

I want to make one more preliminary comment before I begin reading and that is I think that without doubt the Middle East crisis of June, and it still continues, was a very traumatic experience, as one would expect, for the petroleum industry. It has caused a lot of our leaders in this industry to review their policies.

I think it is very obvious it has caused them to take a homeward look, too. This was evident in the very handsome bidding that took place on the Continental Shelf. It happened we had scheduled the lease sale months before the Middle East crisis. The sale occurred on June 13, 1967, and Uncle Sam is \$510 million richer as a result. It has also been evident in the past weeks in a very definite quickening of interest we sense from the industry people in the leasing programs on our Continental Shelf.

We are considering, and I wanted to report this to the committee—we have made no decisions—but we are giving very serious consideration to a large new leasing in a completely new area on the Continental Shelf in the Gulf of Alaska. Very promising seismic information has been made available on this.

We are also considering a new leasing program fairly soon on the Continental Shelf areas off Louisiana and Texas. This is as a result, as I say, of this new and very lively interest in looking down the road to future development.

There is a long leadtime in petroleum development, even in terms of the present technology of undersea exploration and development on the Continental Shelves. There will be a long leadtime, this we all know, in oil shale as well, and the reason why we have to have foresight in making policy is that we all recognize, I think every one in this room recognizes, that with a Nation whose industrial power is growing the way ours is, that the need for energy and the need for raw materials is increasing at a very rapid rate. We therefore have to do proper long-term planning.

So I am pleased, Mr. Chairman, to report on the status of the proposed leasing regulations.

I direct my attention particularly to point three of our five-point program because I think the other four points are not seriously controversial in the program we announced last January.

On May 7 we announced the issuance of proposed regulations. I will address myself to proposed leasing regulations in this statement and will be pleased to answer questions about the proposed exchange regulations as well.

As a matter of fact, I want to ad lib another comment here.

I discussed this program only last week on a western trip with Governor Hathaway of Wyoming, and Governor Love of Colorado, whom I visited again in regard to this matter. Governor Hathaway brought up an interesting point that had been raised by his people. He said all of the States in this region under the grants at the time of statehood have State land and he asked if the State were to want to block up its holdings in leasable units would that be permissible, would we cooperate with this?

My reply was in the affirmative. I told him I wanted to check this, and I have checked this with my Solicitor, so the States are in a position to take some initiative themselves in this field, if they so desire.