

Sinclair appreciates the need to protect the public interest in developing federally held oil shale reserves. We are extremely pleased that the Department of the Interior proposes to take the route of putting the development in the hands of private industry and fostering competition. On the other hand, we believe this should be done without discrimination against companies which have shown sufficient prudence to invest in reserves and hold them privately. We believe that Congress should act, if necessary, to prevent loss of patents, data and other products of the work. Maximum progress will be made toward development of this new source of energy if private industry is rewarded rather than penalized for spending large sums of money in research and development. The fruits of this research should not be freely disseminated to a lessee's competitors, thereby eliminating rather than fostering competition. We believe that the present royalty rates are confiscatory. We believe that the Secretary is not the proper source for first judgment as to whether research and development have been successful; the decision should be left with the company taking the risk as it always has been in free enterprise.

STATEMENT OF L. DAN JONES, GENERAL COUNSEL, INDEPENDENT PETROLEUM
ASSOCIATION OF AMERICA

Mr. Chairman, my name is L. Dan Jones. I am General Counsel of the Independent Petroleum Association of America (IPAA), a national Association representing independent oil and gas producers and land and royalty owners with membership in ever oil producing area in the United States.

The matter of proper development of the oil shale underlying the public domain has been of real concern to IPAA for many years. Several years ago, IPAA established an oil shale committee, now the Synthetic Fuels Committee, which has given extensive consideration to the problems involved in the development of oil shale.

This Committee made the following recommendations which have been adopted by our membership.

1. Executive Order No. 5327 should be continued until appropriate legislation is enacted that will insure a program for the orderly, fair and simultaneous leasing of the public oil shale lands.

2. Such legislation should encourage development of the public oil shale lands under our free enterprise system by private industry without Government financial assistance or subsidy.

3. The size of leases awarded under the program should be limited, and much smaller than provided in the present law, in order that private firms, both small and large, will be able to participate in the leasing program. A multiplicity of operators, both large and small, will promote competition and eliminate the threat of monopoly in this potentially vast energy source.

In our opinion, the regulations as presently suggested by the Department of the Interior would not provide an economic climate which would be conducive to the development of an oil shale industry.

The long history of the petroleum industry very persuasively demonstrates that independent producers, by providing a broad-based multiplicity of effort, have made a substantial contribution to making the domestic petroleum industry the leader and envy of the world. The Federal Government, both the Executive Branch and the Congress, has recognized the vital role of the independent and encouraged his participation in petroleum resource development, as for example, through the non-competitive leasing of the public lands. We feel it is important, therefore, that similar policies be established so as to enable and encourage maximum participation of independents in the oil shale development program.

The potential mineral energy resources contained within the oil shales are so vast and of such importance to the Nation that prior to their development Congress should review and give full consideration to all aspects of this important matter. The great impact that an oil shale industry will have on the economy of the Rocky Mountain area, and the effects that such an industry would have on the over-all economy of our Nation, make it imperative that Congress establish policy guidelines and standards that will insure the proper development of this important resource.