

Mr. SMITH. No, sir. I am afraid I did not make myself clear. What I said was that there will be \$100 billion new capital put into the worldwide oil industry in the next 10 years.

Senator JORDAN. Yes.

Mr. SMITH. I did not mean it would go into this project. In the normal course of events this is the magnitude of the capital investment that will be made by the industry worldwide.

Senator JORDAN. In toto.

Mr. SMITH. In toto, yes. The industry in the United States right now spends about \$2 billion a year just drilling holes. What I am pointing out by this comment is that an enormous investment is going to be made in the industry. Now, which way it goes depends a good deal on Government policy.

Senator JORDAN. All right. Then this leads to the question: What percent of that amount of capital might be induced to come into this area?

Mr. SMITH. That is a very difficult question to answer. What we are saying is, it depends on how important the Government finds the need for a new domestic source of oil and aluminum.

Senator JORDAN. And the terms of risk that might be—

Mr. SMITH. Yes, sir. You see, Secretary Udall's statement was that there was not a need for a new domestic source of oil. He did not make a statement about aluminum. He did not mention the need for aluminum at all. We think there is a fairly urgent need for a new domestic source of oil and we are sure there is for the basic components of aluminum.

Senator JORDAN. Most of the witnesses who have testified agree with you and not with the Secretary.

Mr. SMITH. Yes, sir, I think so.

Senator JORDAN. I have one other question. On page 16, and you do not need to refer to it, you said: "It is hoped also that we will be able to show that the high-energy consumption in producing aluminum from bauxite will be reduced when the process commences with dawsonite."

In what way will commencing with dawsonite reduce the energy consumption in the production of aluminum?

Mr. SMITH. I would like Mr. Nielsen to talk about that.

Mr. NIELSEN. In dawsonite you would start out with the sodium aluminate in solution and you would eliminate the step of roasting lime and soda ash and bauxite together to make the alumina available. You would eliminate one manufacturing step.

Senator JORDAN. The product dawsonite, then, is derived after the great amount of energy has already been applied to the other alumina, and so on.

Mr. NIELSEN. That is correct.

Senator JORDAN. Thank you.

Senator MOSS. The Senator from Wyoming.

Senator HANSEN. Mr. Smith, let me say at the outset that I have been very impressed with your testimony before this committee and with the insight you have provided us. Your testimony not only touches on the national policy questions with which we should all be concerned but offers us some real alternatives for solving the mineral development dilemmas facing this country.