

more flexible so as not to discourage development of this resource by restricting the entry of a broad variety of companies and other groups into the research and development of oil shale.

We therefore recommend that the rules be further clarified and broadened to offer prospective applicants a choice of the following alternatives:

(a) We believe that the regulations as written are unworkable as discussed above because of the complexities introduced by tying the research and commercial phases together. Nevertheless, if they are modified to eliminate some of the problems discussed above, there may be some who would desire to proceed under such a program.

(b) We recommend that tracts of public lands be made available solely for research purposes, limited in size, with the provision that once the research program was completed, the premises would revert to the United States. These tracts should be made available without cost, or at a nominal charge, to any qualified party desiring to do research, with such party retaining all patents and research project. The benefit to be derived by the United States would be encouragement of research and development of this vital natural resource.

(c) There may be some companies who now would like to have the opportunity to acquire commercial oil shale leases on specific tracts and proceed with construction of facilities for production of shale oil without the necessity of doing further research as required under the rules as proposed. Leases could be put up for sale on a competitive bidding basis similar to that now used for off-shore leases. For the protection of the government and the lessee, the leases should be on a prescribed lease form. Reasonable annual rentals or other payments could be established which would be sufficiently high to provide an incentive for early development by the lessee. Such rentals would not be payable once commercial production was established. The lease term should be for five years and so long thereafter as diligent operations for the production of shale oil are being conducted. The rentals and relatively short primary term of the lease would discourage speculation and foster continuous progress toward production.

The regulations should provide adequate provisions to permit the inclusion of all commercial leases, in whole or in part, in units which are subject to plans for development similar to those now in use for federal oil and gas leases. Any lease so committed to a unit would be extended beyond its initial term while the unit remains in existence, in accordance with a plan of development approved by the Secretary.

Some of the suggestions which we have made in these comments may require the enactment of legislation to clarify and supply needed authority for the Secretary. To the extent required, legislation to accomplish this purpose should be drafted and introduced in Congress.

II. Independent Petroleum Association of America

A. Executive Order No. 5327 should be continued until appropriate legislation is enacted that will insure a program for the orderly, fair and simultaneous leasing of the public oil shale lands.

B. Such legislation should encourage development of the public oil shale lands under our free enterprise system by private industry without Government financial assistance or subsidy.

C. The size of leases awarded under the program should be limited, and much smaller than provided in the present law, in order that private firms, both small and large, will be able to participate in the leasing program. A multiplicity of operators, both large and small, will promote competition and eliminate the threat of monopoly in this potentially vast energy source.

D. This Committee, and other appropriate committees of the Independent Petroleum Association of America, must be continuously alert to developments in oil shale and its impact on the conventional crude oil and natural gas industry in the United States.

INDUSTRY

I. Allied Chemical Corporation—June 28, 1967

Suggests amendments and modifications to prevent interference with sodium leasing in Sweetwater County, Wyoming, and modify definition of oil shale [3170.0-5(b)] to exclude lands containing trona unless oil shale development would not adversely affect in any way the trona values.