

Colorado. Oil shale has already gone commercial. This is from an entrepreneur up there who makes cuff links. And so we are not going to be the first with our commercial shale plant, and I trust that he has made a small contribution by paying income taxes on the profit he made from their manufacture.

I want to assure you if you gentlemen will give consideration, and implement the recommendation that I have made, I think in a reasonable period to time we are going to have a torrent of money coming to Washington and to the State capitals.

The CHAIRMAN. Thank you, Mr. Hartley, for your statement. We appreciate having your judgment on this matter.

How far away do you think we are from the development of a commercial product? Your company has been involved in shale oil development for many years, and it is obvious that you have been engaged in research over a period of time, and you, yourself, have substantial personal knowledge of the oil shale problem. How do you see the state of the art at this point in time?

Mr. HARTLEY. We stopped our project in 1958 in terms of spending money at the rates of \$2 to \$4 million a year, because of the two points I made in my presentation: first, if you recall, the 1958 oil imports were coming into this country with no regulations whatsoever, and we were then going to be faced with the problem of making oil shale, pipelining it to our refineries in Los Angeles and San Francisco, and competing with offshore foreign oil, which, as you know, is produced with benefit of depletion.

So we had then to face the issue of, could we compete with foreign oil, with the environment that we were then faced with? We have a depletion law on oil shale at the present time which is 15 percent, but it is based on the rock, and that rock, as you gentlemen know, there is an awful lot of it out there, and it is not worth very much per se until it is retorted and made in the form of crude shale oil.

The U.S. Treasury could simply change the language, and we have requested on many occasions that they change said language to 15 percent on first product from retorting, which is crude shale oil. It is about a 20-gravity crude, incidentally, in most cases from most retorts, and there is a parallel to that. It is the same thing that applies to the retorting of the production of mercury, the depletion. We have not been able to get that through in any way, shape or form.

That, tide to the present import policies, make the venture, since it is such a large single, sudden, adventure—bold adventure, unrealistic. I can assure you if we had been given some of the same kind of assurance, that were given to Puerto Rico, and companies investing there, so that they would have open markets for foreign gasoline production, for production based on foreign crude oil exclusively, and of the U.S. domestic market, assurances of that kind, put in contractual form, perhaps it would cause a lot of things to happen.

In other words, we have got to have some confidence restored in the environment in which the shale oil industry is going to be born. We neither have it in our present oil import administration, nor do we have it in the present tax regulations. So that, in effect, it is the prime deterrent at the present time, in my opinion.

The CHAIRMAN. How far away do you consider commercial development assuming that a program gets underway here whereby commercial operations can commence?