

Senator ALLOTT. Would it be safe to say in this area you might have two companies with comparable deposits, both with the same size leases, and the company which operated most efficiently would pay more royalty to the Government than the other company and, in effect, place the first company in an unfair economic position.

Mr. JONES. Yes. By collecting more royalty from the efficient producer his competitive advantage would be cut. At the same time, this would reduce him closer to the mediocre performer. The Government will still collect a lesser amount from the poorer producer, and the poorer producer would have less incentive to improve his operations.

Senator ALLOTT. You have stated that there are approximately 580,000 acres of land in this area owned by the U.S. Government, and you have emphasized in, I think, two or three places, and I think rightfully so, that one thing the people must be assured of is the opportunity of a clear title.

Mr. JONES. Yes, sir.

Senator ALLOTT. Otherwise somebody who had overfiled or something of that sort might have their filing sustained by a court, and then the company which had gone in there might be subject to paying considerable damages. I think this is a very valuable contribution.

But with the limitation of 5,120 acres, if you assume as much as 30,000 or 40,000 acres being leased by the Government under an oil shale program, you still are considering only a small part of that amount which is owned by the Federal Government.

Mr. JONES. Yes, sir.

Senator ALLOTT. With respect to this, I have been concerned with the question of getting into a position here where companies who are genuinely interested, who are willing to put up research money and develop processes—a lot of these patents are actually in the public domain now, are they not?

Mr. JONES. Some of them are; yes.

Senator ALLOTT. Some of them are. I have been concerned about the situation of making it possible for these companies who have a genuine interest whether or not they are going to be able to acquire leases in the public domain. I have a study by Mr. Cameron, who will testify later today, I believe, or tomorrow, showing the various private holdings in this area, and this does not happen to be your situation, I think. What would be the situation if a company which held private land there with relatively shallow beds, that is in thickness, should attempt to start upon the development of them and then later be faced with competition from someone who could get a lease of 5,120 acres in the deep and, for the most part, richer shale beds which lie deeper in the Piceance Basin? Wouldn't this make an unbearable economic hazard or would it?

Mr. JONES. Well, as you correctly point out, we are among the have-nots in this area, and do not own any such lands. We are talking about the south part of the Piceance Basin, toward the outcropping.

Senator ALLOTT. Yes.

Mr. JONES. So I can only theorize on this since we do not have immediate personal interest in this problem.

But it would seem to me that you have stated it just right. A company faced with making a decision of putting a substantial amount of