

Senator ALLOTT. Yes, I think we are together. The thing that I wanted to negate was the concept that some people might get that this was just a uniform strata with a uniform quantity of kerogen in it, and that it did not vary.

Mr. HARTLEY. Going on here, on point 3. First, to recapitulate here, we suggested that the leasing map of oil shale land divided by blocks be prepared. Secondly, that we establish the size of these blocks in the way that I have indicated; and then, point 3, blocks be designated by numbers, as is the practice in oil and gas leasing on the Outer Continental Shelf, and leases be issued only for whole blocks.

(4) The Bureau of Land Management then called for nominations of blocks to be offered for lease and the Department of the Interior select the blocks to be offered, taking into consideration the factors suggested in the Department's proposal and the blocks nominated.

We see no justification for limiting the offering to a maximum of 30,000 acres or any other amount. If the suggestions for leasing and lease terms, which I will discuss later, are followed, the Government's interests will be adequately protected and abuses avoided.

The Department proposes an initial "research term" covering a designated portion of the leased property for a period to be designated by the Secretary, not in excess of 10 years. The lease is subject to extension for a "commercial production term" so long as mineral products are produced from oil shale in paying quantities. The extension occurs only if the Department finds the lessee has conducted its research activities in accordance with the plan set forth in its application and has "in the course of the research term" developed a mining and processing method which is:

- (1) commercially feasible;
 - (2) provides for optimum recovery of minerals to be produced;
- and

(3) meets the Department's requirement regarding prevention or minimization of air and water pollution. Read literally, those lessees who had developed mining and processing methods in years past would not be eligible for extension for commercial production.

The lease may be extended for the commercial production term only with respect to the area which contains the quantity of mineral deposits determined by the Secretary to be needed for commercial production, allowing reasonable reserves.

The Department proposes an annual rental of 50 cents for each acre or fraction thereof. Apparently, this rental is to be calculated on the entire area covered by the so-called lease, even though only a small fraction is immediately available to the lessee and even though only a portion may ultimately be available for commercial exploitation.

The Department makes no express provision for any work obligations. Possibly they are to be inferred from the requirement that the applicant described its plan of research and development during the research term and the general nature of the commercial operation sought to be developed.

We believe the foregoing provisions are unrealistic, inequitable and unworkable, and propose the following instead:

1. Leases be issued to qualified applicants covering a specified block or blocks for an initial term of about 10 years at fairly high minimum