available with the extraction of shale oil on a profitable basis. Additionally, the proposed atomic explosion in the oil shale section followed by in-situ retorting also holds great promise. While cooperation between industry and the government will be necessary, the task may be carried out without adoption of regulations such as those proposed by the Interior.

While no one can predict precisely how the proposed regulations would operate if adopted, it is apparent on their face that they give a substantial advantage to the mammoth international oil companies, some of them foreign controlled. We seriously question that it would be in the best interest of the United States to have the development of techniques to exploit the oil shale lands in the hands of those whose economic self-interests might dictate the delay of the development of workable processes while such companies, foreign petroleum reserves are fully exploited. We also oppose the sliding scale royalty provision.

We feel that the provision in the proposed regulations with regard to blocking up of acreage has great merit. More study should be given to this concept, since it appears to be one method by which an accommodation can be reached between the conservationists and the petroleum companies. The majority of lands held in fee in the oil shale areas are along creek beds and in the meadow low lands. In many instances, these are the prime areas which the conservationists would seek to preserve. Provisions, whether by regulation or legislation, which would permit companies owning fee lands in these areas to exchange them for lands in other areas of less interest of conservationists would be helpful to both groups.

As mentioned earlier, we believe that legislation will provide the only workable solution to the problems of exploitation of oil shale reserves. Of paramount importance is the problem of the conflicting claims in the oil shale areas. As I am sure you know, these arise because the oil shale lands also contain many other minerals of great value, two principal ones of which are aluminum and sodium. Under our present law, aluminum is locatable but sodium is leasable. We would expect, of course, that any legislation with regard to oil shale lands would provide for their leasing rather than sale. Our studies indicate that the probable economic methods of extraction of shale oil will probably be coupled with the extraction of other minerals. For this reason, we would urge that any statutory change with regard to oil shale lands provide that the leasing of oil shale lands cover all minerals, including those leasable as well as locatable, and that on lands designated as oil shale lands that the placer mining laws no longer be applicable. Of course, such legislative changes would have to recognize such existing rights.

We also believe that oil shale lands should be offered by competitive leasing subject to realistic limits on the extent of holding of oil shale lands by any one firm. The operations of the Department of the Interior under the Outer Continental Shelf Act have shown that Interior can control to a great extent the development in an area by limiting the amount of lands offered for leasing at any time. They have been able to maximize the benefits of the federal government through bonuses for such leases while at the same time preventing there being too many leased by untested blocks. In a similar manner, the Interior Department through realistic leasing practices and acreage limitations can assure that large blocks of oil shale lands are not held for future exploitation; rather that the amount of land to be leased and developed will always be in near balance with the needs of the national economy.

In conclusion we would recommend that your committee hold hearings to consider the drafting of a leasing statute of covering oil shale lands. We feel that only after legislation can economic development of oil shale lands be possible.

Very truly yours,

F. P. JONES, Jr.,
Executive Vice President.

HEINRICHS GEOEXPLORATION COMPANY,
Tuscon, Ariz., August 1, 1967.

Senator CLIFFORD P. HANSEN,
Senate Office Building,
Washington, D.C.

DEAR SENATOR HANSEN: Sorry that the search for a completely objective response to your letter of 13 June, 1967, has been difficult and obviously slow.

Interior's proposed regulations are the wrong approach for early orderly and desirable development of this natural resource. Apparently they want to preserve not conserve. The tiny allotted acreage will only promote monopoly and stifle competition and production.