

Industrial and electric power companies have, over a period of many years, indirectly used funds appropriated for the Atomic Energy Commission for their own purposes. We recall that year after year representatives of these firms appeared before the Atomic Energy Committee urging the expenditure of vast funds while at the same time asserting that they required no subsidies. We hope that if a cooperative arrangement is worked out between the oil companies and the Atomic Energy Commission, that the taxpayer will not be required to carry the main burden of developing processes using fissionable material.

Something should be said about the enormous value of the shale oil resources on public lands. According to *The Oil and Gas Journal*, it is estimated that shale oil is worth around \$2½ trillion. Under existing law if shale oil development is turned over to private firms, the United States will realize only 10% of its value. Thirty-seven and one-half percent would be turned over to state governments and 52½% to the Federal Reclamation Fund. We suggest that before anything is done in regard to the legalization of leases of oil companies that a statute should be enacted providing that the Government would obtain most of the benefits.

The National Farmers Union has supported, as indicated, the Reclamation Law designed to benefit family farmers. However, we feel that money realized from the development of oil shale should not be turned over to the Reclamation Fund. We would prefer rather that it be set aside for purposes of education, rebuilding of cities, purification of the air and abatement of pollution in our streams. Here, perhaps, is a golden opportunity for the Administration to build the Great Society and resolve industrial, population and urban problems.

We do not quite understand the need at this time for a crash program on shale oil, although we would have no objection to a relatively small development project which would pave the way for economical development later on. The record is replete with information to the effect that there is no great hurry. Present reserves in the United States are ample and the major oil companies are importing vast quantities of oil which has, over a long period of years, constituted an economic threat to independent producers in the United States.

Despite these facts, large companies are determined to obtain leases of large areas which would not be needed for many years. For example, it is reported that Shell Oil wants to lease 50,000 acres in an area estimated to contain 150 billion barrels of oil—enough to meet Shell's requirements for 660 years.

Congress, some time ago, authorized a Public Land Law Review Commission, which is directed to study the shale oil problem and make recommendations to the Congress. While we might not agree with such recommendations, we suggest that Congress at least wait until the Commission makes its recommendations which are not due until December 31, 1968. Any legislation except that which would protect the interest of the United States would be premature.

Finally, we urge the Committee to disapprove legislation similar to that introduced in the 89th Congress. Bills in the House call for a depletion allowance rate of 27½% instead of the 15% depletion allowance which would be applied to the shale. In the Senate, legislation would permit only a \$2.50 per acre payment to the Government by companies leasing shale oil lands. This legislation would dwarf all previous giveaways ever heard of or even imagined. We urge this Committee to protect the interest of the citizens of the Nation in regard to oil shale lands.

SINCLAIR OIL CORP.
New York, N.Y., March 7, 1967.

Hon. HENRY M. JACKSON,
U.S. Senate, Washington, D.C.

DEAR SENATOR JACKSON: I am pleased indeed that you are taking such an active interest in the economic development of oil production from shale which would seem attainable within the next several years and being a nation whose economy is geared to oil we should give the freest range possible to private enterprise to develop shale production as it has so well developed our other natural resources.

Sinclair has been extremely interested in this for many years, has spent several million dollars in research and field testing and we are currently very actively pursuing our studies.