In this connection, the limited scope of the proposed program (30,000 acres and a maximum of 5,120 acres per lease) would presumably result in only six successful applicants, restricting competition, or it would result in such small parcels that commercial operations would be economically unattractive.

Very truly yours,

J. E. HESTON.

SINCLAIR OIL CORPORATION,
New York, N.Y., June 28, 1967.

Hon. CLIFFORD P. HANSEN,
The United States Senate,
Washington, D.C.

DEAR SENATOR HANSEN: As requested in Mr. E. L. Steiniger's letter to you, dated June 16, 1967, I am attaching comments submitted to Mr. B. L. Rasmussen, Director, Bureau of Land Management, by Sinclair Oil & Gas Company, which is the domestic exploration and production subsidiary of the Sinclair Oil Corporation.

I am pleased to forward these comments to you, because we do appreciate the interest you are taking in the future development of oil shale.

We intend to make a statement before the Senate Committee on Interior and Insular Affairs concerning proposed regulations to govern oil shale leasing and land exchanges, but, at the moment, it is not in final form. This should be accomplished within the next few days, at which time I will send you a copy.

Very truly yours,

J. B. KENNEDY.

Attachments (2).

SINCLAIR OIL & GAS COMPANY,
Tulsa, Okla., June 20, 1967.

B. L. RASMUSSEN,
Director, Bureau of Land Management,
Department of the Interior,
Washington, D.C.

DEAR MR. RASMUSSEN: Sinclair Oil & Gas Company wishes to respond to Secretary Udall's invitation to comment on the Proposed Regulations to Govern Oil Shale Leasing and Land Exchanges, 43 CFR, Part 3170 and Subpart 2244. The stated objective of the regulations is to encourage development of a shale oil industry while safeguarding the public interest. Sinclair feels that the proposed leasing regulations would require a lessee to give up so much of the technical know-how and income from a project on government land that there is little likelihood that any company or consortium would invest millions in research to develop a process for a commercial lease. We also believe the regulations are so indefinite regarding granting of commercial leases that there is no incentive for a company to undertake a development project. None of the objectives will be met if development is prevented. We hope these comments will suggest modifications that will permit achieving the Secretary's stated objectives.

3170.1 states that "The Secretary will . . . publish notices . . . designating areas of oil shale bearing land . . . which will be made available for leases for research and development and for subsequent commercial operations . . ." 3172.3(c) states, "At the time for the grant of any extension of the term of lease as provided in section 3172.2(b), the Secretary will determine the quantity of mineral deposits needed for commercial production, allowing reasonable reserves."

Sinclair interprets these statements as saying that government representatives will make the decision as to when the company could move to construction of a commercial plant. The government representatives will in effect also determine the commercial life and size of the plant by determining the size of deposit leased for commercial operation.

Sinclair wishes to recommend, as it did previously in our letter of February 14, 1967 to Secretary Udall, that award of a lease on a limited area for research and development carry with it an option on a specified tract for expanded commercial operation. The decision to go commercial should rest with the organization doing the development work. When the development proceeds to the point that commercial profitability is indicated and the company is willing to risk the tremendous capital needed to put up a commercial plant, the development phase is completed. There is no assurance that the development program will succeed; the company should not suffer the additional hazard that Interior