

Mr. FISHER. And, if I may add this, if the *in situ* process succeeds, just offhand it would seem to me that the percentage of depletion allowance would then have to be applied on the liquid product as it was pumped out of these chimneys to make this consistent with how this feature of the tax laws would apply to shale that was mined by more conventional methods and then shipped to a plant and retorted. How to make these consistent is another thing that I think ought to be straightened out ahead of the commercial phases of industrial development of the industry.

Senator ALLOTT. Well, I do not think, personally, this constitutes any great problem. The real problem, I think, comes in its application. You do not have anything out of the ground in the *in situ* process, assuming it works, until you pump something out, and then your depletion allowance would apply. But in the case of what so far has been the conventional methods of mining the shale and retorting, you do have a problem, and it makes a lot of difference.

Thank you very much, Mr. Fisher.

The CHAIRMAN (presiding). Mr. Fisher, I assume that you would agree that, of course, it is important that we try to find out before we get into an extensive leasing program what the costs are going to be in connection with the processing of the shale. It is rather difficult to make any policy decision unless you have that information.

Mr. FISHER. Yes.

The CHAIRMAN. Do you see at this time a need to change the provisions of the Mineral Leasing Act?

Mr. FISHER. I have not really thought deeply about this, Senator Jackson. It is another whole subject and I would be glad to think about it and write to you.

The CHAIRMAN. It does go to the equities, of course.

Mr. FISHER. Yes, it does.

The CHAIRMAN. There is a great argument what the Government royalty should be, what the return should be to the Government.

Mr. FISHER. Yes, that is right.

The CHAIRMAN. I think it is important that some thought be given to this problem, because sooner or later we will have to face up to it.

Mr. FISHER. Yes. I agree. In the Advisory Board Report we referred to this problem and made some few sentences about it, but we did not go deeply into it there either. We confined ourselves to questions that were more solely concerned with oil shale. I certainly agree that, from certain points of view, some provisions of the Mineral Leasing Act do not appear to be as relevant or useful today as they did several decades ago.

The CHAIRMAN. That is especially true until we get some idea of the cost of recovering the oil from the shale.

Mr. FISHER. Yes.

The CHAIRMAN. And, of course, when the value of the byproducts involved in this undertaking are better known, we will be in a more knowledgeable position to make an evaluation. I think it is important that there be as much competition as possible in this effort to come up with a most efficient, the most effective recovery process. This is just commonsense, that you do not try to limit any one approach. You should bring in as much of a diversified approach as possible.