

HARLEY O. STAGGERS
2d DISTRICT, WEST VIRGINIA

CHAIRMAN:
COMMITTEE ON
INTERSTATE AND FOREIGN
COMMERCE

HOME ADDRESS:
KEYSER, WEST VIRGINIA

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

March 11, 1974

Mr. John W. Stone
P. O. Box 173
Spencer, West Virginia 25276

Dear Mr. Stone:

Thank you very much for your letter of recent date relative to the Emergency Energy Act.

I appreciate your taking the time to write me and am glad to have the benefit of your views with reference to the roll-back of crude oil prices.

Again, thanking you and with kind regards, I am

Sincerely yours,

HARLEY O. STAGGERS

FEB 8 1974

JOHN W. STONE

RESPRESENTING :

J. W. STONE & ASSOCIATES
FIVE STAR GAS COMPANY
MASSA OIL COMPANY
D & J OIL COMPANY

February 5, 1974

P. O. BOX 173
SPENCER, WEST VIRGINIA 25276
OFFICE - 927-2589
RESIDENCE - 927-3614

Representative Harley O. Staggers
Room 2124
Rayburn House Office Building
Washington, D. C. 20515

Dear Representative Staggers:

I am a very small independent oil and gas producer. I am admittedly writing from a biased position, but having served as President of the West Virginia Independent Oil and Gas Association, I think I know a bit about the oil and gas industry of our state.

The action taken yesterday by the joint Senate-House Committee towards the roll-back of crude oil prices is going to have a extreme adverse effect on the economy of our state if passed by the House and Senate. Practically all of West Virginia's oil production can be classified "stripper" production.

Being a small operator I do not drill a lot of wells. Last month I launched a continuous drilling program which would complete approximately twelve wells per year. The wells were to be drilled in an area of West Virginia that we know will produce oil in small amounts. I can justify these wells at \$10.13 per barrel but I cannot justify them at \$7.00 nor at \$8.00. In the last few years I've seen the cost of a completed well (in the Big Injun Sand) go from \$18,000 to \$42,000, and all costs are still rising. If the House and Senate pass the roll back then I will stop my drilling program the next day. I know that hundreds of other small producers will be forced to do the same.

There are hundreds of millions of barrels of oil lying under West Virginia which will never be recovered under price ceilings. As an example the field in which I am drilling has been in production since 1915. Petroleum engineers estimate that 85% of the crude oil is still in place, but it is much more expensive to recover.

What is true of West Virginia is also true of many other oil producing states. Our country can again become self-sufficient in petroleum if the law of supply and demand is allowed to function freely.

The only reason that a natural gas shortage exists tod ay is the artificial price restrictions imposed for many years by the Federal Power Commission.

Representative Harley O. Staggers

Page 2

February 5, 1974

I fully realize the pressures that you gentlemen of the congress are under to ease inflationary prices, but I assure you that crude price ceilings will drastically curtail the development of new production to the point of weakening our economy and eventual still higher prices. I am convinced the result will eventually be the same as the beef price freeze of last year.

Cordially,



John W. Stone

JWS:bh