

how we should proceed with development and at the same time properly protect, as we must, the assets of the United States.

Senator Bennett?

**STATEMENT OF HON. WALLACE BENNETT, A U.S. SENATOR FROM
THE STATE OF UTAH**

Senator BENNETT. Mr. Chairman, I appreciate the opportunity to appear here today, and I particularly appreciate the privilege you have given me to appear first.

On the floor of the Senate they are discussing a flood insurance bill which came out of the Banking Committee and I have responsibility with respect to that bill. So I am glad I can appear now and get my statement in the record earlier.

Estimates of oil shale deposits in the United States stretch from 600 billion barrels of oil equivalent for shale yielding 25 gallons per ton to as high as 2 trillion barrels if low quality shale yielding 10 gallons per ton is included. According to Secretary Udall, approximately 80 percent of the reserves are federally owned and 20 percent privately owned. For the most part private holdings are in isolated pockets or thin strips of low yield shale.

We have the opportunity to develop this new domestic industry in an orderly way through the cooperation of State and local governments, private industry, and the Federal Government.

It does us no good to talk of this resource in terms of billions of barrels of oil or trillions of dollars as long as the resource remains undeveloped in the ground.

I feel that the Department of the Interior should modify the proposed leasing regulations so that a healthy, comprehensive and ultimately profitable private industry can be developed on the public oil shale lands. The regulations as written will not, in my opinion, achieve that objective.

I believe the objective can best be achieved by strengthening private industry's role in developing the oil shale potential of Utah, Colorado, and Wyoming. I am sure no one is surprised that I would take this point of view. I do not believe Government can match the efficiency and economy which are the natural results of industrial competition.

In line with the opinion of other westerners involved in this problem, and while officially I have not seen the statement of the three Governors, I understand that my statement is in line and gives support to theirs, I would suggest that the proposals be changed as follows:

1. Open lands to competitive bidding in blocks up to 5,120 acres using tested competitive bidding procedures, now used for other leasable minerals under the Federal Mineral Leasing Act. The Interior Department's concept of "negotiated leases" based on the need of an applicant for oil shale reserves, would inevitably develop charges of favoritism and special interest, no matter how hard attempts were made to avoid this.

2. Provide a fixed royalty rate like that used for oil and gas or other leasable minerals which would include a provision for periodic renegotiation after production starts.