

FEDERAL OIL SHALE PROGRAM

- (5) Limiting any potential hazards to human safety.
- (b) The financial and technical capabilities of the applicant to conduct the proposed research and development, and the projected commercial operation.
- (c) The pace at which the research and development is proposed to be conducted.
- (d) The applicant's need for leased lands to conduct the proposed research and development, and the projected commercial operation.
- (e) The effects on competition of the proposed research and development and the projected commercial operation.
- (f) The applicant's need for reserves of the minerals proposed to be produced under his proposal.

§ 3171.4 *Time for Filing.*

No application will be accepted if filed later than five years from the date of publication of these regulations in the *Federal Register*. [The exact date will be inserted when the final regulations are published.]

SUBPART 3172—MISCELLANEOUS PROVISIONS

§ 3172.1 *Form of Lease.*

No form of lease is prescribed.

§ 3172.2 *Term of Lease.*

- (a) Research Term. The research term of any lease issued under these regulations shall be designated by the Secretary, but in no event may exceed 10 years.
- (b) Commercial Production Term. The Secretary will extend the term of such lease upon completion of the research term to permit commercial production for so long as mineral products are produced from oil shale in paying quantities from deposits on the land, if he has determined that:

The lessee conducted research activity during the research term substantially in accordance with the plan submitted in his application, or any modification thereof which was approved by the Secretary.

- (2) The lessee has, in the course of the research term, developed a mining and processing method, which:

- [1] Is commercially feasible;

- [2] Provides for optimum recovery of minerals to be produced;

- [3] Can comply with requirements determined by the Secretary to be necessary to prevent or minimize pollution of air and water, scenic or esthetic damage to surface resources, to fish and wildlife, and hazards to human safety.

- (3) The lessee has complied with all the terms of the lease.

§ 3172.3 *Acreage Designations and Limitations.*

- (a) No lease issued hereunder may exceed 5,120 acres.
- (b) Upon the issuance of any lease hereunder the Secretary shall designate the part of the leased lands upon which the lessee will be permitted to conduct operations during the research term.
- (c) At the time for the grant of any extension of the term of lease as provided in section 3172.2(b), the Secretary will determine the quantity of mineral deposits needed for commercial production, allowing reasonable reserves. The term will be extended only with respect to the area which contains the quantity of mineral deposits so determined.

(d) No person, association or corporation (including a municipality) may take, hold, own or control an interest in more than the total maximum acreage of land included in any lease hereunder, except insofar as natural persons are permitted to hold greater interests under 30 U.S.C. sec. 184(e), by virtue of their 10 percent or lesser interests in corporations or associations holding leases hereunder.

§ 3172.4 *Rentals.*

Leases shall provide for the payment, in advance, of an annual rental of 50 cents for each acre or fraction thereof.

§ 3172.5 *Royalties.*

(a) Leases shall provide for the payment of royalties on production during their commercial production terms.

(b) The royalty rate on production shall be 3 percent on the gross value, at the point of shipment to market, of the mineral products from the oil shale, except as provided in subsections (c) and (d) of this section. Such royalties