be as to methods. Neither the federal, state, or private interests have or should have a monopoly on devotion to or efforts for such programs. Each has its place. No program would be acceptable to our states which disregards the multiple values of those areas containing oil shale.

*Third: Private Financing.* The full costs of carrying an unborn oil shale industry to full growth can only be estimated. However, the development of oil shale in our three states appears to be a closely parallel situation to the recent history of the Outer Continental Shelf. Less than a generation ago, little was known about techniques of handling deep water drilling. The impediments to such development were considered all but insurmountable. Investments to date on only the Gulf of Mexico portion of the Outer Continental Shelf have been estimated at over six billion dollars. The six billion investment was private money from many companies. Without reasonable rules and adequate incentives, private capital could not have been invested. An appropriation of such funds from the federal treasury would have been unlikely. In June of this year, bonus bids of $510,000,000, one-half billion, went into the federal treasury for the blocks offered on the Continental Shelf off Louisiana. With adequate opportunities and incentives, private development of oil shale might duplicate such progress. If private capital can make the investments required, increasing our national budget by federal appropriations would be unnecessary and undesirable, even if otherwise possible.

Private capital can be expected to make the investments and provide the efforts if incentives are adequate. We suggest that certain changes in your proposed program are needed to achieve such private effort.

The concept of negotiated leases based on the "need" of an applicant for oil shale reserves creates serious impediments to any development. It also creates serious problems for administration that far overbalance any possible benefits. The actual "need" with which we are concerned is the need for our nation to develop an alternate source of energy to be available when required. The premise of your proposed regulations appears to be that the lease holder who has no present oil or other reserves might be expected to proceed more aggressively. It does not necessarily follow that he will be most successful. We suggest that this method of trying to obtain active and successful lessees by choosing a select few might stifle the efforts which ultimately would be most successful. Active programs of research and development can better be achieved by a combination of incentives to go forward and penalties in some form such as increasing rentals if there is not successful progress to production.

You have assured us that each of the three states would have at least one research and development lease offered. Even so, the difference in conditions from area to area, might cause applicants to limit themselves to one area. There would be no opportunity for the great complex of problems such as land ownership diversity, feasibility of strip versus underground mining, economic climate, and other factors to generate simultaneous interest in several and, hopefully, many different locations. We suggest also that acreage limitations not preclude one party holding oil shale leases in more than one state.

Further, we question the wisdom of a Secretary of the Interior exposing his high office to the attacks which will be made charging favoritism and special interest. Selection of one of several applicants could be considered a form of special preference. Even if such selections were uniformly successful, the charges of benefit to a chosen few could appear. An open competitive bidding situation is the one method most likely to avoid these attacks and the resulting deterioration of confidence in government.

The government's interest in net profits and its tight control of the plans of research and development do not provide the optimum opportunity for successful development. In addition they are incompatible with the sound investment and risk-taking policies of the American businessman who must elect to perform and finance the oil shale ventures.

Under the "net profits" provisions the federal government will take a rental if there is no production. It will take a 3% royalty on gross sales if there is production but no profit, but a "net profit" share up to 50% if there is a profit in excess of the 3% royalty. The government share of "net profit" fixed in the proposed regulations uses the depreciated investment as a base. Foreseeable oil shale commercial production is not anticipated for several years. The depreciated investment at such time might make the first profit in the 50% bracket and normal recoupment of heavy initial investment and operation costs would