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Congressional Record S. 4288 - Depletion Allowance

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ahead and, as it diminishes, our prices are going to rise.

You can talk all you want to about oil and gas, but you cannot gainsay the fact that we are in short supply, that there is a limit to what we can produce; and that, as our supply diminishes, our prices are going to go up.

So I would hope that the independent producers of this country would be given encouragement through depletion allowances or, mark my words, their number will decrease from 20,000, as stated by the Senator from Louisiana (Mr. Long) to 10,000 today, to 5,000, 3,000, 2,000, and 1,000.

I wonder how many people here realize that as far as the independents are concerned that 1 out of every 10 wells that they bring in produces and produces on a small scale. We do not have many more Alaskas to look forward to.

We have not got a great deal to expect from the Atlantic offshore developments which the Supreme Court on yesterday said is the responsibility of the Federal Government. I think that somebody has to speak for the independent producer, and I think the distinguished Senator from Texas is doing so at this time.

Foreign governments are being paid more for oil than we are paying to our own domestic producers unless it happens to be new oil.

The House bill estimates a saving of \$2.5 billion in taxes associated with the phaseout of the depletion allowance. But, at the same time, that bill proposes a \$5.07 billion tax break for other businesses in the form of investment credit.

I have indicated that 108 items are under the depletion allowance aspect of the tax schedule, and it is my understanding, to reiterate, that 80 percent of the exploratory drilling in the United States is done by 10,000 speculative independents. These are facts, I think, we ought to think about.

In 25 to 40 years the oil is all going to be gone, and the gas with it. The Senator from Texas (Mr. BENTSEN), is trying to do something to protect some of our own people who take chances, who speculate, who lose more often than they win.

Let us talk about the major oil producers on their own and at a more appropriate time. I would hope it would be possible to vote on the Bentsen amendment tonight. But if there is going to be too much talking we will just have to think it over or take it up tomorrow or another day.

Mr. MANSFIELD. Mr. President, if I may be heard, what the House bill has done is abolish the depletion allowance for the oil and gas industry while it retains it for almost every other mineral-extractive industry, for coal, for sand, for gravel, for copper, aluminum clays, for clams, 108 items which are covered by the depletion allowance. We are now talking about one—petroleum—which is the most important of all energy items at this time.

If the depletion allowance has served as an incentive for other extractive industries, why should it be removed in the area of petroleum and gas internally, domestically, independently, where they are needed the most?

Where do you think your oil is coming from, Alaska? A part, yes. But we have considerable reserves in this country if we will only give the independent producer a break, and that is what the Senator from Texas (Mr. BENTSEN) is trying to do.

I think the depletion allowance should be eliminated for overseas investments. You can call it what you want, tax breaks, and the like, but they amount to the same thing.

As far as the independents are concerned, if we do not give them a break, we are going to have to face up to higher oil prices, Alaska or no. We are in short supply in domestic production of oil, and that supply will diminish in the years