

2. Recent development in petroleum leasing policy

While leasing of federal oil shale lands has been foreclosed by Executive Order 5327, recent developments in petroleum-leasing policies in other areas are worthy of note. Some may suggest possible examples to be followed for oil-shale leasing in the future.

Multiple use act.—In 1954 Public Law 585, The Multiple Use Act,⁴⁴ provided for multiple mineral development of public lands. The Act resolved the head-on clash which had arisen between uranium and petroleum interests by allowing each to prospect and secure rights for their respective minerals on the same lands. Representative Aspinall (D-Colo.) said that the bill in committee “was one of the finest examples of what can be done when people with different approaches to a very complex problem can sit down and present a united front to the Congress of the United States.”⁴⁵

Alaskan waters.—In the Act of July 3, 1958,⁴⁶ Congress authorized leasing of oil and gas lands beneath non-tidal navigable waters in Alaska. The Secretary of Interior was directed to lease the lands pursuant to the provisions of the Mineral Leasing Act of 1920, which apply to leasing on nonsubmerged federal lands in Alaska.

Submerged Lands Act and outer continental shelf lands Act.—In 1953 Congress settled a long-standing dispute between the states and the federal government over the ownership of offshore oil deposits. The Submerged Land Act of May 22, 1953,⁴⁷ deeded ownership to the states of lands up to three miles from the shore.⁴⁸ Beyond that state limits lands were designated as “outer continental shelf,” subject to federal jurisdiction and control under the Outer Continental Shelf Lands Act.⁴⁹

That Act removed these lands from the provisions of the Mineral Leasing Act of 1920, and Section 6 of the new Act established procedures for leasing of compact areas, not exceeding 5,760 acres each, by competitive bidding on the basis of a cash bonus with a royalty fixed at not less than 12½ per cent.

C. The Government in the Exercise of the national defense and foreign commerce powers Oil import controls and foreign trade agreements

With the new discoveries of the exceedingly rich oil reserves in South America, principally in Venezuela, and in the Middle East, major American oil companies were the first to offer the capital and technological know-how necessary for their development. Development has usually been accompanied through concessions granted by the foreign countries to the private companies. Under these concessions approximately 50 per cent of the oil revenues are turned over to the foreign governments, and the developing companies must find their profits in what remains. Production in these oil-rich areas has been expanded greatly in the post-World War II period and much of the foreign oil has found its way into American markets.⁵⁰

Congress has delegated to the Executive Branch the task of administering an oil import control program. At the present time the State Department, the Office of Emergency Planning, the Department of Interior, the Defense Department and, to an increasingly important degree, the Justice Department are all instrumental in arriving at a “consensus” concerning oil import policy within the Executive Branch.⁵¹

In 1949 domestic producers began appealing to the State Department for a restriction of imports. The State Department in rejecting these appeals adhered

⁴⁴ 68 Stat. 708 (1954), 30 U.S.C. § 521 (1964).

⁴⁵ *Hearings on H.R. 8892 and H.R. 8896 before the Subcommittee on Mines and Mining of the House Committee on Interior and Insular Affairs*, 83rd Cong., 2d Sess. (1954).

⁴⁶ 72 Stat. 322 (1958), 48 U.S.C. 456 (1964). Section omitted when Alaska became a state.

⁴⁷ 67 Stat. 29 (1953), 48 U.S.C. § 1301 (1964).

⁴⁸ In a recent ruling the Supreme Court granted a Justice Department request to release \$203 million of funds which had been impounded as a result of the dispute between the Federal Government and Louisiana over offshore oil rights.

The U.S. will receive about \$170 million and Louisiana \$35 million of money collected from royalties, leases and bonuses in the disputed area. *The Wall Street Journal*, Dec. 14, 1965, p. 26.

⁴⁹ 67 Stat. 462 (1953), 43 U.S.C. § 1331 (1964).

⁵⁰ PETROLEUM INDUSTRY RESEARCH FOUNDATION, UNITED STATES OIL IMPORTS: A CASE STUDY IN INTERNATIONAL TRADE (1958).

⁵¹ As a Texas Senator, President Johnson was an outspoken exponent of import limitations by quotas, but since taking office, he has said he was leaving revisions of oil import policy to Secretary of Interior Udall. *Wall Street Journal*, Dec. 13, 1965, p. 7.