

It is recognized that the publication of the proposed regulations in the *Federal Register* was accomplished to provide the Department of the Interior with information which would help formulate the orderly development of a national resource in the best interest of the people of the United States.

Comments on Sun's position are listed separately on the following pages by major sections of the proposed regulations.

Subpart 3170—Oil Shale: General

Sun Oil Company concurs with some of the stated purposes of the proposed regulations regarding the leasing of oil shale lands under Title 43 of the Code of Federal Regulations which would foster improved technology for the mining and recovery of shale oil. The regulations are pursuant to the Mineral Leasing Act of February 25, 1920 (41 Stat. 445), as amended, (30 U.S.C. 181-287).

The potential value of shale oil is great—but it can have value only after methods to produce it have been developed at great cost. The dollars realized should not be considered a "bonanza" gathered from the public realm. Any producer of this resource will need to know that his investment will be sound and sufficiently stable or he will choose to make his investment in some other venture.

We are particularly pleased to see that one of the objectives shall be to "encourage competition in development and use of oil shale and related mineral resources and to develop a basis for subsequent competitive leasing of Federal oil shale lands".

It is our opinion that the best utilization of the potential oil resources can be effectuated by adhering to this purpose as the central theme for all of the regulations. Each applicant for leases and subsequent development and commercial production should be considered on its own merits. Each applicant should be permitted to operate with a minimum of external control and to benefit financially in recognition of the risks taken.

Development of oil shale lands is vital to our national security and should be coordinated in a consistent manner with the existing Mandatory Oil Import Control Program established by Presidential Proclamation 3279, as amended.

Sun has made projections for U.S. petroleum demand for the next 15 years based on demand increasing at a rate averaging 3 per cent per year. On this basis, U.S. oil demand by 1980 will total almost 18 million barrels a day, compared with the 11.5 million barrels used daily in 1965. This represents a demand gain of more than 50 per cent, or 6.5 million barrels daily, over the next 15 years. An increase of this magnitude suggests not only that we face a tremendous oil-finding job in the future, but also that by 1980 we may be required to supplement domestic sources of oil supply with increased imports and/or with oil from shales and tar sands.

Sun believes that the Nation cannot rely for the balance of this material to come from imports alone. Recent world events have shown that oil from abroad may not necessarily always be available on a scale sufficient to meet our needs. To prevent any critical shortages, the U.S. must encourage greater domestic production by allowing industry to continue to operate with a minimum of controls and a maximum of incentives.

Any oil shale policy should be formulated with conventional crude oil production practices in mind. Leases for oil, gas and other minerals exploration for years have been obtained from private, state or federal owners with no requirements made that the producer give the owner any information on new production techniques employed or developed. This also was true with offshore production acreage when leases first became available around 1950.

Subpart 3171—Applications for Leases

We are concerned that the proposed regulations on applications for a federal lease indicate (3171.2 (c) (7)) that it would be necessary to provide information concerning interests in non-federal oil shale land. This type of disclosure of a company's other business interests is not normally made. Such a provision in a program to provide leases for research on federally-owned oil shale might tend to favor individuals who do not have access to privately-held acreage. This, in our opinion, is in conflict with a free competitive enterprise system which would allow all individuals an equal opportunity to seek leases.

The same objection applies to one of the stated objectives (3170.0-1) which is to "encourage participation by companies not favorably situated with respect to access to reserves of the minerals present in oil shale." No company should be