In his press conference August 18, President Johnson correctly and succinctly said that shale oil will play no part in the oil disruption brought on by the current Arab-Israeli conflict. If oil shale is a feasible source of oil, and I believe it is, we should establish this fact and make our billions or trillions of barrels of shale oil an active deterrent to interruptions in oil supply. The tendency toward political unrest many places in the world will increase as our dependence on overseas oil increases and conversely will decrease with the ability to supply our needs from domestic sources.

In my opinion, industry is ready to proceed promptly to commercial shale oil production. By beginning large-scale operations and by this means only, will we know how much dependence should be placed on shale oil, and only an industry in being is of any use in an emergency. At least a decade will be needed to attain a significant flow of oil from oil shale if we start now. I believe it to be in the public interest for the Federal Government to encourage the early initiation of shale oil production.

Federal policy favors the use of coal as a source of oil and gas and provides direct Federal assistance through the Office of Coal Research. Of the more than $50 million of contracted research by the Office of Coal Research about 90 percent is for projects to convert coal to oil and gas. Conventional petroleum operates under a system of State and Federal regulation that encourages the maintenance of a strong domestic industry, including sufficient productive capacity to meet extraordinary needs.

But where is the encouragement for what is admitted to be our largest petroleum resource—oil shale? Where else do we have the potential for hundreds of billions of barrels of oil and ultimately even trillions? Furthermore, industry has indicated its willingness to develop shale oil without the expenditure of Government funds. Yet our policies discriminate against oil shale (1) by a significant differential in tax treatment, (2) by highly restrictive provisions in the proposed Federal leasing regulations, and (3) by a suspicious and hostile attitude toward private enterprise as the vehicle for shale oil development.

I have another section in my prepared statement that relates to interfuel competition, and I think this was covered very well this morning by Mr. Winger, so I will not discuss it further other than to say that I think that shale oil, oil from coal, oil from tar sands, oil from all sources should be given an equal chance to compete for the market, because this type of competition has one sure winner, and that is the consumer.

On Federal oil shale leasing, our company has responded to Secretary Udall's invitation to comment, and a copy of our statement is attached.

In summary we have told the Department:

(1) That a limited opening of Federal oil shale lands is needed to prevent windfall profits, to promote competition in oil shale, and to accelerate the development of the resource.

(2) We have told him that leases should be granted under a competitive bidding procedure with due diligence requirements to maintain the lease, and a provision to credit a part of the bonus payment