is simultaneously, by government fiat, busily restricting the development of new energy sources. For example, in January, it was disclosed that the federal government was investigating the oil and gas drill bit industry for antitrust violations. And in June, Bush decided to ban almost all new off-shore drilling projects.

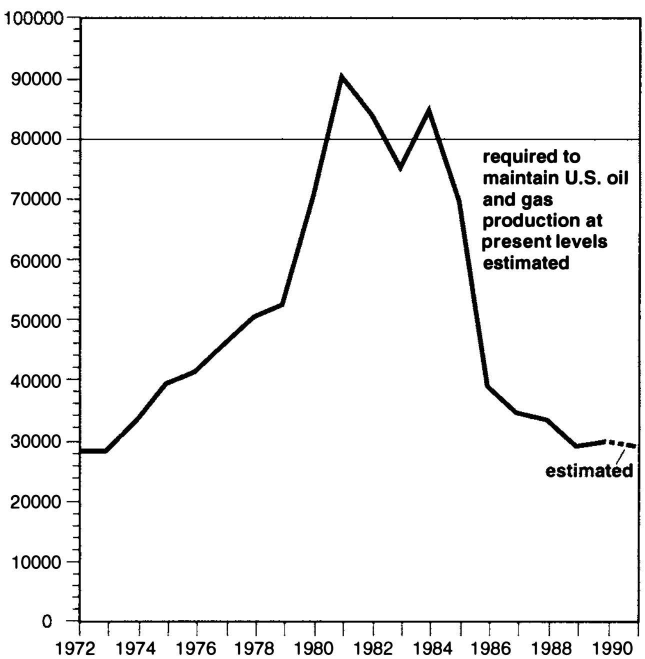
Faced with increasingly severe environmental restrictions at federal, state, and local levels of government, oil companies have not surprisingly decided that strife-torn Third World countries may be less politically risky areas in which to operate than the United States.

An egregious example is the Point Arguello project off the coast of Santa Barbara, California, which has been delayed almost four years by environmentalist objections to oil tankers. Local pipelines have just enough capacity to move only about 28,000 barrels a day—about one quarter of Point Arguello's potential output. Point Arguello's owners (Chevron, Texaco, and Phillips Petroleum) estimate that each year of delay has cost them $100 million.

"If you had a lease sale off California, nobody would show up," Chevron chairman Kenneth Derr told the Oct. 11 *Journal of Commerce*. George Gaspar, an oil industry analyst at Robert Baird & Co., expanded on Derr's comments: "The oil industry isn't going to waste its time jumping through any more hoops when already they are finding very substantial reserves away from the U.S."

FIGURE 2

Total U.S. oil and gas wells completed has also plunged

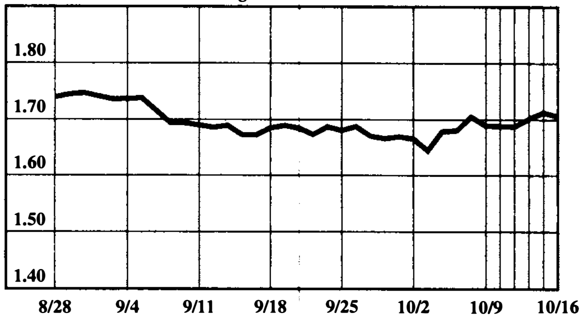


Source: American Petroleum Institute.

Currency Rates

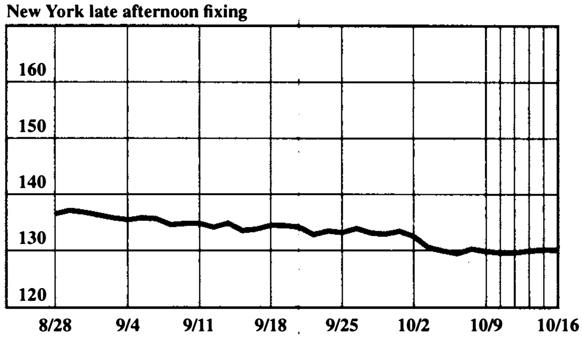
The dollar in deutschemarks

New York late afternoon fixing



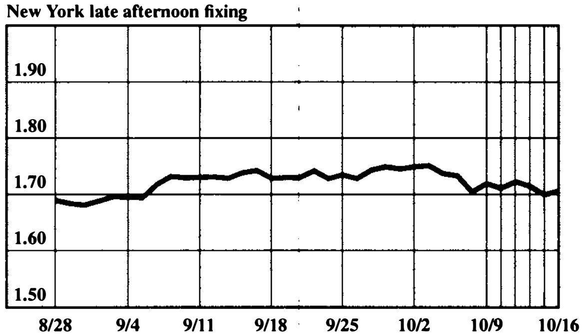
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing