

reasonable advantage in the subsequent phases of development of industry.

Senator ALLOTT. Well, I assumed this was perhaps an implication to be derived from your statement. I also assume, from your statement, that you would agree with me that Federally owned oil shale is a resource that should not be opened up merely for speculation.

Mr. FISHER. Absolutely.

Senator ALLOTT. I read the papers from time to time and in them I see advertisements to participate in valuable Government oil and gas leases. You would not, I take it, favor a situation in which just leases could be taken and then interests in them advertised for resale in small blocks or something like that merely for speculation? You are thinking only in a developmental sense, are you not?

Mr. FISHER. That is correct.

Senator ALLOTT. Now, just one other point that I would like to explore briefly with you. There was an error made in the record yesterday by one of the witnesses, that a bill introduced by Congressman Aspinall sought to change the depletion allowance for oil shale, and you say it is not entirely clear at what point in the mining processes continuum the value of the product for depletion allowances purposes would be calculated nor what its level would be. The last bill introduced by Congressman Aspinall and the last bill introduced by me S. 932 in the last session—I have not reintroduced it yet this year, I will—did not change the depletion allowance for shale. It was still left at 15 percent and I think the record ought to be made perfectly clear in view of the obvious indication of the testimony yesterday.

The purpose of these bills is to move the application of the point of depletion from the raw shale as it comes out of the ground, and that is what the Federal statute provides now, over to the point of the first retorting. Of course, this is not a law yet but obviously the value of the raw oil shale ore is minimal and a depletion allowance applied there would be sort of inconsequential. It is not like sand or gravel which immediately upon extraction has a value by itself and when it is used that way, but rather applied to the first retorting. Is this in conformity with your thinking?

Mr. FISHER. I have not myself gone deeply into this question. My understanding, too, is that at present the allowance is 15 percent on the—I guess the crushed shale—but before retorting. I think the only point I would like to make here is that in this interim period you estimated at perhaps 3 to 5 years it would be highly desirable for this matter to be either left as it is or changed or made clear through the bill or in some other way so that the companies interested in major investments in the industry would know what they were dealing with by way of depletion allowance.

Senator ALLOTT. Well, I agree with you, but I am sure you, with your last statement, would also agree that there is a vast difference between the application of a depletion allowance at the time the shale comes out of the mine or is crushed and the time it goes through the first retorting, and it makes a completely different picture as far as the creation of a viable oil shale industry is concerned.

Mr. FISHER. Probably more significant than the percentage.

Senator ALLOTT. Probably so.