

Our position on this section is that the regulations should not limit the Secretary as to the total amounts of land which he may designate. We think this section should provide that the Secretary designate from time to time reasonable amounts of land, with clear title, based on nominations made by qualified individuals and companies.

Sections 3171.2-3171.3 cover the form and contents of application and considerations to be used in evaluating applicants.

These sections relate to the qualifications of an individual or company for acquisition of an oil shale lease by application based on an acceptable research program and on the need by the applicant for both the acreage and the products therefrom. Those portions of these sections requiring disclosure of ownership in private lands, divulgence of confidential reserve information, and detailed projections of research and commercial operations go far beyond what is necessary to determine capability and qualifications. Information of this type is not relevant to the technical and financial capability of the applicant.

A number of provisions pertain to an applicant's need for reserves and require the applicant to set forth his nonfederally owned oil shale reserves and conventional crude oil reserves. The principle that an applicant's need for reserves should be a factor in determining whether an applicant would be granted a lease is a real cause for concern. The merits of the proposed plan of research and development and the applicant's ability to carry out that plan should be the determining factors in granting or failing to grant a lease.

Our position then is that oil shale leases on public domain land should be awarded by competitive bidding, preferably at public auction, with the requirement that the successful bidder perform a reasonable amount of research and development leading to commercial production. Open competitive bidding would withstand public scrutiny and would stimulate commercial development of public oil shale lands consistent with the needs of the Nation.

Section 3172.2 covers the term of lease.

Under this section the research term of the lease is too indefinite and extension of the commercial production term depends on the discretion of the Secretary of the Interior.

Our position here is that the lease terms proposed are not appropriate for a competitive bidding system, and thus should be modified as follows:

First, with research to research term. All leases and notices of lease sales should provide for a specific research terms. Such research term may be extended by the Secretary, provided the total term, as extended, does not exceed 10 years. The leases should be subject to termination, after appropriate court review, in the event research and development obligations are not satisfied.

Second, with regard to commercial production term. The commercial term of the lease should commence upon satisfactory completion of the work to be performed during the research term and should continue for so long thereafter as mineral products are produced from oil shale in paying quantities from deposits on the land.

Section 3172.3 covers acreage designation and limitations.

This section is too restrictive on the rights of the lessee because the Secretary would have the right to select the research site, to determine