produce a brochure reporting the results of two
8 decades of proud and impressive achievements described in this
9 volume in brief, understandable, colorfully illustrated and
10 interesting story for the general public. We are now searching
11 for technical and journalistic talent to accomplish this task
12 and hope to report considerable progress by the time of the
13 next Council meeting.

14 I am sorry that Mr. McCurdy could not be here today
15 because of a board meeting of his company; however, this gives
16 us the opportunity to point out that he has closely followed
17 this endeavor and given it much personal attention since its
18 inception, and I am sure that you will agree that he has done
19 an excellent job. In addition, of course, the Vice Chairmen
20 of the parent Committee have assisted greatly.

21 Particular appreciation should be expressed to the
22 Chairmen of the two Subcommittees ^{of} Mr. McCollough and Mr. Spahr,
23 under whose auspices this book was compiled. These are Mr.
24 Donald G. Stevens, Vice President of Standard Oil Company of
25 Ohio, who chaired the Subcommittee for REFINING TECHNOLOGY, and

1 Mr. Lloyd E. Elkins, Production Research Director of Pan American
2 Petroleum Corporation, who chaired the Subcommittee for
3 PRODUCTION TECHNOLOGY. While I didn't work closely with Mr.
4 Stevens, I am certain he did a fine job; I happened to work
5 quite closely with Mr. Elkins and I think he did an outstanding
6 job in organizing and ramrodding this report.

7 We should also give particular recognition to the
8 Council's capable Secretary-Treasurer, Mr. Vincent Brown, who
9 played a major part in guiding, coordinating, and editing the
10 report.]

11 Thank you, gentlemen.

12 (Applause.)

13 CHAIRMAN DONNELL: It is not necessary for us to
14 approve this report, as we did so at our last meeting. I would
15 like to add my comment to that of Mr. Hamon, that this is a
16 book which should have reasonably wide circulation among the
17 technical personnel of our industry, and also the Council has
18 a substantial sum invested in the volumes that have been print-
19 ed, so that I hope that you all will take a good look at how
20 many you should purchase for the members of your organization.

21 The next report is that of the Committee on the
22 Petroleum and Gas Industries Manpower Requirements, Mr. Stanley
23 Learned, Chairman.

24

25

1 REPORT OF COMMITTEE ON PETROLEUM AND GAS
2 INDUSTRIES MANPOWER REQUIREMENTS BY MR.

3 STANLEY LEARNED.

4 MR. LEARNED: Mr. Chairman, gentlemen, ^{insert} [this is merely
5 a progress report of this committee, for there is a lot of
6 work to be done.

7 I am going to call briefly, at the close of my short
8 remarks, ^{for} from a report from our Chairman of the Technical Sub-
9 committee so that you may have a broader view of the work that
10 they are doing in this connection.

11 That committee is headed on the industry side by
12 Mr. Frank ^{yersol} Pearsall, who is manager of the Department on Organ-
13 ization for the Standard Oil of California.

14 Now, the current Manpower Requirements study is
15 quite expanded from our previous, similar efforts. Data
16 sources are limited and there are going to have to be some
17 questionnaires sent to a number of the companies, and we need
18 your assistance in order to get this report out. We believe
19 if we can get quick replies to the questionnaires that we will
20 definitely have the report completed this summer, and we hope
21 that we can do it in time for the next meeting of the Council.]

22 At this time I would like to call on Mr. Frank
23 Pearsall, Chairman of our Technical Subcommittee.

24 (Applause.)

25 MR. PEARSALL: Thank you, Mr. Learned. Mr. Donnell,

1 and gentlemen, my report is going to be extremely brief, and
2 I can only hope that you gentlemen will not attempt to assess
3 the effort that has gone into this chore by the brevity of
4 my report.

5 Just a bit of background, [Y]our Technical Subcommittee
6 Chairman, with the support of a very fine membership on the
7 Committee, have divided our chore up into a number of tasks,
8 and your Chairman has just completed a series of one-night
9 stands around the country, calling upon these task forces, re-
10 viewing progress problems in an attempt to get our job really
11 on the move.

12 We are making progress, but I would like to cover
13 just a bit of background on the differences.

14 Now, our 1967 assignment has very little resemblance
15 to the last similar assignment on manpower. For example, in
16 1962 the prime data source for inventorying some 700,000 man-
17 power was the 1960 Census. We are a long ways off now and we
18 are trying to find new data sources, sampling processes, with-
19 out having to go out to the membership with a questionnaire
20 this thick.

21 We have been asked to bring up to date and to fore-
22 cast into the future our mass statistics, if you like, on the
23 manpower utilized in our industry in much greater detail on,
24 for example, nonexempt skills requiring significant lead time.
25 Special emphasis has been requested on engineers and scientists

1 by activity, by professional discipline, degree, location,
2 this type of thing, and we are also charged with reporting on
3 U. S. Citizen Manpower engaged in foreign oil and gas operations
4 by activity, by professional discipline, and by broad geographic-
5 al areas of the world.

6 The only source for these data are the oil companies
7 themselves.

8 In addition, our assignment includes the gas dis-
9 tribution industry inside of the city gates.

10 Now, as to progress, this may seem like a ~~very~~ small
11 detail, but the solution to several of our problems stemmed
12 around, or revolved around, our first bringing up to date
13 descriptive material on some six or seven hundred occupations
14 in our industrial. These are official materials used by the
15 agencies in Washington. I would like to report that this was
16 ~~an extensive~~ a lot of work. It is complete.

17 Now, all tasks are progressing even though we have
18 many problems remaining. We are working with subcommittee mem-
19 bers, we are working with several governmental agencies to
20 solve them.

21 It may be of interest in the area of engineers and
22 scientists to detail breakdowns. We find that by utilizing
23 industry computer data now available that we will be able to
24 present an excellent profile with respect to engineers and
25 scientists for about 60 per cent of our industry, by activity,

1 discipline, degree, by distribution, geographically according
2 to the Office of Emergency Planning in eight regions.

3 We are not so fortunate in other areas of our work.
4 We must question—and we think there are at the moment possibly
5 some 30 companies—to obtain adequate profiles on skilled
6 craftsmen, skilled operators, and the like. We must ask the
7 oil companies to respond to questionnaires on this and also on
8 U. S. citizens in foreign activities. We must have this in-
9 formation, and hopefully expeditiously.

10 Now, as to the gas distribution part of our study,
11 I wish to give great thanks to Mr. Donnell and Mr. Learned for
12 giving us three very fine representatives from the gas indus-
13 try. Otherwise, we all would have been lost. We are making
14 great progress in this area^{and} have no real problems.

15 We will, in our report this time, give the greatest
16 attention to not only reporting on the present and future man-
17 power, but giving just as much interpretation of these mater-
18 ials as we are capable of, and I would like to say one thing
19 here: Your technical subcommittee is just finding outstanding
20 cooperation from a lot of real top-flight people in Government
21 agencies.]

22 Thank you.

23 (Applause.)

24 CHAIRMAN DONNELL: The next is the progress report
25 of the Committee on Possible Future Petroleum Provinces, Mr.

1 Otto Miller, Chairman.

2 REPORT OF COMMITTEE ON POSSIBLE FUTURE
3 PETROLEUM PROVINCES BY MR. OTTO N. MILLER.

4 MR. MILLER: Mr. Chairman, and gentlemen, ^{meeting} [Our Commit-
5 tee was formed and appointments were made just last month, so
6 in this brief period we have not been able to schedule a meet-
7 ing of our Committee members.

8 However, we have made some progress -- on which I
9 will briefly report to you this morning.

10 To begin with, the Committee will have the Honorable
11 J. Cordell Moore as co-chairman and Dean McGee as vice-chairman.
12 K. H. Crandall will act as my special assistant and Vincent M.
13 Brown will be secretary.

14 Our Committee will be assisted by an advisory com-
15 mittee comprising of between five and ten members who are par-
16 ticularly eminent in geology and exploration. The advisory
17 committee will be chairmaned by Morgan Davis, with William
18 Pecora, Chief Geologist of the U. S. Geological Survey, as co-
19 chairman. We hope this committee will be selected and ap-
20 pointed during the month of February.

21 Their first assignment will be to select members
22 for ten to twelve regional working committees, who will be
23 responsible for carrying on the study within their outlined
24 geological or geographical areas.

25 The chairmen of these regional committees will be

1 members of a coordinating subcommittee of our Committee which
2 will assure the uniform collection of data and its compilation
3 into a uniform format.

4 It is of great importance that we secure a real close
5 degree of coordination between these committees that I have
6 mentioned; that is, our Committee, the advisory committee,
7 coordinating subcommittee and the other regional committees,
8 but very close coordination of these committees and the
9 American Association of Petroleum Geologists and the Department
10 of the Interior, especially the U. S. Geological Survey.

11 To this end, the coordinating subcommittee will have
12 Mr. J. J. Simmons III, of the Department of the Interior, as co-
13 chairman; and as co-secretaries, Charles Moore, of the National
14 Petroleum Council, and Mr. A. A. Meyerhoff of the AAPG.

15 I have mentioned that Mr. Pecora, of the USGS, will
16 be co-chairman of the Executive Advisory Committee. Mr. Norman
17 C. Smith, who as you know is Executive Director of the AAPG,
18 will be co-secretary. Additionally, the President of the AAPG
19 will in all probability serve on this committee.

20 As was mentioned earlier by ^{Under} Secretary Black, the
21 AAPG conducted surveys of possible future producing provinces
22 in 1941 and in 1951. Since these surveys were published, many
23 of the provinces, as was mentioned earlier, have proven pro-
24 ductive.

25 It is hoped and contemplated that this present survey

1 will, however, be more than just an updating of these previous
2 reports and will survey the future producing potential of our
3 Nation in, you might say, considerable scope and in some depth.
4 The selection of the men to carry out this broad survey and
5 the carrying on of such a broad study and the coordination and
6 publication of its results, of course, is a very sizable task.

7 Now, in order to accomplish these broad aims, I
8 shall have to call on the assistance of many of you gentlemen,
9 and especially those that are on our Committee, in the securing
10 of adequate personnel and in the making available of pertinent
11 information which will be needed to accomplish a meaningful
12 evaluation of this assignment that has been given to us.]

13 Thank you.

14 (Applause.)

15 CHAIRMAN DONNELL: This is a most important study,
16 but I think that Mr. Miller has given us assurance of the care-
17 ful organization and planning that will result in a fine re-
18 port.

b4 19 The next report is that of the Committee on Materials
20 Requirements for Petroleum Exploration and Production, Mr.
21 Tarkington, Chairman.

22 COMMITTEE REPORT ON MATERIALS REQUIREMENTS
23 FOR PETROLEUM EXPLORATION AND PRODUCTION BY
24 MR. A. W. TARKINGTON.

25 MR. TARKINGTON: Mr. Chairman, and gentlemen: [In

1 response to a request by the Honorable J. Cordell Moore, As-
2 sistant Secretary of the Interior, the National Petroleum
3 Council on July 13, 1967, approved the formation of a Special
4 Committee to make a study on Materials Requirements for the
5 Petroleum Exploration and Production.

6 On December 7th Mr. J. C. Donnell II, appointed me
7 chairman of the committee, and at the same time appointed 16
8 other members to the committee. These members are:

9 William T. Blackburn

10 John L. Burns

11 Robert A. Buschman

12 Lee F. Osborne

13 Michael L. Haider

14 Harold M. McClure, Jr.

15 Don H. Miller

16 Ellis Mills

17 L. T. Potter

18 Arch H. Rowan

19 J. L. Sewell

20 Forrest N. Shumway

21 E. L. Steiniger

22 Paul E. Taliaferro

23 Van Thompson, and

24 Everett F. Wells.

25 The Government co-chairman is Admiral Lattu and the committee

1 secretary is Maxwell S. McKnight.

2 The assignment of this committee is to update the
3 1963 National Petroleum Council report on Essential Materials
4 Requirements for Oil and Gas Exploration, Drilling, and Pro-
5 duction. We have been asked general assumptions and engineer-
6 ing ground rules similar to those contained in the NPC's March,
7 1966 Refining Material Study be developed for use in estimating
8 requirements.

9 To carry out this assignment we have established a
10 subcommittee composed of 19 members and chaired by Mr. W. O.
11 Ham, Jr, Vice President and General Manager of North American
12 Petroleum Operations of Continental Oil Company.

13 John Ricca is the Government co-chairman and Maxwell
14 S. McKnight is secretary. The Government has approved these
15 appointments for membership on this working subcommittee and
16 letters formally appointing them to membership have been sent
17 out by Mr. Donnell.

18 Mr. Ham will be calling a meeting of the subcommittee
19 for an early session.]

20 That's my report, sir.

21 CHAIRMAN DONNELL: Thank you.

22 (Applause.)

23 CHAIRMAN DONNELL: That concludes the reports of the
24 committees. I will next call on Admiral Lattu, the Director
25 in the Office of Oil and Gas, Division of Oil and Gas,

1 Department of the Interior.

2 STATEMENT OF ONNIE P. LATTU, DIRECTOR,

3 OFFICE OF OIL AND GAS, DEPARTMENT OF THE INTERIOR

4 MR. LATTU: Thank you, Mr. Chairman. Gentlemen, on
5 behalf of Secretary Udall, Secretary Cordell, and all the
6 people in the Interior Department, I accept with pleasure and
7 a deep sense of gratitude the two fine reports that have been
8 formally presented this morning. It would be hard for me to
9 name any two other documents that have been prepared which con-
10 tain more essential information. It took a vast amount of
11 hard, detailed digging to find, assemble, and organize this
12 data into a form that is readily accessible to those in the
13 Government and industry who need it and will make use of it.
14 Both reports will be standard reference works in the litera-
15 ture of the U. S. Petroleum Industry.

16 The updating of the 1962 Transportation Report gives
17 us a concise assessment of current oil and gas transportation
18 capabilities in the United States, supported by a detailed
19 catalog of facilities available as of the end of June, 1967.
20 Since transportation is a limiting factor in domestic oil and
21 gas availability, this study is critically important to a
22 proper assessment of our capabilities to supply needed amounts
23 of petroleum in an emergency period.

24 Mr. Chairman, John Swearingen's committee, along
25 with the working subcommittees which prepared the reports on

1 each transportation phase, I want to say "Thanks for a splendid
2 job." You made a real contribution.

3 [The report on the ^{Impact} Effects of New Technology ^{meets} on the
4 United States Petroleum Industry has received so much attention
5 in the oil press and elsewhere over the last few weeks that I
6 am hardput to say anything new about it. It is a professional
7 book that will be available, and will be a valuable addition
8 to any oil company library, yet it is readily understandable
9 by the serious student of oil affairs as well. It breaks new
10 ground in its editorial layout and design.]

11 [It is extremely well written, attractively illustrat-
12 ed, and professionally printed. It is by every definition a
13 collector's item and the Council outdid itself in this par-
14 ticular item.]

15 [The information account of how technology has in-
16 fluenced the cost and availability of oil and gas in the
17 United States since 1945, Mr. Chairman, ^{Richard} Dick McCurdy, and to
18 the many, many others who helped him, including particularly
19 John ^{Hammond,} Hamon, ~~to~~ my sincere thanks and appreciation for count-
20 less hours of hard work and a truly imaginative approach, that
21 have produced such an outstanding reference work on an impor-
22 tant subject.] Well done.

23 Now, earlier this month we had another reminder of
24 how complex and interdependent our modern industrial society
25 has become and how narrow the margin is between conditions of

1 normal operation and those of an emergency.

2 On January 10th, after a week of intensely bitter
3 cold weather, the natural gas distributor in Manchester, New
4 Hampshire, ran out of propane for peak savings and drew on
5 the transmission system in excess of great quantities of
6 natural gas to be taken. This caused a drop in pressuring
7 systems with some loss of service to customers as far away as
8 Portland, Maine.

9 The industry reacted with its usual promptness and
10 competence and service was quickly restored. Luck played a
11 part too. The temperature moderated so that by the 15th normal
12 conditions again prevailed. Meanwhile there was a scramble
13 for anything that could carry propane, by highway or by rail.
14 The propane was in the area at Selkirk, New York, but it was
15 200 miles away from where it was needed. I am pleased to re-
16 port that the supply of No. 2 heating oil remained good in
17 New England and elsewhere, throughout the severe cold spells
18 during the first half of January.

19 Some dealers had unusual difficulties in making de-
20 liveries to snowbound customers, but supplies at terminals
21 were more than adequate.

22 So, we started out the new year with a vest-pocket
23 emergency that was so minor in scope that nobody outside the
24 affected area will even remember it six months from now. But
25 it is this timely kick in the complacency that all of us would

1 do well to pay attention to. The experience was an instruc-
2 tive one, and a meeting of the principal agents involved to
3 identify the lessons to be learned was held Tuesday of this
4 week.

5 Looking ahead, it is certain that there will be
6 other emergencies and other crises, large and small, and this
7 was before what happened two days ago.

8 And now, some of them will occur this year and
9 they will affect at least some of us in this room. No matter
10 how efficient our day-to-day operations are, there always
11 comes a day when the things we count on to happen just don't
12 happen, and some quite unexpected things do happen instead.
13 At that point we are left to deal with the effects of a
14 regional power failure, earthquake, tropical storm, a diplo-
15 matic crisis, or a war, and we suddenly find we have great
16 and urgent need for facts, for information, and if the prob-
17 lem is big enough we may need a standby of trained people and
18 an organized structure and a set of procedures under which
19 they can function.

20 The fact that we have the facts, the information,
21 the people, and the organization and procedures, is largely
22 due to support and the active assistance that we have received
23 from the National Petroleum Council. Over the years you
24 have provided a massive amount of information on the petroleum
25 industry and its capabilities of which the most recent item

1 is the updated study of transportation capacity and facilities.
2 There have been many others on emergency manpower requirements,
3 on refining capabilities, and requirements, on fuel converti-
4 bility, to name a few.

5 You have given the emergency petroleum and gas
6 Administration a complete set of operating guides and your
7 support has been instrumental in our being able to fill 500
8 EPGA key spots with high quality oil and gas executives. We
9 are indeed grateful for your outstanding contribution to the
10 Nation's petroleum readiness posture.

11 You will be interested to know that at the end of
12 next month we shall be conducting an exercise in Region 5
13 to test the readiness of EPGA organization and personnel in
14 that region to respond to a limited war-type of emergency.
15 This Peak Test 5 will be conducted in Denton, Texas on Febru-
16 ary 28th and 29th for approximately 50 Region 5 reservists
17 under the leadership of Carl Bennett, the Regional Administrat-
18 or. Although the site is regional, the problem will encompass
19 the national capabilities and requirements of oil and gas
20 emergency operations.

21 Following Peak Test 5 we plan a national test exer-
22 cise possibly involving nuclear attacks and aerial, and as
23 we get closer to that time, more information on this exercise
24 will be published in a pipeline news letter.

25 Again, let me thank you for your past support and

1 assistance, and request that you continue on course in the fine
 2 spirit of cooperation that has made EPGA the petroleum and gas
 3 unit of the executive reserve, the standout performers that
 4 they are in the National Emergency Readiness program.

5 Gentlemen, I also just received a piece of paper from
 6 the front office saying that President Johnson has announced a
 7 call up of some Reserves.

8 Thank you.

9 (Applause.)

10 CHAIRMAN DONNELL: I would like now to appoint a
 11 nominating committee to report at the next meeting of the
 12 Council, which will normally be scheduled in July, for officers
 13 of the Council and members of the standing committees.

14 ~~As Chairman~~ J. Ed Warren, *in*

15 W. W. Keeler,

16 John M. Kelly,

17 Harold M. McClure, Jr.,

18 J. Howard Marshall,

19 Charles H. Murphy, Jr.,

20 Ed Parkes,

21 Forrest N. Shumway,

22 Charles E. Spahr, and

23 M. A. Wright.

24 This concludes the agenda that has been prepared.

25 Is there any member of the Council who has any other item of

1 business?

2 (No response.)

3 CHAIRMAN DONNELL: I would like to thank the members
4 of the Council for their attendance today. The Secretary re-
5 ports that 68 members answered the roll call and that 12 mem-
6 bers were represented by observers.

7 As you know, the press comes in after the meeting
8 and I would like the Chairman of the two Committees which is-
9 sued vital reports, Mr. Swearingen and Mr. Hamon representing
10 Mr. McCurdy, to stand by for a few minutes.

11 Thank you very much for coming, and the meeting is
12 adjourned.

13 (Thereupon, at 12:20 p. m. the meeting was ad-
14 journed.)

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