

money into a plant—I believe a figure was quoted this morning of about \$125 million for a 50,000-barrel-per-day plant, and I think this is in the right order—would cause a prudent company management to assess very carefully the position it might find itself in a half dozen years in the future when we have such questionmarks as persist at the present time as to the role of the Government in carrying out research and making information commonly available to all participants or all potential participants.

Senator ALLOTT. In these areas some of the beds are relatively shallow—you say 50 feet of recoverable 20-25-gallon oil, whereas in the deeper parts of the basin, the beds go up in excess of 1,500 feet in thickness with shale which will run as high as 50 or more gallons per ton. A person or those companies with holdings in the southern part of the sector, along the outcroppings, would almost need to know for certain whether or not they could participate in the leasing and development of the deeper, thicker, and richer beds, would they not?

Mr. JONES. Certainly I agree with that. I think, to make the principle here, Senator, what would be important to me is that I would like to have a little assurance about what the running rules of the whole game are going to be a little bit further down the road.

The worst possible position that a company can find itself in is to be trying to make investments for the future knowing that there are a number of factors that will be extremely important to it, and not having any notion as to what the running rules on these other factors are going to be.

Now, certainly in this case we are looking at here, with the vast public lands just to the north of the lands you are describing, what is going to happen to these public lands is or should be of deep concern to the holders of private lands in the south.

So, although a person might not have to know exactly whether or not he could lease some of these Government lands, he would surely want to know what was going to happen to the public lands and what impact this would have on him from a competitive standpoint as the future unfolds.

The important point is that you need to know what the running rules are to have them nailed down, so that you are sure of what environment you are going to have to operate in.

Senator ALLOT. Well, you are really getting to the point I wanted to make—and I am glad you did not steal my punch line completely—which is that if a competitive leasing system were set up and the Secretary decided that a certain number of acres were to be set aside for competitive bidding, that anyone who is genuinely interested and had the need and the ability, could pretty well determine where they were in the situation I described.

Mr. JONES. Yes, sir. And then the bid prices would reflect the very best assessment of the relative values of the lands involved, just as they do in the Outer Continental Shelf bidding.

Senator ALLOTT. And you feel that the research lease could be surrounded with sufficient certainty so that if the people did not perform real research, if they did not pursue it with diligence, if they did not come up with viable, economic methods, that the lease could then be canceled.