

This fraud could be pulled off because the public is not aware of what it owns. Certainly the Interior Department, including the entire Executive Branch, has not tried to educate the public as to the complete oil shale facts and issues because the Department and Executive Branch officials, present as well as former, have been involved in a major national scandal which dwarfs the Teapot Dome Affair.

The proposed regulations are designed to permit oil companies and other entities to get the richest oil shale lands for nominal rentals and royalties. The proposed sliding scale of royalties is a sham and a device to permit oil companies and other entities to get the loot and to make sure that the people will only share nominally from oil shale development and production from leased tracts. Any shale oil operation can be set up so as not to yield any net taxable income. Thus it is foreseeable that the Government under proposed leasing regulations would only get nominal royalties.

Leasing regulations, if they are to be adopted, should be revised to define that royalty is free and clear of all costs of production. This is the meaning of royalty. Royalty as defined in the proposed regulations would only mislead the uninformed public into thinking that the Government would receive substantial royalties—up to 50 percent of the oil produced from the oil shale leases. Deceit should be eliminated from the proposed regulations.

Department spokesmen admitted in the Senate Oil Shale Hearing held before this Committee on May 12, 1965 (pages 33-35), that some public lands in Colorado had shale 1,900 feet thick and that a 5,120 acre block would probably contain approximately 18 billion barrels of recoverable shale oil—equal to nearly 60 percent of all proven petroleum reserves in the United States. This is a staggering amount of oil to turn over to one company under an untried and unknown R & D lease.

The 30,000 acres proposed for lease could include more than 106 billion barrels of oil—more than three times all proven petroleum reserves in the United States. At current consumption rates our country would take 30 years to consume that much oil. Yet only six companies or entities could secure control of this staggering amount of oil under the Secretary's proposed policies. The concentration of such wealth in the hands of so few would be unparalleled in our Nation's history.

One aspect of the proposed oil shale leasing scandal becomes quite clear when one considers the fact that Secretary Udall has represented to the public in his letter to Editor and Publisher Magazine, July 21, 1967, that his proposed oil shale leasing regulation would be applicable to a very small area of the oil shale lands owned by the Government. But Mr. Udall failed to disclose that the total barrels of recoverable shale oil reserves that may be contained in the 30,000 acres which he proposes to lease, may exceed 106 billions of barrels. See 37th article in my oil shale series, published August 24, 1967. This kind of "slanted" representation on the part of the Secretary to the public borders on deception, if not out right fraud.

1. Questions cast doubts on leasing proposal

This all brings up some big questions:

Why lease such big blocks?

Why not limit this R & D phase to 1 billion barrels which is still a lot?

Why not limit any lease so that no private group or corporate body can get more oil shale under its control than 1 percent of the proven oil reserves in the U.S.?

Why not limit R & D leases by barrels rather than by the phony measure of acres?

Why not confine the leaseable reserves to say 5% of all proven petroleum reserves?

Why not make the consortiums reveal all the shale oil and other oil reserves they, their subsidiaries and their parent companies own, control, or lease so that steps can be taken to prevent issuance of leases to those entities whose monopoly positions would be strengthened by oil shale leases if issued?

Why not have an impartial public advisory board of economists review and issue public findings on proposed leases and swaps before the Interior Department acts?

Why lease now? Why the hurry to lease large blocks of public land or to "trade" it? If there is need for research to develop technology, why don't the companies do their research on private land? Why doesn't the Government contract for research and make the patents on processes developed freely available