(6) There is a businesslike, certain and straight-forward course of action. It is for the Department of Interior, under appropriate authorization, to enter into contracts with interested firms, tested by competence, to develop methods of mining and processing or *in situ* recovery of shale oil. This is the established procedure for work of this kind. It is safe, orderly, economical and consistent with the public interest. The resulting process or processes would then be available on general license. This procedure will require public funds. But it is obviously unsupportable economic procedure to try to save dollars by dissipating public property of unknown but much greater value. This procedure will be no more inimical to private enterprise than similar government research and development contracts held by hundreds of private companies including oil companies. Suggestions to the contrary are merely a smoke screen designed to exclude a prudent government policy for the development of this resource. We note that the most ardent advocate of R & D leases is favorable to all forms of government research and government control except that which might be paid for with oil shale lands. This is opposed.

(7) Once a process (or processes) is developed and proven out rates of recovery and costs will be known. With modest additional expenditure on drilling the government can establish the value of acreages which it chooses to lease. It can also specify the conservation practices that are required. It can also specify the rate of development, since there is known process, which is necessary to keep the lease in good standing. It can also relate the amount of leasing to need. And, since process, costs of production and the value of the deposits are known, it can negotiate or otherwise issue leases which allow a fair return to the companies and insure an equitable return to the people of the United States for their property.

(8) Under the foregoing procedures development will go forward and without risk that leasing will be a cover not for development but merely for the control of the land.

Under this system *necessary* public land would of course be made available to the contracting firm. And it is consistent with this proposal that necessary land be made available to firms wishing to do research on their own account and for this special purpose. This is especially justified if the firm does not have land in the area. This is further discussed in the associated concurring statement.

(9) Assuming that the R & D leases are serious undertakings, and not devices to gain control of the land, they still exclude companies incapable of undertaking research on a serious scale. The above procedure would allow of the participation of any company able to finance the known recovery process.

(10) Leasing may well be preferred by at least some of the oil companies. This is natural. Even with grants of land far smaller than those presently being requested, it promises to provide a large and potentially valuable resource for a modest cost. That leasing may convey large capital values for a modest development outlay is not an argument in its favor.

(11) The fact that competitive leasing may work well for petroleum exploration is no argument whatever for its use to encourage research and development. The two situations have nothing in common except the end product.

(12) We have been told that the Congress will not authorize appropriations for contracts for the development of oil shale processes. Rather it will succumb to pressure from some oil companies and aspiring lease holders to resist such a course of action. This is an admission that the real interest of those resisting such appropriation is the alienation of the land not the development of the resource. Such obstruction is obviously not a mandate for Executive action that plays into the hands of those who obstruct.

Views of Benjamin V. Cohen (With Concurrence of John Kenneth Galbraith)

The development of a shale oil industry is not presently impeded by lack of access to shale resources in the public domain. While there are tremendous shale deposits on government lands, there are also abundant deposits—the equivalent of vast oil pools—on private land, and adequate portions of these deposits are in the hands of large private corporations capable of proceeding from research and development to commercial operations whenever commercial operations become economically feasible. There seems to be reason to believe that the industry may be approaching a break-through and that commercial operations may become feasible within the next five or ten years.