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DEPARTMENT OF INTERIOR

In the Matter of:

MEETING OF THE NATIONAL PETROLEUM COUNCIL

Place: Washington, D.C.

Pages 1 thru 77

Date: July 15, 1969

Volume 1

HOOVER REPORTING COMPANY, INC.

Official Reporters

Washington, D. C.

546-6666

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MEETING OF THE NATIONAL PETROLEUM COUNCIL

Department of the Interior
Auditorium
18th and C Streets, NW.,
Washington, D. C.
Tuesday, July 15, 1969

The meeting was convened at 9:40 o'clock, a.m., by

Jack H. Abernathy, Chairman.

PARTICIPANTS:

JACK H. ABERNATHY, Chairman,
National Petroleum Council
c/o Big Chief Drilling Company,
Post Office Box 14837,
Oklahoma City, Oklahoma 73114

HONORABLE WALTER J. HICKEL,
Secretary of the Interior

PROFESSOR PHILLIP AREEDA, Executive Director,
Cabinet Task Force on Oil Import Control

CHARLES S. MITCHELL, Chairman, NPC Committee
on U. S. Petroleum Imports

OTTO N. MILLER, Chairman, NPC Committee
on Possible Future Petroleum Provinces of
the United States

HONORABLE HOLLIS M. DOLE,
Assistant Secretary of the Interior for
Mineral Resources

JOHN RICCA, Acting Director,
Office of Oil and Gas

REAR ADMIRAL FOWLER W. MARTIN, SC, USN
Commander Defense Fuel Supply Center

J. C. DONNELL, II,
Chairman of Nominating Committee

VINCENT M. BROWN,
Secretary-Treasurer

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PARTICIPANTS: (Continued.)

MAXWELL S. MCKNIGHT,
Assistant Secretary-Treasurer

GENE P. MORRELL, Deputy Assistant Secretary
for Mineral Resources

E. D. BROCKETT, Chairman of the Board,
Gulf Oil Corporation

RUSSELL E. TRAIN, Under Secretary

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P R O C E E D I N G S

THE CHAIRMAN: We will dispense with the usual initial opening formality. We will call the roll after the proceedings move along, at the time Mr. Brown gives his report. From the door check list we already have 65 Council members out of 106, I believe it is, and we have eight observers for members.

Thus, we have an official attendance of 73, and a quorum is therefore present.

Secretary Hickel, on behalf of the members of the National Petroleum Council, may I extend a most warm and cordial welcome to you, sir. This is your first opportunity to meet with the Council since you took office as Secretary of the Interior, and we are delighted to have you here

In that capacity, and in your additional role as the Co-Chairman of the Council, we are happy to have you with us during our organizational meeting for the fiscal year 1970.

May I also welcome the 22 new members of the Council who have been appointed to this body since we last met on July 9, 1968. We are pleased to have you join our ranks, and we invite your full participation and interest in the National Petroleum Council activities. Will all of you members please stand?

(Applause.)

THE CHAIRMAN: Thank you very much.

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I urge, gentlemen, that you remember that you are here by reason of your contributions to the industry and your wide abilities that you bring to us, so please welcome them as you get an opportunity to meet those gentlemen.

Mr. Secretary, this Council is your oil and gas industry advisory arm. The members have been appointed by you as representatives, not of their individual companies, but rather as representatives of the one or more segments of the United States oil and gas industries in which they are recognized leaders.

The National Petroleum Council has but one preface, which is to advise, inform and make recommendations to you with respect to any matter relating to petroleum or the petroleum industry which you submit to us for study. You ask us the questions, and we try to be of help as we can. We are here, therefore, to be of service to you, in a spirit of cooperation, and in the interest of the entire nation.

We are genuinely, once we meet together in any official NPC endeavor, a quasi-governmental body, not an industry group, when we meet for this purpose.

With this session, the Council now embarks upon its 24th year of existence and you, Mr. Secretary, are the sixth Secretary of the Interior with whom we have been privileged to serve.

The NPC was organized in June 1946 at the direction

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of the President of the United States to fulfill the need for an industry-government team to serve in peace time in a manner similar to the way in which the Petroleum Industry War Council served the nation during World War II.

" The idea of industry and government working together in, and cooperating with each other on mutual problems has worked well. In response to requests by Interior, the Council has submitted over 165 special studies on virtually every aspect of U. S. oil and gas operations, enlisting in the process an impressive army of talent totaling some 3,500 individuals.

We pledge to you, sir, now that we will continue to the fullest extent possible to cooperate with you and our Government towards the solution of the increasingly difficult problems we will have to face.

The Petroleum Industry is one of the major industries in the country. It has been in the natural resource business for 110 years, and thus has come of age -- it is a mature, stable and responsible industry -- and one directly tied to the economic health and security of America.

Corporations are really inanimate entities after all, but an industry is comprised of individuals, and what those individuals do and achieve affects their families, their communities, their states and this nation. There are over one and a half million people that make up the American Oil

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and Gas Industry's work force. Thousands of communities are affected by their endeavors, and oil and gas is produced and processed in 32 of our 50 states.

This is, as a matter of fact, an industry in which the small businessman or operator, be he producer, driller, trucker, jobber or service station owner, does have and should continue to have a major and essential role an opportunity along with the larger corporate participants.

This is also a highly competitive industry. All this could not have happened without the free enterprise system, which we strongly endorse and proclaim. We are truly proud to be Americans, working within such a free enterprise system, and we are also proud to be oil men.

The National Petroleum Council has been constant and consistent these last 23 years in its awareness of the great responsibility this industry has to its Government, and the people of the nation. It will continue to discharge its responsibilities fairly and faithfully in the future.

The many and complex problems facing both Government and industry, however, have not been constant. We have served through hot and cold wars, and varying types of crises.

Since its beginning, the Council has worked long and hard with the Interior Department in emergency preparedness measures to assure adequate supplies of oil and gas during any type of national crisis. We stand ready to continue this

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work.

In recent years problems such as the trend of the industry's capabilities and technology to meet the tremendous demands have been studied in depth by the Council. The present reassessment by NPC of the habitat of our potential domestic petroleum resources in order to evaluate the nation's petroleum and natural gas resource potential is a part of this overall effort.

This spring the Council submitted to you, Mr. Secretary, carefully developed reports on three timely subjects: Petroleum Resources under the ocean floor; skills and occupations of people in the United States oil and gas industries; and materials requirements for petroleum exploration and production.

In this regard, I should like to thank Del Brockett for the outstanding job he did as Chairman of the Seabeds Committee. That extremely important issue will be with us all, I suspect, for some time to come, but this industry's findings and position in that matter is clearly presented in the report.

Stanley Learned headed up the very excellent Manpower study, and we are most grateful to him for the scholarly results of his Committee's endeavors. The Production Materials report is a product of Andy Tarkington's Committee, which was also accomplished considerable thought and precision.

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The membership of the NPC is, of course, Mr. Secretary, attuned to the many problems involving energy with which you are confronted, and we have already offered our assistance. In April, you requested us to undertake comprehensive studies of air and water pollution matters; our capability for oil deliverability in emergency situations; and a review of our crude products storage situation.

We have, as you know, agreed to examine these problems, and have established committees in the last few weeks to commence work on these subjects. W. W. Keeler of Phillips Petroleum will chair the pollution study; M. A. Wright of Humble Oil will head up the crude deliverability study; and Charles Spahr of Sohio will chair the Storage Capacity Review.

On Friday, June 13th, an interesting date, by the way, we received your request for the assistance of the National Petroleum Council in fulfilling your responsibilities connected with the Special Cabinet Review of the mandatory oil imports program.

An emergency meeting of the Agenda Committee was convened in Casper, Wyoming, on Tuesday, June 17th, and it was agreed to render all the help we could, in the limited time available. Charles Mitchell of Cities Service Company, who accepted the Chairmanship of this very difficult assignment, will give us a status report on this matter a little later.

In summary, then, we are here at your request to

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advise and assist on the very issues and problems now giving you and the Government concern. We, as you, are anxious to get the job done, so that sound policies and programs can be determined by the Federal Government.

This concludes my opening remarks. I would like now to present to this distinguished assembly the Secretary of the Interior who comes to us by way of the great and promising state of Alaska, and the Co-Chairman of the National Petroleum Council, the Honorable Walter J. Hickel. "

(Applause.)

SECRETARY HICKEL: Thank you, Jack.

Distinguished gentlemen, members of the National Petroleum Council, it is really a pleasure for me to be here as Co-Chairman, and it is also a pleasure, I think, sometimes, to be here as Secretary of the Interior.

You know, I had not been Secretary of the Interior very long when I became painfully aware that we all had a lot of problems. In fact, I think in the process of being confirmed as Secretary of the Interior, I felt I had found out that there were more problems than I thought existed.

Gentlemen, I would like to say that you are now looking at somewhat of an educated man. I do not think I will ever take the position again where I think I know all of the answers because during those hearings I had to come up with answers to problems I did not even know existed.

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This Department, this Department of the Interior, must represent both industry and the public, especially in the development of natural resources. So, when an accident occurs, in which you somehow interfere with the normal environment or beauty of some citizens' land or water, we in the Interior Department just get an awful lot of mail.

In Mr. Blunt's office, I talked to Fred Harley and I said, "Fred, if we had two Santa Barbara's a year, we would put the Post Office Department in the black."

Likewise, when you and industry are fortunate enough to find some oil reserve in some far away land, maybe such as Alaska, the public asks a lot of questions about environment and conservation and how are we going to develop, and especially if it is on Federal land.

Therefore, it is important that we collectively work together and consider those responsibilities that we collectively have. There is not any job that we have to wisely use and wisely conserve these natural resources. At the same time, I think we have an obligation to see to it that this development will occur under attractive enough economic conditions to warrant the risks and the expenditures.

With that sort of an idea in mind, let us look at some of the problems we face. I think last year your organization put out an excellent report entitled "Petroleum Resources under the Ocean Floor," which you just mentioned.

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First, I think we are increasingly aware of the importance of the Outer Continental Shelf, not just the natural resources of petroleum or other minerals, but of proteins and foods, and even national security itself.

As you know, the United Nations is considering proposals which would make resources from certain portions of the high seas and the ocean floor available to undeveloped and emerging nations for economic development.

Such a proposal, I think, has some merit. Although we know the realities involved have some deep and serious considerations, I think the key to these questions are in technology and economics.

In other words, what good would the resources in or under the sea be to the developing nations of the world if they did not also have the know how to produce these resources?

Going further, what value would this knowledge have, if there were not a political and economic climate which would permit it to be used to benefit those nations?

When one considers these questions with international political considerations, it becomes clear that we are facing a complex situation. It becomes clear the answers are not simple. They are complex.

I think the Department of the Interior's position on this is still in the formative stages, but it is also clear that we need a positive and a creative approach to some of

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those problems that we face.

We appreciate very much the excellent report prepared by the National Petroleum Council because I have often said that "Things just don't happen; men like you make them happen.

I would like to move now to an area of energy policy.

As a cabinet officer, I intend to push hard for the development of a progressive public energy policy, and I need your men's help to do this wisely.

What energy sources do we have available?

I think you know the answer to most of them; water, fossil, atomic, gas and even the solar, but that is a question that is going to require a great deal more research before we can consider it so as a substantial contributor to the energy needs of this country.

Likewise, I think we have to face the fact that water has only a limited potential for supplying much of the future energy needs of this nation.

We expect its development to continue at the present rate, but then you have atomic energy, and I think clearly without a doubt it is one most rapidly expanding element in the energy resource field.

However, even looking at that, we expect that less than ten percent of the total amount of our nation's energy will be supplied by atomic energy by 1980. So, what does that

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leave us? It leaves us gas, oil, coal, somewhat oil shale.

If you want to include Canada, you are talking about tar sands as well.

At this point, let me note that I had a most constructive meeting with Ambassador Schmidt last week who has just been appointed by President Nixon as our new Ambassador to Canada.

Our meeting was extremely constructive, and I am confident that Ambassador Schmidt understands our nation's needs and how best we can work cooperatively with the Canadians in the area of resource development, for the good of both of our nations.

Now, turning to natural gas, we have already held extensive discussions with various parts of the industry with respect to the long range problems and programs of the gas situation. It really does not look bright, but liquified natural gas may take a part of the slack.

In the State of Alaska there have been great strides in the utilization of freezer-ship transportation of the liquified natural gas, and that might take some of the pressure off.

Now, let us talk for a moment about the status of oil. Presently, there are two factors: one national security and one scientific, and both of these have really delayed our formulation of a final policy. The security question deals

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with the oil import study currently underway at the Cabinet level.

The report of this Committee will obviously have a strong influence on the kind of energy policy that is followed by this Administration.

The scientific question revolves around the amount of resources available, for an example, on the North Slope of Alaska, as well as how easy it can be delivered to the markets here in the United States or elsewhere.

I would think, and hopefully so, that both questions would be much more clearly defined in the next six months.

As to coal, we have a series of options. We can continue to burn it as a solid fuel. We can liquify it and follow the traditional hydrocarbon energy use patterns. We can turn it into gas and relieve somewhat the gas shortages that we are facing.

What is the Government's role in resolving the scientific and economic questions involved in these options?

Now that your industry is involved in the coal business, we would welcome your help because, together, we can make things happen. I think one of the most neglected area, major energy resources, is oil shale. Although, believe me, those that are interested in oil shale don't neglect to tell me about it.

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There are an awful lot of legal questions involved, especially relating to land, and we have our Solicitor working on this now trying to come up with some solution to this most difficult problem.

As far as the technology is concerned, we are not positive that surface retorting is economical yet. The answers that I get do not appear to be conclusive. We have scientists who insist that their method of mining and retorting on a large enough scale is economical.

Well, if that is so, I have asked the question, on what crude price basis are they projecting their economics? What kind of returns are you looking for? I wonder if we have overlooked the "in-situ" methods because recent Bureau of Mine data suggests there may be real hope for success.

In addition, I have been advised that some private industrial operations have also shown promise in this area, but our options are to push ahead with surface technology, or should we take time to await a determination of the "in-situ" question?

Will the big large discoveries on the North Slope give us enough lead time to check other options?

Gentlemen, let me stress this one point: I am asking these questions so that we can move in the direction to somehow resolve these problems. Perhaps this is the real theme of my remarks: I would like to make you aware that I know

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something about our problems, but even more important, I want to ask your advice on how we solve those problems. I am sure that all of you have looked at these questions over and over again for the past ten or 20 years.

But, as President Nixon said during his campaign -- and I would like to quote -- "Our nation's private sector has tremendous talent -- and expert counsel --practically crying out to do its part to help our dynamic progress continue."

So, I would say that if you have arrived at any conclusions which you think might be helpful to the Department in its consideration of these questions, be assured that we will welcome your counsel and knowledge.

Such communication can help resolve many questions such as, if we should have a bilateral United States - Canadian policy, a United States - Canadian - Mexican policy, a Western Hemisphere policy, if we are trying to resolve all of these in the President's council on the import problem.

Another issue which I know is of considerable interest to you, as well as the Department, is what I just started to talk about in the Presidents council and that was of oil imports.

The problem, simply stated, is, how do you make some sense out of this crazy-quilt patchwork program we now have? Once again, I think that we have asked more questions than we really have answers for. I believe an oil program, oil

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import program, based on the needs of national security is a reasonable concept, but first we need to ask how much oil, both from the standpoint of reserves as well as productive capacity, do we need for national security.

We determine that it is in the national interest that there shall be available to American industry X tons of tin, X tons of lead, and so forth. So far, I have not seen the development of a similar number in the way of barrels of oil for this need, and I personally think that we should have it.

I think one of the great arguments that we will have on the oil import question of national security is just an answer to that question. As you know, in the past this program has been best administered on a regional basis. I understand the reasons for this approach.

I think it leads to inequities. Hopefully, the Alaskan discoveries will permit the West Coast to be in a better supply-demand balance. This could make it possible to move toward a program which would be administered on a national, rather than a regional basis, and I would favor such a program.

Finally, the question of exceptions. In my judgment, the present program performed served well until we began to develop many exceptions to the program. The current controversy over fuel oil prices in the Northeastern part of the country presents a potentially serious problem.

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If an exception is made regarding imports in that part of the nation, this could be another factor which would tend to destroy the program. I believe that there should be more aggressive action on the part of the petroleum industry. I think an aggressive action might well have forestalled this question and resulted in considerable political and economic benefit to the industry as a whole.

These charts represent the philosophy I am submitting to the President's Cabinet Task Force on Oil Import Matters.

Now, I would like to turn to, for a moment, to the TAPS pipeline project in Alaska, and the Manhattan project. When properly stimulated, the Manhattan project shows that the oil industry is capable of great imagination. We are following this project very closely. We are well aware of the consequences, the economic consequences, involved in the success or failure of this project.

So, we wish you well, and offer our full cooperation.

As to the Department's position on TAPS, we consider such a project very necessary. The questions we have, of course, asked are related to the same ones the public asks us, and which we must answer. Specifically, we must be in a position to assure our citizens that the ecology and environment of the State of Alaska will be wisely conserved, protected and developed after the TAPS pipeline is completed.

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In a letter to Atlantic-Richfield last month, I outlined the following broad questions which must be answered, questions I know you are also asking:

How are all requirements of law and regulations to be met?

How are the interests of native Alaskans to be safeguarded?

How are the environmental values to be adequately protected?

(2) How are responsible committees of Congress to be satisfied in their requirements?

How do you plan to insure that consultation and coordination between Federal agencies and the State, and private industry are developed?

I think our willingness to work with you has been shown by the activities of the North Slope Task Force which I appointed in April. As you know, the President increased the membership of this group, and now includes all related Government agencies, and we look forward to the days when the problems will be resolved and oil will be flowing through that pipeline.

Gentlemen, I would just like to say, in closing, a word about the development of our mineral resources from the conservation standpoint.

I am well aware of the progress that industry has

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I think I can summarize my own position this way: I see my role as one of working with industry to assure an adequate energy supply, without destroying the environment. It seems to me that the relations between oil, the public and the Federal Government are sort of in a state of transition, a transition which is being brought about by a variety of forces.

I have chosen to discuss problems because I felt that my first remarks to you should put in perspective the situation as I see it in order that we might better understand each other's problems and proceed to find solutions to those problems.

It will be the policy of the Department of the Interior to continue to call upon the National Petroleum Council to supply information and ideas to help resolve the many problems we face. Input from this group, as well as the public at large, who share our concern about resource development, on the one hand, and environmental considerations on the other, is absolutely essential. It will enable the Department of the Interior to reach balanced conclusions, and to recommend realistic policies.

Gentlemen, thank you for your kind attention, and I

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will look forward to seeing you throughout the day.

(Applause.)

THE CHAIRMAN: I assure you that the National Petroleum Council stands ready to do everything we can to help. With special reference to the petroleum imports, I know that that is a hot issue at this moment, and I am sure you will be interested in a report from Mr. Charles Mitchell, who is going to make a report on the status of that emergency study in just a few moments.

So, I do assure you of the continued cooperation of this Council. We will try to help in the solution of problems, in providing you with data you need to help you arrive at the policy decisions you need to make to arrive at solutions to these problems.

I was struck by your phrase when you said that you are attempting to assure an adequate energy supply without destroying the environment. We could not agree more wholeheartedly. We will do everything as individuals and companies to be of assistance, as well as a Council.

We have some very distinguished guests. I have waited until this moment to be sure we had a list. On my left, on the immediate left of Mr. Brackett, is Under Secretary Train.

Will you please stand?

(Applause.)

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THE CHAIRMAN: Also, we have Assistant Secretary of the Interior for Mineral Resources, the Honorable Hollis M. Dole.

(Applause.)

THE CHAIRMAN: Over there next to Admiral Martin is Deputy Assistant Secretary, Mr. James Morrell.

(Applause.)

THE CHAIRMAN: Also, James Brayman, Assistant Secretary for Transportation for Urban Systems and environment.

(Applause.)

THE CHAIRMAN: We are honored by having two members of the Federal Power Commission in attendance. First is our old friend, Lawrence O'Connor, and accompanying him is Mr. Arthur Brock, Jr., of the Federal Power Commission.

(Applause.)

THE CHAIRMAN: We appreciate very much your presence here today, gentlemen.

I think we have many guests, each of whom should be honored, but in the interest of time, I hope that the rest of you will forgive us.

Each one of you is worthy of our special mention. I wish we had time to do it.

Our next speaker is a gentleman who we greet with great interest, Professor Phil Areeda who is on the Cabinet on Oil Imports. Professor Areeda.

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(Applause.)

PROFESSOR ARBEDA: Thank you very much. I am honored to be here, though somewhat embarrassed by the fact that I have little to say that would be new to you. You would, of course, be interested in the conclusions of the Task Force but our answers are yet unformed. All I can tell you perhaps is a word about the spirit of our undertaking.

As you know, the President decided that there should be a comprehensive review of rationale and wisdom of restricting oil imports and the means for implementing any decision to restrict. We have had the program for some ten years, and I think the President's decision to call for a review is a wise one.

Although you may think for me to appraise the President's decision is as inevitable and as unnecessary as the preacher who introduced his quotations of the scripture as "The Lord Said," and rightly said.

In any event, I do not know what results will be produced by our study. What I do hope at the very least is that undertaking this inquiry can serve importantly to clarify the issues. Whatever the substantive outcome, it should be possible to identify with greater precision than has been done in the past the relevant national interest and to assess with somewhat greater clarity than has been done in the past of the impact on domestic production and exploration of the present

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program and any changes one way or the other in it, as to assess, frankly and candidly, the costs of this program and the costs of insuring any particular level of domestic supply through the present program or through alternatives.

I will not burden you with a full statement of the issues as I see them; you do, after all, have the 82 questions, some of them 8,200 propounded by the Task Force. I have been told some of these can be answered not by you, but only by Government agencies, and others can be answered only by God, if even by him.

Nevertheless, I recognize that. I think in propounding questions we have recognized that. Nevertheless, we have tried to set out these questions in an effort to encourage everybody who was interested in the oil import program to adjust themselves to the issues that were troubling us, what we are trying to emphasize, what we tried to indicate were the problems that were bothering us, with the hope that those who were interested in the program would give us their views of them.

More generally, and I think that there should be more of this in Government, we wanted everybody to know the shape and direction of our thinking. We do not know where we are going to come out, but insofar as we have formulated the issues, we think everybody interested in the program is entitled to know about it, and that again is our effort here.

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The questions represent our preliminary formulation of the problem, and in all humility a question to you and everybody else interested in the program, not only to answer such questions as can be answered, but to give us the benefit of your experience and your thinking on what the problem is, and how it should be approached.

We are now in the process of trying to absorb that thinking. Today is the closing date for our first round of regular submissions, and I must say that I can hardly wait to read them.

We have a big job ahead of us in trying to absorb and digest all that everybody is telling us. We have sent copies to each of the Departments and agencies, and you will have their assistance and reaction, and we also want yours, and again your further assistance, and that is why we have established a second round to run to August 15th, in the hope that you will tell us what you make of the wealth and diversity of materials submitted to us.

When I say you, I mean your individual companies, the groups, other groups in which you are involved and, of course, every other group or person with an interest in oil and the national security.

I should make particular mention of the fact that our files will include studies and papers prepared for constituent agencies. I think one was prepared for the Office of

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Science and Technology and the other for Congressional bodies and such other groups as the recent Rocky Mountain Petroleum Economic Council.

I very much hope that you will make it a point to review these studies and let us have your comments on them, but even in saying all of this, you know it already. The members of the industry are following our work very closely, and our public files are available and open, and you and your representatives are looking at them.

So, even here I am not telling you anything new, and all I can say to those of you who have set up the program today is that one advantage of inviting speakers who have nothing to say is that they can be mercifully brief.

I conclude with this statement, self-serving to be sure, but heartfelt, nonetheless, that we are trying to pursue as honest, objective, as disinterested and as thorough a study as we know how in the time we have. I do not know what the results will be; I can only hope they will be useful."

(Applause.)

THE CHAIRMAN: Thank you, Professor Areeda. We appreciate very much your being here today and giving us this outline that we are all watching with great interest as individuals and companies, and I want you to know, sir, that in our attempt to be helpful to give information to the Secretary of the Interior, we, too, will do our utmost to be honest and

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objective and fair. Thank you, sir.

With that, I believe I will now ask Charlie Mitchell to give us a report of the oil import Committee, please.

MR. MITCHELL: Mr. Secretary, Mr. Abernathy, distinguished members of Government, members of the Council and fellow distinguished visitors:

The deliberations and forthcoming recommendations of the Cabinet Task Force on Oil Import Control are clearly of great importance not only to the petroleum industry but to the economic welfare of this nation. Charged with making a comprehensive review of the U. S. oil import control program, the Task Force has looked for advice and information particularly from those agencies of the Federal Government having responsibilities and expertise in these matters.

Helping to conserve and stretch the mineral resources of this country . . . encouraging their wise and efficient use for the benefit of all people . . . is one of the major missions of the Department of the Interior. In view of this and since the very objective of the mandatory oil import control program is to maintain a healthy domestic petroleum industry, the participation by Secretary Hickel and his people in the Cabinet Task Force's effort is not only valuable, but necessary.

On June 13, the Secretary of the Interior requested his petroleum industry advisory arm, the National Petroleum

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Council, to aid him in formulating his opinions and information input to the Task Force Committee. The Council was invited to respond to any or all of the general and detailed questions published by the Task Force, but was asked to devote particular attention to 14 of the 82 detailed questions (i.e., Nos. 7, 8, 14, 15, 19, 20, 21, 22, 25(a), 42, 51, 52, 53 and 55).

Out of these 14 questions, the Department of the Interior made it clear that they wished the Council's help especially in developing the quantitative estimates and reliable data support called for in detailed questions 20, 21, and 22.

Secretary Hickel's request was considered by the NPC Agenda Committee in an emergency session held for that purpose on June 17 in Casper, Wyoming. The Agenda Committee recommended to the Chairman of the Council that a special study committee be established in order to respond to the extent practicable to all the questions within the limited time frame given, that is, by August 1. In addition, the Agenda Committee stated that in complying with this request for information, data and comments, the Committee undertaking the study should not suggest plans or programs.

In keeping with the provisions of Article 13 of the NPC By-Laws, and with the prior concurrence of the Department of the Interior, the Chairman of the Council established on June 24, the 28 member committee on U. S. Petroleum Imports.

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Hollis M. Dole, Assistant Secretary of the Interior for Mineral Resources, was designated Government Co-Chairman of this Committee.

As Chairman of this Committee, I recognized that all of us would have to proceed as rapidly as possible in order to respond to Secretary Hickel's request by August 1. To do this, each of the members of the Main Committee was invited to nominate an individual from their organization to serve on the working group. On June 25 (eight days later) the Technical Subcommittee was established. It has 25 highly qualified members and is Chaired by Warren Davis, Director of Economics, Gulf Oil Corporation.

The Government Co-Chairman of the Subcommittee is John Ricca, Acting Director of the Office of Oil and Gas. The Subcommittee met in an all-day session on June 30, examined the 14 questions carefully, reached agreement on what worthwhile responses could be made in the limited time available, and presented its recommendations to the Main Committee at a session held in New York City on July 2, (15 days after the request).

At that meeting the Main Committee agreed upon the following approach:

1. All 14 questions will be answered to the fullest extent possible by August 1. It is our objective to get a proposed final report in the mail to the entire membership of

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the National Petroleum Council by July 26 for your consideration and immediate appropriate action.

2. Many of the questions involved can be answered rather fully and this will be done. This includes a response to general questions, Nos. I and II, and to detailed questions Nos. 7, 8, 14, 15, 19 (general comment only), 25(a), 51, 52, 53, and 55. However, it should be noted that since the Council does not engage in the projection of supply, demand, production, or prices, these estimates will not be provided when called for as part of any detailed question.

3. The Committee further agreed that all responses calling for data and statistics would have to be based on existing or available data since there is insufficient time to go out to the industry for new data, and then collect, tabulate and analyze it by August 1.

It was agreed, however, that the Secretary of the Interior should be advised that there were certain questions or parts of questions for which new data could be developed and analyzed, provided the Committee had at least six months in which to do so, and with the assurance that the Secretary of the Interior could then use this information in the final deliberations of the Cabinet Task Force.

In other words, if the information is not to be used we see no reason to ascertain and compile it. In this regard, if Interior should advise the Council that additional time is

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available for this purpose, then the Committee agreed it would proceed immediately to develop what data it could on a sound basis, in connection with questions Nos. 19, 20 (for crude and product transportation costs and for crude refining costs) and No. 22.

In the event the Department's response should be affirmative, the Committee authorized the Committee Chairman to engage a public accounting firm to consolidate any data that was developed from individual companies which was considered proprietary. As your Chairman I have done this, retaining the auditing firm of Peat, Marwick, Mitchell & Company on a standby basis.

4. Finally, the Committee agreed that there were certain questions or portions of questions that it was not feasible to answer in detail or in the form requested in any time frame. These include wellhead costs per barrel for exploration, development and production as requested in question No. 20; all of question No. 21, because it is beyond the province of the National Petroleum Council to project production and prices; and all of question No. 42 concerning Alaska, at least for the indefinite future.

Immediately following the July 2 Committee meeting, the Technical Subcommittee received its marching orders and broke itself down into seven task forces with each task force being responsible for certain of the questions. It is Warren

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Davis' intention to hold a full meeting of the Technical Subcommittee in Washington on July 21 to receive the individual task force reports and agree upon a subcommittee report, referring it to the Main Committee for its final action in a meeting to be called for July 25.

In the process of all these deliberations, per Vincent Brown's telegram to each of you on July 3, we have asked you for full participation and any comments you would like to submit on any or all of the questions involved.

I can report to you at this time that the Task Forces have been working long and hard on their assignments since July 2 and that their individual reports are being mailed today to all the Technical Subcommittee members.

An editing group, consisting of Warren Davis, John Kelly, Cecil J. Olmstead and Vincent Brown, will assist the Subcommittee and the Main Committee in polishing up the various manuscripts and developing an appropriate report.

As you can see, the assignment is not difficult, but the pressure of time is rather tremendous. We thank you for the fine assistance you have already given us and we would appreciate your fullest cooperation in the days ahead, in order that a report can be submitted to Secretary Hickel which will be truly helpful to him, and which he can feel represents this industry's very best judgment in the problems at hand.

Thank you.

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(Applause.)

THE CHAIRMAN: Thank you very much.

I think you can all get some idea of how intense the effort has been that Mr. Mitchell, Mr. Warren Davis, Mr. Vincent Brown and Mr. Maxwell McKnight, and all of the people involved in this task force, have really put in. We appreciate your attendance.

Now, it is our pleasure to have Mr. Otto N. Miller, Chairman of the National Petroleum Council Committee on Possible Future Petroleum Provinces of the United States. He will present the progress report of that Committee.

MR. MILLER: Mr. Chairman, gentlemen: "the National Petroleum Council's study of the future petroleum provinces of the United States, undertaken at the request of the Secretary of the Interior -- has been in progress for approximately one year.

The organization of the study, its personnel, objectives and scope were described in some detail in my report of July 9, 1968.

Our study groups have been hard at work under the general direction of Ira H. Cram, Chairman of the Coordinating Committee. We have been receiving excellent support and cooperation from the AA^PAG, the United States and State surveys, the universities, many petroleum companies, and independent operators and consultants -- all of whom have volunteered

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highly experienced men and much information.

The study gives promise of being one of the most important and profound investigations of its type that has ever been made, covering all areas of the United States in greater detail than ever before.

For the purpose of this study, the nation was divided into twelve geographical regions, and individual task groups were established to study the geology within each region.

These regions will be covered by a series of 84 reports written by 120 authors. Of these 84 papers, 33 have been completed and are in hand, 20 more are expected this month, four in September, nine in November and 16 have indeterminate completion dates.

The Chairman of each regional task force will also compile a summary report covering his area. Seven of these will be received this month and then one more each for the next four months. The date for one is indeterminate.

These papers and the summaries will provide a wealth of information for the Department of the Interior, for industry, and for oil explorationists in general. It will be a great contribution to our understanding of the geology and future hydrocarbon potential of our nation. For a number of reasons, a report of this type covering the potential petroleum resources of our nation is particularly timely.

Mr. Cram is now in the process of outlining a

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general summary report covering the entire study -- which he will prepare concurrently with the editing of the regional reports and summaries. These reports, which we expect to have completed by year end, will provide the NPC and the Secretary of the Interior with the essential findings and conclusions of the study.

The final completion of this project, which will result in a volume of about 1,200 pages, together with a smaller, less technical summary report, is some time off -- hopefully late in 1970.

In concluding my report, I would like to comment Ira Cram and his many associates, including the AAPG organization, for the tremendous effort they are making on this monumental project -- and to Morgan Davis for his overall guidance and counsel. Our Committee will continue to closely follow the progress of this study and offer every assistance available."

Thank you.

(Applause.)

THE CHAIRMAN: Thank you, Mr. Miller.

You know, as I listen to these reports, one by Mr. Charlie Mitchell and one by Otto Miller, it struck me as to their two contrasting types.

One, Mr. Miller's, deals with a long-range tremendously important, thorough going, searching and researching, very careful, very prompt and taking time enough to prepare a really

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exhaustive study.

Mr. Mitchell, under a forced draft with grabbing all of the information inside and doing his very best came up with an objective analysis and data for use by the Secretary of the Department of the Interior. In a very brief time, they have come up with two different types of reports which indicates to a degree the broad spectrum of capability that the Council is able to bring to help our Government and the Department of the Interior.

Now, it is our real pleasure -- and I do not know whether all of you have had a chance to meet our Assistant Secretary for Mineral Resources. If not, I certainly ask you to take the opportunity today, after the meeting is over, to meet Secretary Dole. He is a former State Geologist from Oregon. He is a hard rock guy, and I would not say "hard headed", exactly, Hollis, but he is a very knowledgeable and very keenly inquisitive man.

It has been a real pleasure to work with him and have had an opportunity to have become acquainted with him. I personally tell each of you, those of you who do not know him, you will enjoy and be privileged to working with him as long as he is connected with the Department.

Secretary Dole, I believe it is now your floor.

(Applause.)

MR. DOLE: Thank you, Jack.

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Mr. Chairman, members of the National Petroleum Council, and guests:

It used to be that the expression "reaching for the moon" meant the ultimate in impossible adventures. It doesn't have that meaning any more. These marvelous flights a quarter of a million miles out into space -- and back -- show us all over again that the impossible dream of one generation is the proved, accepted reality of another.

Even so, most of us followed the flight of Apollo Ten with our hearts in our mouths, and we shall do the same for Apollo Eleven. We are still a bit breathless at the thought of three men plunging through an absolutely hostile environment, kept alive only by the resources that accompany them in their tiny capsule, and utterly dependent upon each other for their survival.

So it is with all of us on a larger scale, as Adlai Stevenson once observed. "We travel together," he said, "passengers on a little space ship, dependent on its vulnerable reserves of air and soil; all committed for our safety to its security and peace; preserved from annihilation only by the care, the work, and I will say, the love we give our fragile craft."

Unless we are careful, however, we are likely to miss the comparison. The earth appears to be so large, its resources so bountiful and their flow to our mills and factories

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so orderly that we may fail to see how precarious our command of the situation really is. Here in America, we are the "affluent society," we are told. With six percent of the world's population, we consume 30 percent of its goods.

We are surfeited by automobiles, pleasure boats, washing machines, refrigerators, snowmobiles, power mowers, and color TV. And each year the graveyards for abandoned automobiles grow by the thousands of acres and the problem of trash and garbage disposal grows steadily more acute.

Our people spend hundreds of millions of dollars each year -- not to eat -- but to get rid of excess poundage. Yet ironically, for thousands of years, a fat person had a built-in status symbol -- and still does in the poorer countries of the world. His corpulence was an advertisement that he did well in his business. Now the status symbol is a 34-inch belt, because this tells knowledgeable people that the wearer dines on expensive proteins instead of cheap carbohydrates. Think of it! Two of the major concerns of our society are how to get rid of outmoded possessions and unwanted fat! We build the fastest airplanes, the tallest buildings, the longest bridges, the biggest stadium of any people in the world. We are the "fustest with he mostest" in just about every material category you can name, including junk. Even our poor are rich by comparison with the unprivileged of other countries.

I suggest that we are not really as affluent as we

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would like to believe. There is a certain amount of gimmickry about our prosperity. We got where we are mainly because we were lucky enough to inherit an extraordinarily abundant inventory of natural resources, and clever enough to develop our technology and business organizations to a point that gave us extensive access to them.

More than that, we cheated on the costs that we paid, so that the goods that eventually showed up in our houses and garages appeared to be cheaper than they really were. Just over the past few years we have begun to look seriously at this enormous backlog of deferred costs that we have been accumulating -- eroded land, fouled air, polluted streams and lakes, decimated wildlife -- and we are horrified at what we see. The bill for reparations is staggering, but there it is, an unsatisfied lien against our entire national effort in the future. And we shall either pay it, or go out of business.

Four developments in particular, I believe, are pertinent to our current situation. The first of these I would call the principle of full cost accounting for the use of natural resources. These social costs have been with us all along, but it is only recently that we began to recognize them as costs.

In fact, we used to regard them, strangely enough, as indicators of revenue. Factory smoke used to be a blessing, not a curse, because on a clear day you could see the breadlines -- and there were many clear days over Pittsburgh and

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Chicago in the early thirties. I can remember, and so can you, when the Presidential candidate of a major party -- which shall remain nameless -- predicted that if his opponent were elected, grass would grow in the streets of the nation's cities and towns. I'm sure it was the worst thing he could think of. Now we even tear up the streets to provide space for the malls in an attempt to relieve some the inhuman drabness that has overtaken so many of our central cities.

There is absolutely no question about it. We are going to have a quality environment. The standard operating procedures of every industry are going to provide for the full restoration of the soil cover that was disturbed, the effective disposal of noxious compounds generated or released, measures for the protection of wildlife and vegetation, and rigorous provisions for the health and safety of those who work in these industries. And for the first time, the full cost of these measures will show up in the prices of the goods and services offered to the public instead of being put on the cuff for succeeding generations to pay.

The second feature of our situation today is the combination of rising demand opposed to progressively leaner and less accessible domestic reserves for many of our essential minerals. We are past the cream-skimming stage, in other words, and the decreased availability of these more remunerative deposits shows up in the balance as higher produced costs

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at any given level of extractive technology.

It also shows up in the form of greater requirements for energy, for the poorer and less accessible the ore, the more energy is needed to extract each pound of metal from it. These increases in cost have led U. S. companies overseas in pursuit of lower cost supplies, which further saps the vitality of the domestic industries. I am speaking here with particular reference to non-fuel minerals, but you will, of course, recognize that the same phenomenon is present in the petroleum industry as well.

Let me stipulate that competing overseas investments are only one of many factors contributing to the general decline of the domestic oil and gas producing industry that has run for the past ten years and more. I shall not elaborate on causes here.

The point is that demand is rising faster than our demonstrated capability to supply it from domestic resources. In 1968, for the first time in history, we consumed more gas than we added to proved reserves, while proved reserves of crude oil fell for the fifth time in the past nine years. For the first time since World War II, our capacity to produce crude oil dropped, and coupled with the increase in production in 1968, it meant that we lost 400,000 barrels a day of our emergency reserve productive capability that year. The outlook, if present trends continue, is that little or no reserve productive

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capacity will exist in the contiguous United States after 1975.

Alaska makes it another ball game, of course. But we are three years away from the first barrel of North Slope oil to flow over the Trans-Alaskan pipeline to Valdez, and an even longer distance in time away from commercial shipments to the Midwest and East coast. Even with North Slope production, we shall need every barrel of oil we can coax out of the ground in the remaining states to meet the 20 million barrel-a-day requirement we anticipate for 1980.

But when we go overseas in search of low-cost minerals, including low-cost oil, we find people from other nations actively doing the same thing, and this is the third development I want to talk about. When I mentioned earlier that we currently consume 30 percent of the world's goods, I might have added that 20 years ago we consumed 60 percent of the world's goods.

The difference is that in the meantime we have been joined in our quest for the more abundant life by a few hundred million others who for the first time in their lives have the money to pay for it.

The pressure of these competing demands gives the resources we seek a value they never had before, and I don't have to tell you gentlemen who have foreign operations what this has done to the concessionaire's bargaining position vis-a-vis the host nations.

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But really, the revolution of rising expectations has only begun. It is operating strongly in the more developed nations abroad, and its spread among the undeveloped nations, even to the most modest degree, will add immense pressure upon resources of almost every kind because of the tremendous population base to be accommodated.

Let me cite the simple example of food. Here in the United States we eat well, as I have mentioned, and one of the primary features of our diet is its high content of animal proteins. But it's costly to eat high on the hog, if I may use a pertinent expression. The pig is about our most efficient and serviceable converter of plant carbohydrates into animal protein, and he operates on a calorie input-output ratio of about four to one -- no better. Beef cattle are somewhat less efficient than hogs, and chickens somewhat more.

What this comes down to is that the American diet, with its butter, milk, eggs, and lean meat, takes about five times as much primary energy in the form of sunlight as does the average diet in Asia and Africa. To achieve even half the quality of the American diet for those countries would require that a vast amount of additional crop and pasture land be put into use, wherever it could be found.

This would require tremendous amounts of fertilizer, water, pesticides, machinery, and other concomitants of efficient agricultural operation, and the provision of these

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supplies and services would in turn demand enormous amounts of energy fuels and minerals.

Meanwhile, the population bomb ticks relentlessly on: 225 babies born every minute; 93 deaths every minute; 70 million people added every year, at a rate which will double the number of the the world's three and a half billion people by the year 2005. And we have only talked about food.

These three elements of our present preicaments -- the necessity for protecting the environment from damage resulting from our prodigious use of natural resources; the decline in the lower-cost domestic supplies of many of our important minerals; and the impact of the rising demands of other peoples on the available resources abroad will make unprecedented demands upon our technology and our business organizing ability.

We can be certain of that. It can be fairly said that the supply of an exhaustible resource is essentially a race between depletion and technology. Yet, despite this fact, and in the face of the onrush of these imperative demands for ever greater supplies, we see our mineral science education efforts lagging, and in some instances in full retreat.

Twenty years ago there were 483 candidates who were awarded baccalaureate degrees in mining engineering; this summer we may have graduated as many as 110. Your own excellent report on People in the Oil and Gas Industries tells me that

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11 major oil companies have been able to hire only 85 percent of their requirements for petroleum engineers and scientists over the past five years.

It goes on to forecast a 25 percent increase in the petroleum industry's needs for professional manpower between 1969 and 1973. And because it is impossible to treat the events in one branch of engineering in isolation from the others, only about half the demand for new engineers of all kinds will be met between now and 1974.

The erosion of our minerals position concurrently with the erosion of the scientific and technical manpower base on which that position depends is an event that ought to cause some soul searching by all of us in this room, and I am sure that it does. It stresses anew the interdependence of those in government and in industry who share some responsibility for the continued supply of resources that are essential to our nation's security and well being. It summons us all to look beyond the immediate and the temporal, to the forces that will determine our degree of access to those resources, five, ten, 20 years into the future.

So I come to my first meeting of the National Petroleum Council with a deeply felt sense of the importance of this relationship which makes available to Government the vast knowledge and expertise of a vital resource industry. We shall need your full and active support as never before,

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and this can only be realized by the wholehearted participation of each and every member of the Council in accepting Committee assignments and attendance at Council meetings. The work of this body is too vital to our country's future to abide any less a commitment from its members. The point is simply that we need your help -- all of it you can give.

Obviously there is much more to the scenario that I have sketched than the forlorn picture of a colony of wastrels sinking in their own refuse and preserved from extinction by nine inches of eroding topsoil and a dwindling supply of accessible minerals. The human race has shown a remarkable capacity to adapt to new conditions, and this resiliency has many times in the past rescued individuals and nations from the blind alleys of history. But salvation begins where illusions end.

In our own case I suggest that we can begin with a healthy distrust of the accepted measures of affluence, and in all humility recognize that our survival does indeed depend upon the "care, the work, and the love we give our fragile craft."

Thank you, Mr. Chairman, for the opportunity to be here.

(Applause.)

THE CHAIRMAN: Thank you, Secretary Dole. We sincerely appreciate your thoughtfulness and thought provoking

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comments. Here again, we in the oil business were pioneers in conservation, and I might say that conservation almost began really with the petroleum industry. It was not imposed on the petroleum industry. We originated it. That is a point that is often lost sight of.

I was involved in the early days, in the early and middle 1930's, and some of the oil producing states in the beginning for the fight of conservation. It was something we fought hard for and worked for, and we have been believers since that time, and I believe our industry has done its part in conservation, and we intend to continue to do so, and we welcome the words along that line, and we will do everything we can to help.

Gentlemen, I do not know how many of you have had an opportunity to become acquainted with John Ricca, who is on my extreme right, who is Acting Director of oil and gas. John has been acquainted with working with the industry and with the National Petroleum Council for I don't know how many years now. We appreciate his doing this and we are glad now to listen to him.

Mr. John Ricca.

MR. RICCA: Thank you, Jack. Members of the Council: Each time the NPC meets, it provides the Office of Oil and Gas an opportunity to reciprocate in a brief and limited way in bringing Council members up to date on a few of our activities

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and our emergency posture.

This seems appropriate since both the National Petroleum Council and the Office of Oil and Gas were created at the same time for many of the same purposes. One of our primary joint responsibilities is to provide the Secretary of the Interior with a capability to respond effectively to emergencies which may affect the nation's posture in oil and gas, and it is on this role and responsibility that I would like to report today.

It has been a few days over two years since the beginning of the latest Arab-Israeli War, and to judge by the papers, the world is still some time away from a peaceful solution in the Middle East.

Under these circumstances, I think it might be useful to review the current situation in petroleum in the Middle East as it affects our readiness posture.

For the current year, 1969, we estimate that total free foreign production will average 25 million barrels a day, and more than half this amount -- 13 million barrels a day -- will be produced in Arab countries -- 60 percent of it by U.S. companies.

The continued closure of the Suez Canal means that almost 4-1/2 million barrels daily of Persian Gulf oil must go around the Cape to Western Europe and other destinations. In addition, last Memorial Day (May 30, 1969) a few pounds of

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explosives blew up the Trans-Arabian pipeline which can move nearly 1/2 million barrels daily of crude oil to the Eastern Mediterranean at Sidon in Lebanon.

North and West Africa could effectively cover these requirements without requiring extra shipping. However, an additional 280 T-2 equivalents are necessary to move this amount of displaced oil from the Persian Gulf by way of the Cape. Another one million barrels daily moves to ports on the Eastern Mediterranean through the IPC pipeline. North African production, all of it Arab, will average 4-1/2 million barrels a day -- nearly all of it is moving to markets in Europe.

With this as a background, a number of contingencies are worth considering. Take the possibility of a shutdown of the IPC pipelinesystem. If this is all that happens, and no terminals close or durtail shipments, then the dislocation of supply will amount to an additional one million barrels a day. This also could be made up from other sources -- North Africa, West Africa, and the Western Hemisphere without requiring additional shipping.

In fact, the effect might well be a net saving in tanker bottoms depending on the contribution made by the North African countries which are located so close to their European markets.

At the outset, of course, the tankers wouldn't be in the right places, and the new movement patterns would require

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a worldwide logistics reorganization on the part of the international oil industry. But the total overall interruption to world petroleum supply would be slight, and if interruption ends there, we visualize no necessity to reconvene the Emergency Petroleum Supply Committee.

One of the most striking features of the current world petroleum situation is the rapidly growing importance of North African production. It has more than doubled since 1966. Moreover, it is the closest of all foreign sources of supply to European markets, so that replacing it with other crudes that must be brought from more distant sources immediately compounds the tanker problem.

For example, normally an average of six million barrels of oil a day arrives at the loading terminals of the Mediterranean -- 1-1/2 million at the ports of North Africa. It takes a little over 700 T-2 tanker equivalents to move this volume of oil to its destinations.

If all these terminals were closed, and the six million barrels all had to be moved from the Persian Gulf by way of Capetown, the tanker requirement would jump to over 4,000 T-2's -- over six times the capacity needed for the short haul to market from the Mediterranean ports.

As a practical matter, it is not likely that any more than three million barrels a day could be made up quickly by increased production from the Persian Gulf. This would

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require 2,100 T-2's. Another 1-1/2 million barrels a day of supplementary production probably could be found in the United States and the other Western Hemisphere sources and shipment would require about 500 T-2's. This would still leave the consuming nations short by 1-1/2 million barrels a day, while the tanker requirement was increased from 700 to 2,600 T-2 equivalents to handle the smaller volume of oil.

Thus, the closing down of all the Mediterranean oil shipping terminals would create an oil supply shortage as well as a critical transportation problem.

Moving to the worst case, the complete shutdown of all export terminals in Arab countries would cut off 13 million barrels a day. As I mentioned earlier, this is more than half of all free foreign production, and its interruption would mean the loss of over 60 percent of total oil supply to Japan and 75 percent to Western European countries. It would involve only two to three percent of total U. S. petroleum supply.

There are some qualifications to be added here, however. Although Arab oil amounts to less than three percent of total United States petroleum supply, it comprises approximately 20 percent of the runs of East Coast refineries.

Since the substitute supply would have to come by tanker from the Gulf Coast in U. S. flagships, it would be subject to the constraints that would result from the sudden

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shift of this much shipping from foreign to domestic trade. The East Coast is, therefore, peculiarly vulnerable to interruptions of foreign oil supply -- much more so than the rest of the nation -- and this vulnerability will increase proportionately with any increases in the share of insecure imports in the total U. S. supply.

In the event of either a complete shutdown of Arab oil production, or all Mediterranean sources, we would have to activate EPSC and also have to establish substitute sources for the petroleum products now being supplied by Persian Gulf refineries to our Armed Forces in Vietnam and the Western Pacific.

The volume of this support is still about 200,000 barrels a day. When the Petroleum Security Subcommittee looked at this problem two years ago, it concluded that if need be these products could be provided from sources in the Caribbean and on our own Gulf and West Coasts. We feel that this evaluation is still correct. But again, the cost would be heavy in available shipping. One tanker on the run between the Persian Gulf and Southeast Asia is worth more than two shuttling between Southeast Asia and the Caribbean.

Thus, all the elements that were present in the Middle East situation two years ago are still with us, except one, and some new ones have been added. The hostility between Arab nations and Israel is still there; the instability of Arab

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politics is there; free world dependence on Arab oil is still heavy and increasing; and we now have to contend with the extensive penetration of the Soviet Union into the affairs of the Arab nations, and for the first time in modern history, the presence of a Soviet Fleet in the Mediterranean.

Since the Suez Canal and Tapline are already inoperative, we no longer have the problem of what to do with three to four million barrels of oil a day should suddenly be closed down. In fact, the continued closure of the Canal is probably more of a hindrance to the Russians than it is to us, but this is no great consolation, and its effect on all trading nations will continue to be costly in terms of dry cargo.

Because almost anything could set in motion a train of events that would bring us back to a situation as grave as that we faced in June of 1967, we have continued to keep in readiness the organization we put together under the Voluntary Agreement to deal with the petroleum emergency we had at that time. The Emergency Petroleum Supply Committee, and its two subcommittees on transportation and on supply and distribution are updated, fully manned and in standby status.

They could be activated on 24 hours' notice. By keeping the organization in being, as we have, we can save several days of precious time should another emergency arise.

While the interruption to free world oil supply through local wars and political action is the most likely

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contingency, we, of course, cannot forego the need to plan for the complete spectra, of larger emergencies, both nuclear and non-nuclear in character.

Recruitment for the Emergency Petroleum and Gas Administration (EPGA) has brought our enrollment up to 550 executive reservists assigned to specific jobs or whose appointments are being processed. Together with 50 to 60 employees of the Office of Oil and Gas and other Federal agencies, this represents a standby manning level of over 600. Since May 1968, we have held an exercise at the NATO level, the national level and seven at the regional level to acquaint and train standby staff with the procedures and problems to be expected in future emergency conditions. Attendance has been good and participation has been highly gratifying. They put to test the EPGA operating manuals developed by the Council and we find them great.

Over the past two years we have been engaged in a study of the vulnerability of the gas utility systems of five representative cities of the United States under an arrangement with the Office of Civil Defense. Two of the studies -- San Jose and Albuquerque -- are complete, Detroit nearly complete, and two cities -- New Orleans and Providence -- remain to be done.

We are also taking action aimed at clarifying and quantifying some of our vague notions about the vulnerability

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of two important segments of the petroleum industry.

For the past several years, we have proceeded on the basis that oil fields are almost invulnerable to atomic attack and, to the contrary, that refineries are highly vulnerable. I think these assumptions are correct, but they are not especially useful for planning purposes. There is a great need for more definitive information -- particularly as to where the key points of vulnerability are and what, if anything, can be done to reduce that vulnerability.

We, therefore, in conjunction with the Office of Civil Defense, have two such studies underway -- one addressed to refining operations, and another which looks at the vulnerability of a giant oil field to atomic attack. The latter is nearing completion, and we expect that the refining study is to be finished before next fall. We expect that these prototype studies will provide us with much information that will be of value in planning for survival of petroleum facilities and reducing their vulnerability to nuclear attack.

There still remain a number of blank spaces in our knowledge and understanding of the petroleum industry's capabilities in an emergency that we need to fill in. For example, we have some good figures on productive capacity, but this does not tell us how much oil can be gotten to refineries or ports. Similarly, we know about what we have in the way of storage capacity, but we do not know how much of that rated capacity

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will actually be available to us if we have to call on it. In other words, we need to know more about the deliverability of our oil, and two studies now on your docket will shed much needed light on these two vital elements of the supply picture.

Because our need for knowledge about the petroleum industry continues no matter how much we learn, we shall continue to look to you gentlemen of the National Petroleum Council for assistance. You have helped us tremendously in your 23 years of operations -- I would not know how to put a price tag on the services you have performed for the Federal Government since 1946.

By the last count I believe you had completed over 135 separate studies -- most, but by no means all -- dealing with some aspect of national security.

The ten volume set of manuals for EPGA developed by NPC is our bible for emergency operations of the petroleum industry.

Your recent studies on manpower and materials update our needs in these categories.

Gentlemen, we are indeed grateful for your outstanding efforts in the past, and we shall count on you even more for help and advice to us as we encounter problems of the future.

So, thank you very much, and as a closing note, our report on the Middle East emergency is at the press, and when

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it comes off the press, we will see that each member of the Council gets a copy.

Thank you.

(Applause.)

THE CHAIRMAN: Thank you, Mr. Ricca, for your thought provoking and informative look at some of the perils we face as a nation. Here again we assure the Office of Oil and Gas that we will do everything we can to be of assistance at your request.

It is now my pleasure to reintroduce to you our old friend Admiral Martin. It is a pleasure to have you back, and I know the new members are anxious to hear from you, Admiral Martin.

ADMIRAL MARTIN: Secretary Dole, Mr. Abernathy, members of the National Petroleum Council: I have had a difficult time deciding what to talk about here today. I kind of felt like the two GI's out in Vietnam that found themselves in a foxhole trapped, they looked around and found that all of their buddies had evacuated the area and they were surrounded by the Viet Cong, and one of the GI's said, "It looks like we have had it. What do you think we ought to do?"

The other fellow remarked, "I guess one thing is to pray."

"I don't know very much about praying."

The second one said, "I don't either. I have never

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been very religious, but one time I did live next door to a church and occasionally I heard what was going on in there, and maybe I can repeat what I heard," so he started out "20 under C, eight under A, and so on."

(Applause.)

ADMIRAL MARTIN: Getting back to my topic, I did consider several things, and one I thought as to when and how the Vietnam War is going to wind up, but that's kind of highly classified, and I think the President should be the one to address that subject, so I dismissed it.

I thought about telling you when and who was going to set up a refinery, but that seemed to fall under the Department of the Interior.

I gave a little thought about the import program, and I have been trapped on that one. I was quite flattered when we were asked to supply some questions, some of these 82 questions, and it was to my horror when we got the questions back to provide answers. That was considerably more difficult.

So, finally, I got around to the topic which is really my job and there has been a lot of information, some of it I think misinformation in the newspapers recently, about Government procurement practices, some considerable criticism, of course, and I thought about this topic and I realized that Senator Proxmire would be better qualified than I to talk about it, but the Council was not able to get him here today

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~~So~~ I will talk a little bit about Government procurement and, more specifically, about the Defense Fuel Supply Center.

I don't want to bore you with statistics because you are familiar with the scope of our job. Basically, as you know, we buy for all of the Armed Forces. We are now buying practically all of the Federal civil agencies as well. The scope of this, in terms of dollars, is about \$1,600 million, last year, in terms of volume of product, about 400 billion barrels of product annually, and then we have 9,000 different customers that are submitting requirements to us.

We operate, of course, on the same basic procurement regulations that govern everybody in the Department of Defense. This is a huge book which is entitled, "The Armed Services Procurement Regulations," commonly known as ASPR. This book has some 3,000 pages in it, and I had a little discussion with the Chairman of the ASPR Committee the other day, and he told me to my horror that there were 300 changes had been made in the last year, so you can see we have kind of a difficult time keeping up with all of these regulations.

Fortunately, in our kind of business, we are not faced with some of the same problems as those people who are buying these large weapons systems, and I must admit that that type of procurement is difficult and that is where a good bit of the criticism has been leveled.

However, as a result of Congressional and other

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action, when things are done to tighten up on procurement, it obviously does have some affect on us. Of course, our basic job is to get product on time and the right quality and material to our customers, but in addition to that, as I mentioned earlier, we do have a lot of policies and procedures with which we have to comply. We have quite a few goals.

For example, one of our goals is that about 90 percent of our procurement will be made on a competitive basis. We buy about half of our product in the United States and, of course, most of that is bought -- we buy over half of it, about 60 percent, and that is bought basically on a formal advertised basis.

So, about 45 percent of our procurement is as a result of formal advertising. Overseas, by law, and for certain practical reasons, our procurements are made on a negotiated basis, but even here most of them tend to be competitive because we do have a number of suppliers, and we do have a competitive market situation, in many cases, but we have to be in a position not only to prove that we bought as a result of competition when we are negotiating but also that the prices are fair and reasonable.

This is why sometimes we ask you for information that you may wonder why we need, but when you are procuring for the Government, you not only have to make a good deal, but you have to leave a record behind to indicate that this

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has been the case.

We also have other things with which we must contend. We have a goal in regard to small business where we set around 25 percent of our domestic procurement for small business. Here I think we do a pretty good job of helping small business. I understand that small business accounts for about 14 percent of the products that are manufactured in the oil industry in the United States, and we get about 25 percent of our procurement from small business.

As a matter of fact, about a month ago, the Administrator of the Small Business Administration came over and presented me with a letter of appreciation saying that we had had the largest single set-aside procurement in the whole history of small business.

This covers all commodities, There was some \$86 million in aviation fuels.

We also are, of course, faced with other national policies. In recent years, insuring that we do what we can to help the flow of the gold situation, we are buying about \$126 million in products in the United States that we formerly bought overseas. We still buy, of course, for logistic reasons, and because of the tremendous cost differential, a good bit of products overseas, particularly for Southeast Asia -- and we realized, as was mentioned by Mr. Ricca, this is a vulnerable situation.

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Now, we have a lot of people, of course, looking over our shoulders when we do this job. Internally, we have various review levels on our contracts.

For example, any contract over \$1 million I personally look at. Anything over \$5 million has to go up to the headquarters of the Defense Supply Agency, and they take a look at it. There are many other cases where these reviews take place.

We also have a post-award going on continuously in house of contracts we make to bring to the attention of our buyers the areas where we think they need to improve. In addition to doing that, the Defense Supply Agency makes a post-award review periodically and, of course, our friends from the General Accounting Office have been with me entirely during these years that I have been on board.

Fortunately, to date, sort of knocking on wood, they have not dredged up anything that I think would be a matter of great concern, but I think probably to do a good job is like anything else. It depends largely on the quality of the people that we have. I am proud of our organization. Many of the people, about 20 percent, have been buying petroleum for a period of approximately 20 years. We are beginning to lose quite a bit of the old timers. We have a very vigorous college recruitment. We have been fortunate to get good college people, send them to school for training and bring

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them along.

In our military, fortunately, most of the people have had experience, either rather extensive in petroleum or in purchasing; some in both, hopefully.

Of course, I think that one of the reasons, and probably the prime reason, we have been successful is I feel we have gotten tremendous cooperation from the petroleum industry and an awareness that it is just as important to you gentlemen that we need to do a good job as it is to us.

The reputation of the petroleum industry is at stake. We are all taxpayers, and I have noticed a considerable awareness on the part of anyone that they want to do a good job for the government as well as for their own companies, and for this I am extremely thankful.

We have attempted to do more to foster this relationship. For example, last year we have established a practice of having a seminar with industry coincidental with our opening of our jet fuel bids. We get a lot of people in there, and we set up a two or three hour seminar in the morning to give industry an opportunity to ask questions, give suggestions and exchange information. We attempt to participate in as many industry meetings as we can that are of interest to us. We are now giving consideration to sending out a periodic newsletter on things of interest to industry.

Along that line, I might mention, within the next

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couple of weeks, we will be getting a letter to you of considerable interest.

As I mentioned here earlier, last year the Navy was giving consideration to introducing a new type fuel for their steam propulsion ship, and eventually to use multi-purpose fuel for steam, diesel and gas turbine ships. This program has been approved. We have a specification. We do have a time phase plan as to how this product will be phased in over the next four years, and that information will be supplied to you some time within the next couple of weeks. The letter has been prepared, and we are asking for your comments as to outlining various ultimate ways of handling this procurement. We would like to have feedback from you so that we can make the kinds of contracts that will be most beneficial to both Government and industry.

In closing, I would like to say that this is probably my last appearance before the Council. I will be completing my 3-year tour with the Defense Field Supply Center this fall, and I expect to be relieved by an Army general officer. I do not know who it is yet, and I will be moving on to another assignment. "

I have appreciated very much the opportunity to meet many of you, to appear before you at these meetings, and I hope to keep up my relationship from time to time in the future.

Thank you.

(Applause.)

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THE CHAIRMAN: Thank you, Admiral Martin. We wish you well and hope that your assignment is in Washington and visit us often and you will certainly always be welcome. It is with regret that our new members have just met Admiral Martin, and now he is going to move on and they will have to train another person, but in any event we are very grateful to you, Admiral Martin, and it has been a useful, informative three years for all of us. Thank you again.

Well, I guess now this completes the presentation, and we now get down to the nitty gritty of the meeting and that is the report of the Nominating Committee. Mr. Jim Donnell is the Chairman.

Jim, do you want to preside, or how do you want to handle that?

MR. DONNELL: Mr. Abernathy, members of the Council, Mr. Dole. The Committee had a meeting yesterday afternoon and has the following report.

The Committee recommends that Mr. Abernathy be re-elected Chairman of the Council and Mr. Brockett Vice-Chairman.

Do we have a motion to accept this?

(Whereupon, a motion was made and duly seconded.)

THE CHAIRMAN: All in favor please say "aye."

(Chorus of "ayes.")

THE CHAIRMAN: All opposed?

(No response.)

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THE CHAIRMAN: You have your job again for one more year.

MR. DONNELL: I would like to then present the recommendations for membership on the Agenda Committee.

Mr. Hamon, Chairman. Members: Mr. Blaustein, Mr. Boyd, Mr. Brown, Mr. Haider, Mr. Ikard, Mr. Kelly, Mr. McClure, Mr. Marshall, Mr. Swearingen, and Mr. Tarkington. The same except for Mr. Ikard who will be replacing Mr. Ed Warren., who asked not to be reappointed.

For the Appointment Committee, Mr. Rabin as Chairman; members are: Mr. Bass, Mr. Getty, Mr. Goodrich, Mr. Hartley, Mr. Keeler, Mr. Murphy, Mr. Warner, Mr. McGraw, Mr. McCurdy, and Mr. Rowan; Mr. Ikard having been nominated for the Agenda Committee, a replacement was necessary and Mr. Clyde McGraw has been included and Mr. Warner has been suggested as a replacement for Mr. Nickerson.

I would move the election of these members to both of these Committees, Mr. Chairman.

THE CHAIRMAN: Thank you.

You have heard the motion. Is there a second?

(Whereupon, the motion was duly made and seconded.)

THE CHAIRMAN: All in favor say "aye."

(Chorus of "ayes.")

THE CHAIRMAN: Contrary?

(No response.)

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THE CHAIRMAN: Thank you, Mr. Donnell.

Thank you very much for the expression of confidence in your Committees and staff, and in your Vice-Chairman and Chairman. I speak for Del and myself. I am sure he can speak for himself -- he does not need me to speak for him -- but this has been a challenging six months, believe me, and it has been a real pleasurable one as well.

As I have tried to convey, it has been a time of challenge but it has been a time of opportunity and growth for all of us, and it has really been a personal pleasure to me as well as an honor to serve you and the Agenda Committee to establish a happy, harmonious working relationship with the new governmental team.

It has not always been easy, and there is still a good deal to do, and I suppose that is the way it should be and certainly it has made us rethink our role some. It has caused a good deal of head scratching on our part, and I am sure it has on your part, Mr. Secretary, but in any event, it has been a truly significant thing as far as I am concerned -- and I speak for Del -- to tell you how much I appreciate the opportunity to serve you again.

Thank you.

Now, we come to the thing we normally start our meeting with and that is the roll call. Will you call the roll, please?

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A VOICE: I move we dispense with the roll call and accept the report of the Secretary for the attendance.

THE CHAIRMAN: You have heard the motion. Is there a second?

A VOICE: I second the motion.

(Whereupon, the motion was duly made and seconded.)

THE CHAIRMAN: A motion has been duly made and seconded that we dispense with the roll call and accept the report of the Secretary of the door check. We have checked everyone in the door anyway.

All in favor say "aye."

(Chorus of "ayes.")

THE CHAIRMAN: Thank you very much. It is so ordered. Vincent, do you wish to proceed with your report?

MR. BROWN: Yes. National Petroleum Council Subcommittee Chairmen are dear to my heart, and all of our hearts, because they are always on the firing line in the tremendous amount of work they have to do. We have two of our working committee chairmen present, the Chairman of the Subcommittee on Petroleum Imports, Mr. Warren Davis, Director of Economics, Gulf Oil Corporation.

Will you stand up, Warren?

(Applause)

MR. BROWN: Chairman of our Coordinating Subcommittee for the Committee on Possible Future Petroleum Provinces of

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the United States, Mr. Ira Kran.

(Applause)

MR. BROWN: [I will give you a very brief summary of the costs incurred in fiscal year 1969 for committee and office operations, and try to project our money requirements for fiscal year 1970. In doing this, you will recall the summary of our recent activities which were given to you by Jack Abernathy in his opening statement.

Taking into account his comments and the progress report of our Committee Chairmen, you can see that the Council increasingly is continuing its important role in serving the Government and, in particular, the Secretary of the Interior. This increased activity requires increased expenditures.

In connection with the three reports which were completed this spring, as mentioned by our Chairman, the report on petroleum resources under the ocean floor has been particularly well received and is contributing significantly to the understanding and solving of the many problems involved in development of seabed resources.

Since publication of the report 60 days ago, we have already distributed or sold 1,500 copies, and sales are continuing at a steady rate.

Last year, you approved a budget of \$300,000. We actually received from your contributions, as well as from interest and other receipts, a total of \$303,989. During the

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year, we spent a total of \$207,012 on the following: \$63,413 for committee operations; \$206,599 was expended on basics for running the headquarters office. We ended up the year, therefore, with a surplus of \$33,977. Of this amount, \$11,750 was used to cover the deficit incurred in the last fiscal year, 1968, and \$18,500 has been set aside for our contingency reserve which you might recall was completely depleted. It leaves a carry-over for fiscal year 1970 of \$3,727.

Your officers proposed for your consideration a total budget of \$400,000 for fiscal year 1970. This proposed budget exceeds the one you approved last year by almost \$100,000. This means that we are again asking your approval for an increase in the budget on the same scale as the increase you approved a year ago.

The cost of basic operations in the new fiscal year are projected to increase by \$44,000. The major increase, however, is in the anticipated costs of committee operations accounted for by our undertaking such important studies as Possible Future Petroleum Provinces of the United States, U. S. Petroleum Imports, Air and Water Pollution, Crude Oil Deliverability, and Petroleum Storage Capacity.

Last year we budgeted \$70,000 for committee operations. The next fiscal year we propose a figure of \$150,000, or over double last year's figures.

I am sure you appreciate the difficulties in

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estimating in advance with absolute precision the costs of the studies which are just being started. We are always hopeful in preparing not to have to propose increases but we do feel obliged to do so again for this fiscal year.

I feel sure you appreciate the significance of the five study requests we have undertaken, both through our Government and through our industries, and a budget commiserate with the assignments is necessary.

This concludes my annual report to you, and on behalf of the officers, myself and my staff, may we say that your continuing genuine interest and cooperations in the affairs of the National Petroleum Council is a source of inspiration and satisfaction to us.) Thank you.

(Applause)

THE CHAIRMAN: Gentlemen, I must say that the entire work you are talking about doing is correlated and conducted by two professionals, Vince Brown and Mac McKnight and an office manager and a number of girls, all of whom have worked overtime, in my experience, and on many occasions on weekends.

The budget you have heard was presented really with considerable reluctance. It was gone over and discussed thoroughly by the Budget Committee that I appointed comprising of Messrs. Kelly, Jamon, Brockett, Donnell, Ikard and myself, unofficially. So, I presume that the thing to do is to call for a motion of approval of the budget as proposed.

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A VOICE: I so move.

A VOICE: I second the motion.

THE CHAIRMAN: A motion has been duly made and seconded. Is there any discussion, or are there any questions? Again, it was not adopted lightly by this Committee.

All in favor please say "aye."

(Chorus of "ayes.")

THE CHAIRMAN: Opposed?

(No response.)

THE CHAIRMAN: Thank you very much, gentlemen.

I assure you that we will do our best to see that none of the funds not requisite will be expended.

Now, are we ready for the presentation of the awards? May I have them, please.

Several years ago, a very shortful and, I think, very desirable custom was inaugurated of presenting certificates of appreciation to people who, although not Council members, at least they did their work which contributed largely to the success and completion of Council studies. We have a few such certificates to give here today.

The first one I would like to give is to Mr. Lloyd Elkins.

(Whereupon, the certificate of appreciation to Lloyd Elkins was duly read and presented.)

THE CHAIRMAN: Thank you very much.

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(Applause)

THE CHAIRMAN: The next certificate of appreciation goes to Mr. Hollis D. Hertberg.

(Whereupon, the certificate of appreciation to Hollis D. Hertberg was duly read and presented.)

THE CHAIRMAN: Hollis, my heartiest congratulations.

MR. HERTBERG: Gentlemen, I am pleased and proud, of course, to receive the certificate, but I would like to say that as I receive it, it is recognized that I receive it on behalf of a very fine committee with which I have worked on behalf of my co-chairman, Mr. Bob Able, and the staff of the National Petroleum Council, Vince Brown, Mac McKnight and their associates, all of whom are really responsible for whatever merit our report attains. I would like to express my appreciation to the stimulus provided constantly by Mr. Brockett, Chairman of the Committee, and Mr. Abernathy himself.

Finally, let me mention one person out of many, Mr. North Cuttley deserves particular mention because of the tremendous contribution of his personal time and resources to the cause of the Subcommittee. Thank you.

(Applause)

THE CHAIRMAN: This shows you why he did such a good job. He is a genuinely appreciative man. I hope we have many opportunities in the future to work with you. Thank you.

Next, Mr. Frank W. Pearsal.

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(Whereupon, the certificate of appreciation to Frank W. Pearsal was duly read and presented.)

THE CHAIRMAN: Frank, thank you very much.

MR. PEARSAL: It is indeed my pleasure to accept this award. I do so on behalf of Government people. This has given me an opportunity to meet a great many people in Government who are well qualified and certainly dedicated. Without their assistance, we could not have fully achieved this assignment.

A short personal plug, that my boss, Mr. Miller, endorsed the idea of my serving on the group. I think that I would like to challenge you gentlemen to read the report. As we mentioned twice this morning, and we did cover a subject on the present and future of professional personnel, engineers, scientists, and the use of technicians in support of it, I really challenge you to read this. I think it is important, and with that, sir, I thank you very much.

(Applause)

THE CHAIRMAN: Thank you, Frank, and now I can tell you that I was going to make some remarks to that same general area of the challenge, although not as effectively as you did. I scanned the report and I was a member of a similar committee in 1961, and I know how much work it is to put something like that together and I know how valuable they are, the Government people, and I certainly do hope you will get out your copy and scan it and get some idea of the manpower challenges we really

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have. We have some severe ones.

We thank you again for your work and the work of your Committee.

We have another certificate for a gentleman who is not present and we will see that he gets it. He was due here until as late as yesterday morning, and this is the certificate of appreciation to John P. Hammond of the Hess Corporation for the work he did as Chairman of the Council Committee on Impact of New Technology on the U. S. Petroleum Industry. You all remember that he made thorough going and remarkable studies, that John's group was responsible for this, and we only regret he could not be here to get the certificate. We will see that it gets to him.

Finally, we have one that I take particular pleasure in awarding, to a person I think was something like the third or fourth original member of the Council. It takes more than members to make a place like this go. I refer to the unfailing courtesy and the fine arrangement and the wonderful hospitality that we have received from the gentleman here on my right who has been running the Council ever since I can remember, Wiley. This is a rare opportunity for us to recognize your true service, Wiley, and give you this certificate of appreciation for all you have done.

(Whereupon, the certificate of appreciation to Wiley Wisco was duly read and presented.)

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MR. WISO: Mr. Chairman, distinguished guests at the table, members and friends of the National Petroleum Council. This is one of the highlights of my life.

You heard the Secretary say that these things don't happen. You make them happen, and you good friends of mine have caused me to advance to the point where I have been able to give you service, and I attribute all of this to Mr. Ralph K. Davies. He made it possible that I could meet all of you fine people, and I hope a long life, whenever you come in contact with Mr. Ralph K. Davies, take a moment out and greet him and say "Hello." I do appreciate this, and I shall never forget this occasion. I will let it go down on my prayer book each day of my life.

I would like to tell you something about Mr. J. J. Simmons the Third. He came to this city and stayed with me a few days, and I did not know why he prayed so hard. He prayed every night he was on his knees and the results have come, a blessing to him, and I will pray for you.

The evening shadows are coming down on my Government career, and I hope that you folks will bear with me a few more years because I would rather wear out than to rust out.

(Applause)

THE CHAIRMAN: This man is a great soul and a great individual, and I hope you stay around a long time, Wiley.

Most of us know Ralph Davies. We know he was an

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educated man but we did not know how smart he really was.

That completes the presentation of awards.

May I call for approval of the minutes of the last meeting?

A VOICE: I move that they be approved.

A VOICE: I second the motion.

THE CHAIRMAN: All those in favor please say "aye."

(Chorus of "eyes.")

THE CHAIRMAN: It is so ordered.

Well, Mr. Secretary, Mr. Dole, it is 12 minutes to 12.

The last agenda item is consideration of such other matters as may be proposed or approved by the Co-Chairman of the National Petroleum Council.

MR. DOLE: Thank you, Mr. Chairman. Inasmuch as it is 12 minutes to 12, and I understand the deadline is noon, I am not about to take up 12 minutes of your time. I have nothing to propose.

THE CHAIRMAN: With no further matters before us, we stand adjourned.

(Whereupon, at 11:48 o'clock, a.m., the meeting was adjourned.)

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