

a separate, very important question, but one which we have not had to address ourselves to up to this point.

If you want an answer I think——

Senator Moss. Could you respond to that, Mr. Barry?

Mr. BARRY. Mr. Chairman, the present allowance for depletion on oil shale is 15 percent of the value of the shale. This is a low value and, of course, necessarily a very small sum of money in terms of the value of oil.

I think that the chairman of the House committee introduced a bill either last session or the session before asking that the Congress change the depletion allowance to apply to the value of the shale oil as it comes from the retort, and to increase the allowance from 15 to 27½ percent. With just that explanation you can see the disadvantage which oil shale development may have.

Not only is it a lower percentage but it is taken at a stage in the operation when the value of the commodity is much lower than that of conventional petroleum.

Senator Moss. Do you look with favor on the proposal of the House committee which would, in effect, equalize the depletion rate between liquid petroleum and petroleum derived from shale, Mr. Secretary?

Mr. UDALL. Well, Senator, I want to be quite frank with you on this. We have not really addressed ourselves to this problem. It is a question that I do not think at any time you are going to see a Department of the Interior take a position. I think we would have to sit down with the Treasury people, with the Budget people and others to develop an administration position on this question. We have not had to do so up to this point and at some point I am sure we will.

Senator Moss. In your testimony, Mr. Secretary, you discussed the amount of water that might be required in producing oil from shale but I do not think you made any reference to the problem of water pollution. To what extent would we be involved with the pollution problem?

Mr. UDALL. Well, this question, Senator Moss, is very much to the point. One of the major rivers in the country, as this committee well knows, that is in serious trouble today is the Colorado River. Much of the oil shale lies in the Colorado River Basin.

We have problems of shortage. We have upcoming problems of water quality and, I think, my Department will be derelict if we do not see to it that whatever ultimate plans are developed, the quality of water that comes off these watersheds is not diminished as a result of oil shale development.

I think we can achieve this but I think we ought to be very aware of it at the outset. And there are many different methods and ways of seeing to it that we do protect the water quality of the region. But I think we ought to have this as a major objective just as we have the development of oil shale as an important objective.

Senator Moss. Thank you.

Senator ALLOTT. Mr. Chairman, would you yield to me for one question?

Senator Moss. All right.

Senator ALLOTT. Mr. Secretary, you are aware that there is pending S. 932, introduced by myself and for my junior colleague, Mr.