Senator HANSEN. Yesterday this committee had the benefit of testimony by Secretary Udall and Mr. Luce and Mr. Barry. Unfortunately the Secretary's statement was not made available to the committee before he made his appearance, but now that we have had a chance to digest some of the Secretary's remarks I just wondered if you had any further comments on them.

Mr. SMITH. Yes. I have a few points I could develop, although I have not had a chance to study the full transcript of his testimony. I noticed on page 4 of the document that he submitted he stated, "It appears that they"—being other minerals—"cannot be developed without disturbing or possibly damaging the shale."

In our opinion the development of the other minerals cannot help but bring shale oil closer to a reality economically and we see no possibility of damage to shale.

On page 5 the Secretary stated:

The Director of the Bureau of Land Management has initiated action on pending sodium lease applications to expedite decision whether leases should issue.

In our opinion the issuance of the sodium prospecting permits by Interior in April 1964 and the completion of all the legal requirements by the applicants obliges BLM to issue the leases. It cannot in good faith knowingly permit the work to proceed under the existing laws and in reliance on them for 2½ years and then change the rules.

On page 7 of his prepared testimony he stated:

We propose to open small areas * * * the most limited that will accommodate a prototype.

This language appears to me to be designed specifically to discourage industry from going into the business. Also on page 7 of the statement:

The development contract may ripen into a lease.

I do not understand the word "ripen." Our company would not wish to engage in any contractual relationship with the Government that is not clearly defined and publicly approved in advance, preferably on a standard form available equally to anyone else. This is the basis of our applications.

On page 10 it is stated:

Let us concede we are in no danger of a petroleum shortage.

I think it is very difficult to reconcile this statement with the fact that Interior is considering "early and sharp increases in oil import quotas," according to the news reports today. I believe that this question whether we are facing a petroleum shortage should be looked at with the greatest of care.

On page 12 it is stated:

The question of tax treatment can be readily identified as a serious factor in determining shale's competitive standing.

The question of tax treatment I believe could be resolved in no more than 90 days if the appropriate authority were asked to do it and got about the job.

Finally, I think the Secretary stated in a section of his testimony that was not on his prepared paper:

We can control and phase in the oil shale industry.