

Now, remembering also from what Mr. Winger said, and what I developed a little bit earlier in my presentation here, we are going to fall 4 million barrels behind daily requirements in the next 10 years, and therefore, you can see that this estimate is a minimum of that which would be required to hold us on an even keel.

Recently, in a hearing in New Orleans conducted by the Public Land Law Review Commission, it was estimated that total investment required for getting production from our Outer Continental Shelf was \$6.5 billion, exactly the same amount.

At the hearing, none of the distinguished Members of Congress seemed inclined to believe that Congress would have been amenable to appropriating \$6.5 billion for opening off-shore oil when exploration and production first began south of New Orleans.

Gentlemen, I think those people who championed the concept of Government production have failed to gather the point of the tremendous cost involved; and in the overloaded Government budgets of today, no room will be found for this kind of investment.

Excuse me, I feel so disjointed in this presentation that I am embarrassed. But I would like to dwell for a few moments on the particular items of the leasing regulations with which we have had a great deal of difficulty in the Colorado School of Mines Research Foundation in talking to potential clients about continuing the research at Anvil Points, which, as you know, has expended over \$7 million in the last three years. So let me take them by number.

1. Should the adequacy of research performed be a Government judgment? If a given company is faced with the large investment involved in converting its operation from research to commercial production, is not the company itself in the best position to choose the step of major risk in allocating its money to commercial operation?

I believe they are.

2. If all information from research is to be made immediately available to the public, what possible advantage would accrue to the company investing in research? Why not sit back and let the others, and I suppose only Government would be the others, so interested do the preliminary work. Looking forward to a practice of open bidding for commercial acreage, would it not be better to release this information once commercial operations had begun so the company can enjoy some competitive advantage from its extensive research investment?

3. Should the disclosure of all oil reserves and the revelation of all background and new patents, be as restrictive as now seems to be required? The variable definitions of "reserves" as controlled by economics of production and by the differences in large and small company definitions might make such disclosures incomparable between companies.

I have been very interested, since coming to Washington, to learn of Battelle's approach to Union Oil to use their facilities. To my knowledge they did not approach us, because had they approached us there would have been, of necessity, because of our arrangements with the Government, the requirement for disclosure of any practice which they might achieve from their work. This is not attractive.

4. Can a further commitment be made regarding the size of a parcel of land that will be made available for commercial production? At present there is a great deal that must be taken on faith.