Competition is an essential element of our economy, and I believe that this Subcommittee has performed a useful function in publicly airing the situation with respect to the prospective oil shale industry and its competitive atmosphere. I believe that when the record is complete, it will show that competition is present in oil shale, and that the prospects are for very vigorous competition in the future, providing we act wisely in making oil shale available to an emerging industry. In this regard, the objectives set forth in the Secretary's five point proposal is a good initial step.

I thank the Chairman and the Subcommittee for this opportunity to testify and comment on the matter before it, and I am confident that the Interior Committee will find the record made here useful in its deliberations when it delves into the matter of oil shale leasing policy.

Senator ALLOTT. The reason I am approaching this, Mr. Udall, at this point, is that I think we are actually at the point here where we may lose the development of the oil shale industry.

I have before me an editorial of the Denver Post, which has long been known for its pretty liberal point of view with respect to these things, of August 31, 1967, the title of which is "Oil Shale Losing Out to Coal," and I will ask, Mr. Chairman, that this be inserted in the record.

The CHAIRMAN. Without objection, it is so ordered.

(The editorial referred to follows:)

[From the Denver Post, Aug. 31, 1967]

OIL SHALE LOSING OUT TO COAL

The cavalry charge against oil shale, led by Harvard economist John Kenneth Galbraith, appears to have hit home. The chances of developing oil shale are now poorer than they were a year ago. But what Galbraith & Co. may have done is put coal in the driver's seat.

American oil companies feel they must develop substitute fuels for Arabian oil. Shale oil looked like a good possibility until the economists began talking of protecting it from "another Teapot Dome."

We've asked on this page many times where the evidence is that the U.S. Interior Department is about to take bribes, a la Teapot Dome. The economists remain silent on this matter.

Still, they've managed by innuendo to create a shadow on oil shale; the result is that Interior Secretary Stewart Udall now appears more intent on not developing oil shale than on developing it. To some extent, we can't blame him for not wanting to stick his head in Galbraith's noose.

But what the "tunnel vision" of Galbraith and others fails to note is that there are perfectly respectable and legal methods of developing other minerals on public lands which have been in use for many years. Phosphates and other industrial minerals can be developed on a lease and royalty basis. Firms that do so make a good deal of money and nobody shouts "Teapot Dome!"

So it is only obvious that oil firms should turn to the tried and true mineral procedures for fuel and chemical resource developing. There are huge quantities of coal on public lands which have been developed under lease and royalty for many years and there is more available, particularly in the West. By a commercially-proven hydrogenation process, this coal can be turned into gasoline and diesel fuel.

And this is the direction oil firms are taking. Oil shale might have been attractive six months ago. But we're inclined to think that oilmen are human enough to want to avoid stigmatization as robber barons for doing with oil shale what they can do with coal with everybody's approval.

We're assured that closure of much of the private research effort at the Rifle oil shale experiment station is simply according to plan. Research has been completed, so people are moving out. But we suspect that if the firms really wanted oil shale development they'd be expanding, not contracting, their shale research.

Meanwhile there is a heavy play in coal leases all over the United States by oil companies. Humble Oil & Refining Co. leased 15,000 acres of coal land in Wyoming recently. One 5,000-acre block went to Humble for bonus bid of $165 per acre plus royalties of less than 25 cents per ton on production.