

Oil Industry Faces Major Challenge; Demand for Its Products to Double by 1975

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New York (UPI)—The oil industry has a tremendous challenge ahead — to satisfy a demand for its products that is expected to double by 1975. The nation's annual petroleum consumption now is a whopping 3.25 billion barrels, and is expected to reach more than 6-billion barrels in the next 15 years. But the success of the oil industry in meeting this challenge depends heavily upon the percentage depletion provision of our federal tax structure remaining unchanged, according to oil experts.

This taxing method has been under fire since Congress set it up 35 years ago. It has been examined by many sessions of Congress during this period but has remained intact. And now the industry is faced with a 50-50 possibility that percentage depletion will be taken up by the next Congress. The Democratic party platform lists a reduction in percentage depletion as one way to recapture revenues for its increased spending program. The oil industry says that while a temporary jump in income taxes from oil producers might result, the government would lose income over a period of time. Percentage depletion merely recognizes that oil in the ground is the producer's capital, and that this capital is depleted by the operation of an oil well. To prevent an oil producer's capital from being taxed as income, he is permitted to deduct from his gross income— for tax purposes— up to 27.5 per cent of the value of the oil and gas he produces during the year. It is limited, however, to 50 per cent of the net income of each lease or property. Because of this limitation, one oil expert notes, the 27.5 per cent is cut to about 23 per cent. The deduction which approximates the capital value of the oil in the ground, provides the producer with part of the funds needed to stay in business. Depletion is not a special benefit for oil and gas producers only. It is an across-the-

board provision applying to all but a few minerals. The rates for different minerals vary to take into account different economic factors. Percentage depletion was devised by Congress not only to avoid taxing the producer's capital, but to encourage the search for critical minerals. Congress realized that looking for oil hidden far below the surface of the earth was an extremely risky business. Men are drilling wells deeper all the time. And, the deeper a well is drilled, the deeper a prospector has to go into his pocket. One oil spokesman points out that since only one exploratory well in nine uncovers any petroleum—and only about one in 50 makes a commercially successful strike—the prospector must be prepared to invest large sums of capital without any guarantee of success. It now can cost well over \$100,000 and sometimes over \$1 million to drill a wildcat well. What would happen if percentage depletions were cut back? Most oil firms say the first and most serious result would be a falling off in exploration and drilling. "You can't look for oil and you can't bring it up out of the ground unless you have a lot of investment capital at reasonable rates," they state. The supply of investment capital for oil production is closely linked to the depletion provision, according to the oil men. This is true not only of reinvested earnings, but also of loans, stock issues and other sources of operating funds.

Mary Martin Grief-Stricken Over Hammerstein's Death, But Broadway Show Goes On

New York (UPI)—Mary Martin Tuesday night choked down her grief over the death of Oscar Hammerstein II, and in the best show-must-go-on tradition gave her 262nd performance in the famed lyricist's last play. Then, after the curtain had fallen on "The Sound of Music," Miss Martin could abandon the role of show business trooper and become once more a woman who has suffered a great personal loss. She threw herself in actor Theodore Bikel's arms and wept. "Please excuse me," she said tearfully, "Oscar has always said the words, 'Tonight I have none of my own.'" Then she fled to her dressing room. Wept for Hammerstein. Miss Martin wept for the man who gave her her first audition for Broadway when she was just 17 and a self-described "hick" fresh out of Weatherford, Tex. Many years later Hammerstein was destined to be the longest and most demanding performance of her career. Bikel and fellow cast members Marion Marlowe, Patricia Neway and Kurt Kasznar trickled in later, each looking more glum-faced than the one before. Backstage, actors, singers and dancers stood about in hushed gloom. Several of Miss Martin's friends had expressed fear that she might choke up on the lyrics Hammerstein wrote for the first number she sings in the musical, the title song, which is her favorite: My day in the hills Has come to an end I know. A star has come out To tell me its time to go. But deep in the dark green shadows Are voices that urge me to stay. And stay Miss Martin did, through two hours of smiling, laughing, dancing and singing Hammerstein's songs as though her heart really weren't broken.

Malaria Exists Organization Says

Havana, Cuba, (Science Service)—Malaria still exists in about 30 per cent of the Americas, the Pan American Health Organization—World Health Organization has reported here at the twelfth annual meeting of the directing council of PAHO. To date, WHO's efforts to blot out malaria in every corner of the world have freed nearly 53 million people from the threat of the disease in the Americas alone. Another 9 million are in areas under surveillance to see if eradication methods have stamped out all the tough spots. Malaria is completely stamped out in Chile, the U.S., Barbados, Martinique and Puerto Rico. Other countries have stopped the disease in isolated areas or large sections. In Canada, Uruguay, the Bahamas, the Virgin Islands and several other islands, the disease never existed or has disappeared without eradication measures. In more than 22 per cent of the Americas area, eradication measures are in full swing. Houses are being sprayed with dieldrin and DDT to kill 20 species of Anopheles mosquitoes that carry malaria. In areas such as the Amazon Basin where houses have no walls, the natives are using salt with an antimalarial drug added. National budget appropriations in 1960 for eradication programs have almost doubled in Colombia and Jamaica since 1958. Mexico, which is still spraying houses periodically, has the largest single antimalaria budget for 1960, \$6,720,000. The 8 per cent of the Americas area not presently engaged in eradication programs lies largely in Brazil, a vast country with more than its share of malaria problems because of the remote Amazon Basin and the country's sheer size. Cuba has not started active spraying, but is making a preliminary survey, and Haiti's campaign was temporarily interrupted by economic difficulties. Various species of mosquitoes in several locations have developed resistance to the sprays. Although the number of physicians associated with eradication programs has been reduced, more spray men are now at work.

Oldster Receives Youngster's Appeal

Truro, Mass. — Full of romance, 13-year-old Jane Briar wrote a note appealing for a pen pal, sealed it in a bottle and tossed the bottle in the sea. Her message washed ashore only 200 miles away. A fellow named Harley George picked it up. George, a retired carpenter, is 69. "Who can doubt that it will prove as effective for the generation that lies ahead," it adds.

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