Making A Difference

a historical look at the IOGCC

Interstate Oil and Gas Compact Commission

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Front Cover: (1941) Members of the IOGCC's Legal Committee (L to R, standing): C.A. O'Neill Jr., Louisiana; E.J. Coyle, Illinois; R.B. McEntire, Kansas; (seated) Charles H. Jones, Ohio; W.C. Lawrence, New Mexico; Earl Foster, Oklahoma; R.E. Hardwicke, Texas; and Hiram M. Dow, New Mexico. Hardwicke would later donate his extensive collection of oil and gas related publications to the Commission's library.

Foreword

According to historians of American government, the accomplishments of the Interstate Oil and Gas Compact Commission (IOGCC) are unmatched. This remarkable organization has succeeded repeatedly where governments at all levels have failed.

The IOGCC exists by virtue of a constitutional authorization that permits states to join together for the common good. The agreement, approved by Congress, is legally described as an interstate compact. The Commission has championed the conservation and efficient recovery of our nation's petroleum resources for more than 70 years.

Accomplishments have come despite obstacles that at first glance seem formidable. Membership by states is voluntary. The IOGCC has no regulatory authority. Leadership changes annually. The organization accepts no operating funds from industry.

Despite these challenges, the IOGCC has emerged as a working laboratory for public policy. Its instruments are discussion, dialogue and dedication — all guided by a clarity of purpose that has not wavered through times of both oil and natural gas surpluses and shortages.

Throughout the IOGCC's history, statesmen have emerged to lead the organization, the states and the country in the development of sound oil and gas and environmental policy. The summary on the pages that follow attempts to capture the flavor of the historical significance of the IOGCC's accomplishments.

It is important to remember that these successes came largely through the determination of state leaders whose overriding concern is minimizing the waste of a nonrenewable resource vital to economic development, national security and the lifestyle of all Americans. Lacking the traditional tools of governmental power, the IOGCC is an organization that exists thanks only to the individuals who have risen to speak for the principles it represents. It is to those leaders, and to those who will surely follow in the future, that this publication is dedicated.

Historical Chronicle of the Compact

The Interstate Oil and Gas Compact Commission (often referred to as IOGCC or the Commission) has a proud heritage of leadership. Since the IOGCC's simple beginnings in 1935, with congressional approval of the Interstate Compact to Conserve Oil and Gas, the organization has shaped regulation of the oil and gas industry through the principles of unity and cooperation.

With more than 70 years of continuous service to the states and the nation, the IOGCC's history is rich in accomplishment and statesmanship. A full-blown history of the Commission could fill volumes. A brief overview of the history of the Interstate Oil and Gas Compact Commission follows.

On Oct. 3, 1930, most of the country sulked in the gloomy days of the Great Depression. But in East Texas, a sense of wild enthusiasm was born when the Daisy Bradford No. 3 blew in, sending a column of oil and water high above the derrick. In the next three months, as two more wildcat wells blew in, even the most skeptical oil men were convinced of the significance of the find. Producers flocked to the field that was to become known as the Black Giant. By April of 1931, a new well was spudded every hour and two months later more than 1,000 wells had been drilled. The Black Giant was producing 500,000 barrels a day.

(1861) Col. Edwin L. Drake, one of the earliest drillers in Pennsylvania.

Enthusiasm quickly turned to concern however, as the unparalleled discovery sent prices tumbling. Texas oil sold for about $1 per barrel in 1930. By the end of May 1931, the price had collapsed to 15 cents per barrel. Major finds in Oklahoma added to the overproduction. Skittish oil producers scrambled to offset low prices with breakneck production. The inevitable result was even greater downward pressure on prices and, sadly, the loss of reservoir pressure and the abandonment of marginally producing wells. Oil that cost 80 cents per barrel to produce sold for 4 cents per barrel.

It is difficult to overstate the desperation that overtook the industry. By August 1931, production from East Texas alone had soared to one million barrels a day. The industry was drowning in its ocean of oil.

The states had been the first to recognize the enormity of the problem. The Oil States Advisory Committee, or Governors' Committee, met for the first time on March 9, 1931. The action of representatives from Arkansas, California, Kansas, Louisiana, Oklahoma, Texas and Wyoming formed the framework for what would eventually become — through a tortuous process — the Interstate Oil Compact Commission.

(1929) Kingsville, Texas, blowout.

The resolution adopted that day reflected the urgency felt throughout the country: "... The oil industry in the United States and over the entire world is suffering from a general condition of overproduction and slack demand, resulting in depressed prices ... and great distress in the industry, including particularly the producers of crude oil as well as those engaged in the refining and marketing business, as well as unemployment and threatened great waste of crude oil reserves by the forced abandonment of approximately 300,000 small wells in the oil producing areas of the United States alone ..."

"... If present conditions continue unchecked and unabated, they will result in not only the abandonment of hundreds of thousands of small oil wells but in the elimination of virtually, if not entirely, the army of small or independent oil producers in this country ..."

Snider-Triangle

Overcrowding of an oil field.

The committee resolved to encourage the rapid development of uniform laws for the conservation of oil and gas resources.

The next month, committee members traveled to Washington, D.C., and spent an hour outlining the grim situation to President Herbert Hoover. Separate meetings were held with the secretaries of Interior, Commerce, and War. They pleaded for stabilization of production, conservation of natural resources, unitization, curtailing imports, and federal-state cooperation.

"The above objectives . . . may and should be placed on a permanent basis by means of an agreement between the oil producing states, which will retain for each state its own administration and cooperation through an inter-state advisory board," the committee reported in a letter to the Federal Oil Conservation Board dated April 9, 1931.

The work of the Oil States Advisory Committee for production constraints resulted in enactment of conservation laws in three states. They proved difficult to enforce, however, and the industry continued its self-destructive slide. In June 1931, a newly appointed Legal Subcommittee traveled to Washington, D.C., "to see what could be done." With it, the subcommittee carried a proposal to form a new board with "very considerable power, not only psychologically but legally, to harmonize the differences and bring about lawful and orderly cooperation between oil parties, and particularly some very ugly controversies between the major units of the industry."


Warwick M. Downing, Colorado

Warwick M. Downing of Colorado chaired the subcommittee and argued persuasively for its creation. "I feel that, if we can assure one 'all together' grand push, the industry will turn upwards in marked degree . . . The industry's greatest problem is East Texas. A palliative plan, based on private agreement (the conservation law being entirely inadequate), is being discussed. Oklahoma and the other states will never stand for rigid pro-ration, if East Texas is permitted to produce from 300,000 to 600,000 barrels daily. Furthermore, private agreement is wrong in principle and practice.

"What is sought is honest conservation of natural resources in the public interest, administered by public authority and under the action of the police power of the state. Yet due to the unorganized, leaderless and helpless attitude of the industry, no one seems to dare to step out and declare that such proposed palliative plan would prove very harmful," Downing wrote.

The mood of the industry had grown more desperate. Oil men were clamoring for something to be done. Yet each initiative to address the problem fell short. At the end of their rope, many in the industry believed federal controls were the only solution.

The subcommittee's recommendations were endorsed by Robert P. Lamont, secretary of Commerce, and President Hoover. Former President Calvin Coolidge was suggested to head the board. But when President Hoover broached the matter, the normally reserved Coolidge was emphatic in declining. The "grand push" never materialized, and the proposal died.

By this time, production was out of control, and these desperate times demanded desperate action. In August 1931, Oklahoma Gov. William H. "Alfalfa Bill" Murray, in office less than eight months, proclaimed a state of emergency. Martial law was declared, and the National Guard closed major oil fields. The Oil States Advisory Committee later commended the action, saying Murray acted "bravely, and with rare vision." Texas Gov. Ross Sterling followed suit. National Guardsmen and Texas Rangers shut down production from East Texas.

On Sept. 11, 1931, the Oil States Advisory Committee met in Oklahoma City. In retrospect, it was a turning point for the industry. The committee identified the market demand at 2.376 million barrels per day, "and of this figure, Texas should contribute 900,000 barrels." Texas Railroad Commission representative Cullen Thomas, acting under the verbal authority of Gov. Sterling, stated that the commission would cooperate "to limit production only insofar as they could legally do so." The Texas Railroad Commission actually set the allowable production at 880,000 barrels, or 20,000 barrels less than the committee's recommendation.

". . . The action taken at Oklahoma City proved that a compact would work; that the public officials of the states had the right to make agreements to conserve oil and gas even if price be considered; and that by cooperation and agreement between the states, effective conservation may be had," historians reported.

Even though prices rose to 92 cents per barrel, the work of the committee was far from over. On Nov. 11, 1931, the Legal Subcommittee was instructed to draft a bill for an act of Congress "for an interstate compact and other matters pertaining to the oil industry and stabilization thereof . . ."

On March 1, 1932, the draft legislation, known as the Interstate Oil Compact Bill, was approved by the Governors Committee and later endorsed by the American Petroleum Institute (API). A promotional pamphlet entitled *A National Plan* was prepared and widely distributed in support of the cause.

"The conservation of its natural resources is a paramount duty of any nation. This is particularly true of its petroleum resources, which necessarily are limited and irreplaceable. Indeed, petroleum is our most essential resource. It is the prerequisite of our natural defense. Without petroleum, manufacturing and transportation except in a most limited way would cease, and our present civilization would pass away. The premature exhaustion of our petroleum supply must be prevented," *A National Plan* stated.

The idea of a compact was quickly endorsed by the U.S. Department of the Interior. The House and Senate amended and reported bills from committees. But concerns over the fate of a tariff on imported oil delayed action by supporters of the compact until after the presidential election.

Plans were made to meet Nov. 18, 1932, in Fort Worth, Texas, the location of the first organizational meeting of the group. The Fort Worth meeting was expected to be the beginning of the great push for the compact bill.

Instead, it signaled the end of the Oil States Advisory Committee. Following the election of President Franklin D. Roosevelt, change reverberated throughout the industry and support mysteriously waned. At its Nov. 10 meeting in Houston, the API voted to withdraw financial support from the committee. By wire, the Independent Petroleum Association of America (IPAA) informed the committee that "due to opposition to an interstate compact in the (IPAA) organization," it would not send a delegation to the Fort Worth meeting. These industry groups, it was reported, had been advised that "a better plan was in the making."

In addition, new governors with unknown attitudes toward the proposed compact had been elected in Arkansas, Kansas and Texas. These events rocked the committee. Lacking the full support of major companies, independents and even the governors, the committee abruptly decided to disband. The many representatives who worked so hard for an interstate compact summarily quit in disgust, and the notion of such an organization seemed quite dead.

In March 1933, President Roosevelt called a conference of the governors of the oil producing states. Bootleg, or "hot" oil, had eroded the effectiveness of state prorationing. Estimates of up to 500,000 barrels a day were being smuggled across state lines. Acting under an "Oil Code" developed through the National Industrial Recovery Act (NIRA), the Interior Department was empowered to set state production quotas and to use enforcement powers to eliminate "hot" oil from the marketplace.

The Oil Code "effectually placed for all practical purposes the administrative and legislative powers of the national government and the states in a committee composed of leaders of the industry, together with a small minority representation by the federal government," with no representation by the states.

(1940) A political cartoon of the day. Another shows the IOCC as a boy holding his finger in the hole in the "dyke of Waste & Depletion of Natural Gas Resources."

Though in effect disbanded, the Oil States Advisory Committee, through Downing, argued against including conservation and proration as a part of the Oil Code.

"Conservation of oil is of paramount importance. The problem is in fact national. Nothing that this administration could do would give greater or more enduring benefit to the people than to solve the problem," Downing wrote.

"No proration order should be made, even if recommended by the Advisory Committee, unless also concurred in by a majority of the oil producing states as represented by their conservancy bodies, or by delegates of their governors," he added.

The fight against federal controls slowed. The period was described as a "temporary truce in the warfare." However, there were constant threats of rebellion and charges of Code violations. Many credit Oklahoma Governor Elect E.W. Marland with reviving the idea of a compact by calling a special meeting Dec. 3, 1934. Present at the meeting were Gov. Alf M. Landon of Kansas and Governor Elect James V. Allred of Texas. Governors' representatives from Arkansas, California, Louisiana, New Mexico and Wyoming attended. Four members of a U.S. House subcommittee of the Committee on Interstate and Foreign Commerce traveled to Marland's home in Ponca City, Okla., for the meeting.

It quickly became clear that strong opposition existed to any form of federal control of the oil industry. Marland championed the idea of rekindling the compact. In January 1935, the group met again and within a month, enabling legislation had been adopted in California, New Mexico, Oklahoma and Texas. The third and final meeting was called by Marland at the Adolphus Hotel in Dallas.

(1935) January 3 meeting in Ponca City, Okla. Seated in the center is Gov. E.W. Marland.

In the meantime, the U.S. Supreme Court had struck down much of the NIRA, opening the door for formation of the Interstate Compact to Conserve Oil and Gas. The stage was set for drama, and those present at the Adolphus were not disappointed.

"A situation tense in character existed that Feb. 15," reported Blakely M. Murphy, a member of the Legal Committee. "In spite of the drives, the common cause, and the reason for the assembly, the meeting was plagued with inconsequential controversy highlighted by the manner in which the press and industry journals had focused on the governors of Texas and Oklahoma."

Two distinct positions had crystallized, Murphy observed. "Marland supported a doctrine of economic waste that in his opinion meant the government should prorate production to obtain a fair price for crude oil. The Texas delegates, almost hysterical in their opposition to price control which to them spelled eventual federal control, had aroused themselves to such a pitch that they seemed to be against everything and anything that could possibly be tarred with the brush of price fixing," Murphy wrote.

The disagreement threatened the possibility of compromise. Ultimately, on the floor of the conference, an agreement was struck that centered on the conservation of oil and gas by "the prevention of physical waste," and empowered the compact "to promote the maximum ultimate recovery from the petroleum reserves of the said states, and to recommend measures for the maximum ultimate recovery of oil and gas." The compromise report was crafted by the ever-present Downing of Colorado whose stirring address reflected his long, sometimes frustrating push for a compact.

(1941) Members of the Compact's Legal Committee (L to R, standing): C.A. O'Neill Jr., Louisiana; E.J. Coyle, Illinois; R.B. McEntire, Kansas; (seated) Charles H. Jones, Ohio; W.C. Lawrence, New Mexico; Earl Foster, Oklahoma; R.E. Hardwicke, Texas; and Hiram M. Dow, New Mexico. Hardwicke would later donate his extensive collection of oil and gas related publications to the Compact's library.

"If we can't agree, let's go home," Downing exclaimed. "I for one don't want to leave this conference without doing my best to accomplish something. We are agreed on essentials. We are agreed on confining the purposes of this pact to the prevention of physical waste. We are agreed about the 'stripper wells' — we all know nobody wants to do anything to hurt them. We are agreed that we can't produce from flush wells enough petroleum to supply the needs of the nation. The only difference among us is by what name we shall call the rose."

The compromise was forged and adopted unanimously. Legislatures in Colorado, Illinois, Kansas, New Mexico, Oklahoma and Texas promptly ratified the compact. On Aug. 27, 1935, the Interstate Compact to Conserve Oil and Gas was approved by the 74th Congress, and the Interstate Oil Compact Commission was born.

Although progress had been incremental and labored, the resulting work to establish the compact redefined the relationship between the industry and government. The Texas Railroad Commission reported to President Roosevelt in 1937 that "there is a complete cooperation and coordination at the present time between the federal government and the oil producing states in this common effort to conserve this natural resource." It was a far different outlook than the country had faced just a few years earlier.

Conservation efforts by the IOCC proved to be immensely important in the years of world turmoil that lay ahead. In late 1941, the United States had surplus oil production capacity that exceeded one million barrels per day. That provided a margin of security that would soon be activated, first to supply Britain and later the United States and other allies during World War II.

In the early 1940s, the Commission turned its attention exclusively to wartime issues. "Now in the national crisis," reported Chairman Gov. Leon C. Phillips of Oklahoma, "the Compact Commission is cooperating with state agencies, the federal government and the industry in a program to insure adequate petroleum to win the war. It is devoting its talents and facilities to that task and earnestly desires the help of every oil producing state."

(1943) Research chemist in the Carter Oil Company laboratory.

The work of the Commission received wide praise from President Roosevelt, House Speaker Sam Rayburn, congressmen and governors.

"It is particularly gratifying at this time to find 11 of the great states of our Union, controlling most of our petroleum resources, joining together in a determination to protect our vast and valuable oil possessions at this time, because of conditions throughout the world," Rayburn said on July 31, 1941.

(1947) Attending the IOCC meeting in Great Falls, Montana, (L to R): William J. Murray Jr., Texas Railroad Commission; Warwick M. Downing, Colorado; and N.E. Tanner, minister, Department of Mines and Lands, Alberta, Canada.

In fact, IOCC states were responsible for about 80 percent of the nation's production. An important tool in monitoring the nation's oil output, the national survey of stripper wells, began in 1941. Though less than a decade old, the Commission had earned the respect of its member governors.

"As a means toward true conservation practices, the compact has been exceedingly effective," said Kansas Gov. Payne Ratner. "It also has demonstrated in its results the value of the American principle of local self-government, whereby problems can best be solved by those who have the knowledge and understanding gained from close-at-hand experience." In the years that followed, these sentiments would be repeated many times.

By 1945, the Commission's membership had grown to 17 states, and broad-based activities were under way. In addition to its primary charges, the Commission had undertaken an education program for government officials and the public emphasizing the benefits of conservation.

(1949) Geologists examine cuttings from a well on a northwest Texas ranch.

The program involved "the use of motion pictures, lantern slides, written material, charts, graphs and pictorial and other forms of exhibits" to create interest in and promote oil and gas conservation. This initial effort reflected the IOCC's goal of elevating conservation to the level of national policy.

"An enlightened public will no longer tolerate their (natural resources) wasteful use and destruction. The public welfare demands their proper development and use. Petroleum is one of the most vital of these resources. The responsibility of producing it without waste rests upon the oil producing states. The Interstate Oil Compact Commission, acting as an interstate advisory committee, furnishes the facilities for the states, by cooperative action, to perform that obligation in the public interest," the Commission stated.

Associated Screen News Limited

(1952) Meeting of the Compact's Regulatory Practices Committee during the Banff, Alberta, Canada meeting.

The Commission's work included preparing comprehensive conservation statutes, preparing a summary of conservation laws, and promoting scientific and engineering advances.

The work helped prepare the country for the profound influence oil would play in the country. Indeed, in 1947, oil exceeded coal as the principal supplier of energy in the United States. The following year, oil imports exceeded exports for the first time. The term "foreign oil" was born.

By the IOCC's 20th anniversary it was hailed as the model for addressing interstate issues. Richard H. Leach, with the Duke University Department of Political Science, evaluated the work of the Commission in 1957.

"Perhaps no compact in operation in the United States has so effectively accomplished its objectives and been so consistently popular while doing so as has the Interstate Compact to Conserve Oil and Gas. The Interstate Oil Compact Commission, which was established as the administrative agency of the compact, its staff and committees, have become perhaps the most respected experts on oil and gas conservation in the country. Its record of over twenty years of service to the party states and to the nation is unparalleled in compact history," he wrote.

(1954) Bus trip, part of the ladies' tour for the Omaha, Nebraska, meeting.

By the late 1950s, more than 50 books and articles had been published on engineering, legal, regulatory, and supply and demand issues. Ten other projects were under way. A clearinghouse of information on oil and gas conservation had been established, and the IOCC had stepped up its public information campaign and its contact with federal and state lawmakers and bureaucrats. The remarkable fact that the Commission was effective principally through "persuasion and the voluntary participation of states" was not lost on Leach.

"Moreover, probably more than any other compact, the Interstate Oil Compact has a demonstrable relation to the national welfare. The conservation of oil and gas is not merely the concern of the states belonging to the compact but is a problem of grave national interest on which our national security largely depends . . . Recognition of its importance and of its vital role in the national picture has also strengthened the compact."

(1954) Gov. Edward F. Arn of Kansas, 1953 IOCC chairman, and Gov. Johnston Murray of Oklahoma, 1954 chairman, dedicate the new IOCC headquarters building at 900 N.E. 23rd Street in Oklahoma City.

In summary, Leach noted that other compacts have similar authorities to study and recommend. However, "none is listened to as is the Interstate Oil Compact Commission. Legally, it has no power; actually it is the most powerful and respected agency in the oil and gas industry."

With the establishment of mandatory quotas for imported oil in 1959 and the formation of the Organization for Petroleum Exporting Countries (OPEC) the following year, the IOCC faced important conservation questions.

In response, the organization adopted a strongly-worded resolution calling for a reduction in oil imports at the 1961 Annual Meeting in Denver.

(1961) Signing of oil and gas conservation bills for Pennsylvania. (L to R, seated) Lewis E. Evans, secretary of Mines and Mineral Industries; Gov. David L. Lawrence; Genevieve Blatt, secretary of Internal Affairs; (standing) William R. Davlin, secretary of Commerce; Rep. Austin J. Murpy, chairman of the House Committee on Mines and Mineral Industries; Anthony J. DiSilvestro, president pro tempore of the Senate; and Sen. Thomas J. Kalman, chairman of the Senate Committee on Mines and Mineral Industries.

"Despite overwhelming evidence that a flood of foreign oil is disrupting the domestic industry and damaging state conservation programs, further studies have been ordered" by President John Kennedy, the IOCC noted. The Commission called for "prompt and effective action to reduce and stabilize the rate of oil imports so as to prevent weakening of state conservation programs and assure a healthy domestic industry . . ."

It was one of many warnings sounded by the Commission about the impact of imported oil. Mandatory import quotas were destined to last 14 years.

To those at the Denver meeting, President Kennedy sent a message praising the work of the IOCC, stating that "the nation's strength has been significantly enhanced by the work of the Commission and I am sure that it will continue in the forefront of this highly important conservation movement."

But his administration questioned the functions of the Commission in two separate areas. In a letter dated April 4, 1963, Interior Secretary Stewart Udall seemed to question the IOCC's role in ensuring that the petroleum industry "makes its maximum contribution to the national security and to the strength of the national economy."

"The purpose of the Interstate Compact is . . . 'to conserve oil and gas by the prevention of physical waste thereof from any cause.' In order to fully achieve this objective, the IOCC, we feel sure you agree, must do everything in its power to assure that state regulatory practices enhance the efficiency of the domestic petroleum industry," Udall's letter said.

The secretary requested an analysis of the regulatory systems of the states and "the effect of these systems on the petroleum industry."

Within a week, Indiana Gov. Matthew E. Welsh announced the formation of a Governors Committee to respond to the Interior Department request.

(1963) L to R: William J. Lamont, Department of Justice, Anti-trust Division; Lawrence J. O'Connor, Federal Power Commission; Jerome O'Brien, Department of the Interior; and (seated) John M. Kelly, Assistant Secretary of the Interior.

Then in May, U.S. Attorney General Robert Kennedy issued a 31-page report ". . . as to whether or not the activities of the states under the provisions of such compact have been consistent with the purpose . . ."

New Mexico Gov. Jack M. Campbell observed that "the shadow of threatened federal control had been cast upon this compact and the great and progressive industry with which it is involved."

"I have noted somewhere that it has been said that this particular meeting (June 1963) may be the most important one in the history of the compact," Campbell said. "The implication seems to be that we are faced with problems which are completely new and extremely shocking. Ominous notes of warning fill the mails as if this were the first occasion on which this compact felt constrained to justify its existence . . . I cannot concur in this concern."

Markow Photo

(1967) IOCC officers: Jerome McHugh, Colorado, second vice chairman; Gov. Henry Bellmon, Oklahoma, 1966 chairman; Gov. Paul Johnson, Mississippi, 1967 chairman; and A.L. Porter Jr., New Mexico, first vice chairman.

Despite whatever threats were perceived, President Kennedy approved an extension of the IOCC through September 1967.

The Governors Committee efficiency report was developed and issued about a year later. The 321-page study contained a number of recommendations concerning conservation, which the Interior Department said would "tend to assure improved efficiency in oil production."

In June 1965, the IOCC established its position on environmental issues through a resolution that favored regulatory development and enforcement "under the guidance of the local regulatory authority most directly involved and most familiar with local conditions and needs."

Throughout the 1960s, the IOCC became the leading advocate for limiting oil imports; opposing certain wilderness designations; and favoring natural gas import limitations, price deregulation, and state regulation of the resource. Despite the fact that a step-out well completed in 1968 at Prudhoe Bay on Alaska's North Slope confirmed a world-class oil field discovery — the largest in North American history — a fundamental change in the domestic industry would soon occur.

In 1970, U.S. oil production reached its apex — 11.3 million barrels per day. In a sense, it signaled a time for introspection by the IOCC. In March 1971, the Texas Railroad Commission permitted all-out production. Demand had outstripped production capability, and managing surplus was no longer an issue for the Commission. The Railroad Commission noted the historic occasion.

"Damned historic, and a sad one," the chairman said. "Texas oil fields have been like a reliable old warrior that could rise to the task when needed. That old warrior can't rise anymore."

As the term "energy crisis" found its way into the country's vocabulary and to the top of the political agenda, the wisdom of oil import quotas came into question. Although the IOCC argued strenuously against the creation of a import tariff, just such a system replaced quotas in 1973.

The same year, an OPEC oil embargo sent oil prices skyrocketing and left motorists waiting in lines at gas stations. An IOCC statement of policy adopted shortly after the beginning of the embargo showed the group's patience wearing thin.

California Gov. Edmund G. Brown, 1979 IOCC chairman.

"Due to shortsighted federal policies that regulated the price of natural gas below its normal and logical level and encouraged the over-dependence on foreign oil by relaxing the Mandatory Oil Import Control levels as initially established, this nation now finds itself in the predictable position of having insufficient energy sources to meet our present needs and with no consolidated program for meeting expanding future requirements," the 1974 policy stated bluntly.

"The compacting states take no comfort from the fact that they have tried to warn the nation through repeated resolutions that the present crisis was inevitable under recent federal policies.

"This compact, having forecast the problem in prior resolutions and urged measures to avert the problem, now wishes it could, with equal confidence, project an immediate solution. Unfortunately, we have descended too far into dependence on foreign sources to hope for an easy recovery."

The Commission developed a nine-point program to immediately address the issue, focusing on expanded opportunities for exploration and conservation.

With energy and conservation issues near the top of the political agenda, the IOCC won several victories in the mid-1970s. The organization convinced the federal government to exempt enhanced production and heavy gravity oil from freemarket prices and was successful in gaining flexibility in underground injection control regulations that would affect thousands of older wells.


(1982) Gov. David C. Treen of Louisiana, 1982 IOCC chairman.

But the push for a national energy plan fell short as did a relentless call for deregulation of natural gas prices. When President Jimmy Carter proposed an energy plan in 1977, it was met with widespread criticism from IOCC states for failing to encourage domestic oil and gas recovery.

The year 1979 found the return of gas lines and reiteration of IOCC's statement of policy on the nation's energy picture. Noting that "the current crisis in national energy supplies, resulting in crippling inflation and unemployment, together with a weakened national defense capability . . . only serve to emphasize the correctness of our past position," the Commission called for state and federal cooperation to correct what seemed to be a chronic problem.

Resolutions denouncing counterproductive taxes, to promote production of heavy oil, and for sensible wilderness area consideration were passed and publicized.

"In stark contrast [to 1935 when the IOCC was formed], today the nation finds itself in yet another crisis — having to import almost one-half of its oil needs from unstable foreign sources," the IOCC noted with irony.

The organization played a key role in the implementation of the Natural Gas Policy Act of 1978, which added regulatory responsibilities to state agencies. Resolutions dealing with environmental issues began to appear more frequently as the organization served as a voice of balance between conservation and environmental protection.

The group issued constant reminders to the federal government that existing production sources were at least as important — if not more important — than new sources of oil and gas. Actions targeted simplifying application processes and royalty collection verifications, carving out incentives for enhanced recovery and tertiary oil, and incentives for marginal gas wells. Increasingly, the IOCC became the voice for the states concerning encroaching federal policy.

(1985) Ceremonies for the Compact Commission time capsule in Ponca City. On the far right are Oklahoma Gov. George Nigh, IOCC chairman, and Executive Director Tim Dowd.

"Some have been critical of the IOCC for addressing itself to matters of federal policy," wrote Chairman David C. Treen, governor of Louisiana. "The basis for this criticism is that the IOCC should be concerned with conservation and not with the economics of price regulation and taxation. I couldn't disagree more with such a position.

"Federal controls have had a real, and dramatic, impact on the state's responsibility for conservation of oil and gas and on our efforts to get maximum recovery and protect correlative rights . . . In my view, the IOCC is the most logical organization to represent the producing states as we collectively try to impress upon the federal government the undesirable and disastrous effects of its policies on our efforts to promote conservation," Treen said.

The organization observed its 50th year in 1985. A special ceremony at the former home of Gov. E.W. Marland in Ponca City, Okla., and the burial of a time capsule — to be opened in 2035 — commemorated the event.

1985 Co-Chairmen Gov. Mark White of Texas, left, and Gov. George Nigh of Oklahoma at the IOGCC 50th Anniversary meeting in Austin, Texas.

A key event in 1987, the IOCC's efforts to preserve state regulation of drilling muds and produced wastes, proved successful, thwarting yet another move to diminish state authority.

As the IOCC prepared to enter the 1990s, it set out yet again to encourage development of a national energy policy. Its six-part program included encouraging exploration and production of U.S. oil and gas, a re-examination of federal tax policies on oil and gas, decontrol of natural gas prices and promotion of the fuel for transportation, heightened awareness of the need to expand oil and gas research, end-use conservation of fossil fuels, and the creation of an oil import program.

(1993) Mary Scott Nabers, Texas, with U.S. Deputy Secretary of Energy Bill White.

The Commission undertook a bold initiative at the close of 1988 when, under the leadership of Gov. George Sinner of North Dakota, the Council on Regulatory Needs was formed. The organization began to develop guidelines for state programs that regulate wastes associated with oil and gas exploration and production. The resulting guidelines report spawned the State Review program, which has immeasurably improved state waste-management programs and has been hailed as a model of regulatory development. The 20-year IOCC battle to deregulate the price of natural gas ended when Congress approved the Natural Gas Wellhead Decontrol Act of 1989.

During that year, Alaska Gov. Steve Cowper served as IOCC chairman. In a presentation replete with compelling first-person accounts, Cowper addressed the Midyear Meeting less than three months after the oil spill in Prince William Sound.

"To me," he said, "what this spill means is still to be determined . . . I don't know where this is going, frankly, in Congress, but I know that this was an important watershed for oil development in this country and, in a less direct way, all resource development in this country. It is up to us to voice responsible opinions in the Congress so that responsible decisions will be made."

In early 1990, few organizations shared the IOCC's concern regarding the growing dependence on imported oil and the lack of a national energy strategy. But when Iraq invaded Kuwait in August 1990, the Commission's wisdom was affirmed, and the federal government quickly sought advice on how to deal with the crisis. Renewed interest surfaced in the Commission's suggestions regarding a national energy strategy.

(1994) Former U.S. Secretary of Energy Donald P. Hodel speaks during the Breckenridge, Colo., meeting.

As one of the first organizations to address the flight of major U.S. oil companies from domestic production sources, the IOCC completed a study of the need for technology transfer that same year, under Chairman Gov. Mike Sullivan of Wyoming.

In 1991, the IOCC became the Interstate Oil and Gas Compact Commission (IOGCC), reflecting the group's time-honored commitment to addressing natural gas issues. Gov. Norman Bangerter of Utah, serving as chairman, pointed out that the organization had been involved since its inception in gas conservation by addressing venting, flaring and well spacing concerns.

(1994) Members of the Ohio State Review team.

Also that year, the first peer review of state programs to manage oil field waste was completed for Wyoming, and the Commission officially called for opening Alaska's Arctic National Wildlife Refuge to "environmentally responsible oil and gas exploration."

In 1992, the State Review process was effective in the IOGCC's successful effort to retain state regulation of waste associated with oil field operations. Landmark studies were completed on the nation's inventory of idle wells. Environmental training for regulators and industry was designed. A comprehensive study of the barriers to increased use of domestic natural gas was completed and widely circulated.

(1995) Attendees of the IOGCC Spring Quarterly Meeting in Washington, D.C., tour the White House.

The following year, the IOGCC took steps to become a proactive participant in the development of energy policy. A strategic plan was fashioned that enabled the Commission to focus on emerging issues and to become the leading authority on oil and gas. A revision of the organization's mission statement, reflecting the increased involvement in protecting human health and the environment, also was adopted. The State Review program continued in earnest, and efforts by the states to upgrade environmental capabilities were documented.

In 1994, the IOGCC began to assert its aggressive, leading-edge approach, implementing an annual congressional reception in Washington, D.C., as part of the Spring Quarterly Meeting agenda. A new study, *Marginal Oil: Fuel for Economic Growth,* expanded the IOGCC's annual report on stripper oil production to include the economic impact of stripper wells, drawing national attention. Work began

(1995) Governors and former governors/Compact chairman attending the 60th anniversary meeting of the IOGCC include (standing, left to right) Jack Campbell, New Mexico; Mark White, Texas; Gary Johnson, New Mexico; Henry Bellmon, Oklahoma; Bill Graves, Kansas; George Nigh, Oklahoma; (seated, left to right) Frank Keating, Oklahoma; Ed Schafer, North Dakota; and George W. Bush, Texas. (Not pictured is incoming Chairman Gov. E. Benjamin Nelson, Nebraska.)

on linking the states electronically through the Internet. An IOGCC initiative resulted in the beginning of a study to streamline regulations governing exploration and production on public lands.

Coming full circle with its heritage, the IOGCC in 1994 instituted the annual *E.W. Marland Award* for outstanding service by a state regulator.

The 60th anniversary year, 1995, signified a turning point in the role of states in national energy policy. Popular opinion and the political climate began to favor returning authority and responsibility to states from the federal government. Sensing this new opportunity, the IOGCC acted quickly to advance the framework for a state-led National Oil and Gas Policy.

At the heart of the policy are the principles that have provided a steady course for the IOGCC in the past: research to improve finding costs and production efficiency, education of the public concerning resource conservation, incentives for marginal wells and other key issues, and alerting the nation about the consequences of depending on precarious sources of imported energy. First advanced in 1995 by Chairman Gov. Ed Schafer of North Dakota, the IOGCC's National Oil and Gas Policy continues to evolve.

(1996) Alberta Minister of Energy Patricia Black (center) and Canadian Consulate General Henry Wells (far left) host IOGCC official representatives (L to R) James Slutz, Indiana; Carl Michael Smith, Oklahoma; and Bill LeMay, New Mexico.

The IOGCC's role as an advocate for states' rights has led to a greater presence for the organization in Washington, D.C. The Commission has led the push by states to assume oil and gas inspection and enforcement and other federal responsibilities on public lands.

The proposed transfer of responsibility is projected to save taxpayers millions of dollars, eliminate redundant compliance efforts by operators, and streamline permitting procedures. The IOGCC is also a leading voice on environmental issues such as air quality standards and chemical reporting requirements.

(1996) Official representatives John Snow, Nevada, and James Slutz, Indiana, receive autographs from Roberto Guerrero, a top-five finisher in the Indianapolis 500, during the 1996 Midyear Meeting.

January 1996 brought the leadership of Nebraska Gov. E. Benjamin Nelson, who made "finding common ground" the theme of his tenure as IOGCC chairman. States continued their efforts to stave off federal encroachment of their rights to regulate their natural resources by developing coordinated approaches to challenges.

Also in 1996, the IOGCC established the *Chairman's Stewardship Awards* to recognize excellence in voluntary environmental activities. The award annually singles out an environmental project or program that goes far beyond the letter of the law.

(1996) Long-time Wyoming Official Representative Don Basko, left, is recognized for his service by Chairman Gov. Frank Keating of Oklahoma.

A new chapter in the IOGCC's history was penned with the members' vote to open affiliation status to other oil and gas producing nations. The province of Alberta, Canada, became the first international affiliate in 1996, through the IOGCC International program.

To reflect the organization's growth and strategic goals, the IOGCC restructured its committee system in 1997 under the leadership of Chairman Gov. Frank Keating of Oklahoma. Three operational and five issues-based committees were selected to lead the Commission.

The restructuring is significant given the history of the organization. Since its earliest days, the IOGCC has relied on deliberation and consensus-building at the committee level. This tradition continues under committees on Legal and Regulatory Affairs, Public Lands, Environmental and Safety, Public Outreach and Energy Resources, Research and Technology.

Implementation of a new Strategic Plan for the IOGCC began in 1997, with goals focusing on environmental, regulatory, policy and public education efforts. To complement public education and outreach efforts, the IOGCC *Energy Education Award*, which recognizes an outstanding effort to educate the public concerning energy issues, was conferred for the first time during the 1997 Midyear Meeting. The award has now become a part of the annual *Chairman's Stewardship Awards*.

Gov. Keating selected as the focus of his chairmanship the state-led National Energy Policy, which focuses on fullest utilization and recognition of the importance of domestic energy resources. Opportunities for testimony before Congress and grass-roots educational appearances were significant throughout 1997, as leadership teams consisting of a governor and member of Congress communicated the recommendations of the IOGCC's National Oil and Gas Policy.

Building on the momentum of its previous successes, the IOGCC launched 1998 under the chairmanship of Gov. Jim Geringer of Wyoming. Continued efforts to strengthen the states' policy-setting role in national energy issues, including those dealing with access to public lands, remained key to the organization's work. Kansas Gov. Bill Graves led the IOGCC into 1999, and attention was focused on the need to stabilize crude oil prices in the wake of rapidly increasing imports, dramatic cuts in domestic production, and wells plugged and jobs lost.

Left to right, 2002 IOGCC Chairman Gov. Mike Huckabee of Arkansas, 2000-2001 Chairman Gov. Tony Knowles of Alaska, 2001 Second Vice Chairman Philip Asprodites of Louisiana, and 1999 Chairman Gov. Bill Graves of Kansas at the 2001 Annual Meeting in Santa Fe, N.M.

The IOGCC entered the 21st Century with Alaska Gov. Tony Knowles at the helm in both 2000 and 2001. The IOGCC backed a drive to give the states more regulatory power in dealing with environmental protection, called for improved access to public lands, and worked to increase public awareness of the benefits of a strong domestic energy industry. The IOGCC claimed major legislative victories when net receipts sharing was repealed and the Environmental Protection Agency ceased targeting oil and natural gas wells for inclusion in Toxic Release Inventory reporting requirements. The IOGCC celebrated its 65th

anniversary in August 2000, and named the headquarters building the E.W. Marland Memorial Building in 2001.

Gov. Mike Huckabee took the reins in 2002 and focused attention on the importance of domestic energy to national security and the coordinated effort needed to protect the nation's energy lifelines.

North Dakota Gov. John Hoeven, 2003 chairman focused on the personnel shortage in the petroleum industry and how to attract new petroleum workers, organizing a Blue Ribbon Task Force to find solutions. The task force developed an action plan to combat the problem, publishing it in an award winning IOGCC publication *Petroleum Pros*.

"It is clear that addressing the manpower issue is an opportunity for the states, the federal government and industry to contribute to a long-term solution," Gov. Hoeven said in comments submitted for a U.S. House Subcommittee on Energy and Mineral Resources hearing in 2004.

In 2004, the Commission addressed research and development issues. Chairman Gov. Bill Richardson of New Mexico initiated this focus in his address at the 2003 Annual Meeting in Reno.

"As representatives of oil and gas production states, it should be incumbent upon us to provide the leadership necessary to educate our citizens about ... the need to continue to fund research and development work that will provide technology needed to reach and develop these resources," said Richardson.

Finally, in 2005, Congress passed and President George W. Bush signed a national energy policy. The Commission, under the leadership of Alaska Gov. Frank Murkowski, served as a leading champion for a reality-based, comprehensive energy policy that included measures to enhance conservation and efficient recovery of America's oil and natural gas resources. Although not all final provisions of the Energy Policy Act of 2005 were endorsed by the Commission, the organization cited hopes that the legislation would signal a renewed focus on homegrown energy, and will continue to work toward reducing the nation's dependence on unstable sources of energy.

Throughout its history, the IOGCC has helped write numerous success stories. Many of those are told in chapters that span years rather than months. It is perhaps most notable that the IOGCC demonstrated persistence and diligence and never discarded its views or ideals. It has been the group's single-minded goal of conserving the nation's oil and gas that has allowed it to be effective in times of both shortage and surplus. The conservation of oil and gas transcends both crises and periods of relative calm; and the IOGCC continues to stand as a champion of these valuable resources.

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