

II. Amerada Petroleum Corporation—August 9, 1967

A. The regulations should seek to protect public health, scenic values, wildlife or whatever national resources may be involved. In the case of the proposed regulations, however, we think the effort to protect and conserve other values has been carried to the point where effective development of an oil shale industry may actually be inhibited.

B. Under the proposal, the lease applicant is required to have a fully prepared program for the development of the acreage at the time he makes application. If the lease is granted, it will contain a limitation on the number of acres which the lessee will be allowed to use during the research term. If the lease is extended during the commercial production term, another limitation will be imposed. These limitations, the extent of which are not known to the lessee at the time he makes his application, may be entirely inconsistent with his concept of what he deems necessary for the successful completion of the project. The possibility of their being unduly restrictive is bound to be a deterrent to active bidding.

C. The provisions with respect to disclosure of information developed during the research term, the compulsory licensing of patents, and particularly the opening to the public of all books and records, is unrealistic in the extreme.

D. The legitimate interest of the public can be protected by the manner in which tracts are put up for leasing, by regulating their size and location, by providing suitable royalty schedules, by fixing terms which are long enough to allow development as economic conditions develop while not encouraging inaction and speculation. Sufficient restrictions can be imposed to guarantee protection of other economic and esthetic resources.

III. Bear Creek Mining Company—August 7, 1967

A. Procedures for selecting research and development proposals may eliminate favorable avenues of work.

B. The regulations are unnecessarily restrictive as to the mechanics of the possible testing program. The details of goals, plans, personnel, financial and technical capability must be submitted with the lease application; modifications must be approved.

C. Time restrictions on the research lease, to be set by the Secretary and not to exceed ten years, are unnecessarily cautious and thereby may eliminate some research which may be fruitful although the odds are adverse now.

D. The proposed gross value royalty scale which may range from 3 to 50% is excessive and will have a tendency to discourage venture capital. The royalty rate should be on a graduating sliding scale based on time with the upper limit no higher than the present Federal petroleum royalty rate of 12½%.

E. The "open book" aspects of the regulations run counter to the security policies common to any industry.

F. The main objection we have to the land exchange program is that the lands obtained in trade in the "blocking up" plan bring with them many of the regulations of the public lands.

Questions that remain unresolved are:

1. Will any consideration be given to prior heavy spending and developed capabilities?

2. Will preference be given lease applicants according to time of filing?

3. Will information filed with subsequently rejected applications be held confidential?

4. Should not a company be assured some period of process exclusivity when it has phased from research and development into commercial production?

5. What degree of selectivity may the lessee exercise in selecting lands when it goes commercial?

6. Will provisions for water rights be made for areas covered by specific leases?

Beer Creek Recommends:

1. The time for commenting be extended to November 9, 1967.

2. Public hearings be held in the areas involved during September and October to solicit the views to all public land users in these areas.

3. If recommendations 1 and 2 above are not followed, then the whole matter be referred to the Public Land Law Review Commission for its consideration and recommendation.