

I look at those parts of the regulation relating to patents and disclosure as essentially a negation of the patent system, which is in large measure responsible for the industrial and scientific progress of our country. As a reward for innovation, and for disclosing the nature of his invention to others by publication of a patent, the inventor is given a limited monopoly (17 years) on its use. In practice the inventor almost always has been willing to license his technology, under the patent system, but the chance that a competitor may devise a better mousetrap usually has spurred others on to research and innovation. Requiring that patents be assigned to the Federal government and that all results of research be immediately made public will remove the most powerful competitive force that can be brought into oil shale development.

It is suggested by the regulation, and by public expressions of the Secretary, that granting ownership of the technology to the public is a necessary compensation for the opportunity to use the publicly-owned oil shale resource. I submit that royalties commensurate with the value of the product and its cost of production should be the means of direct compensation to the public.

I further submit that every means should be taken to insure the maximum degree of technological competition, for from this competition will flow the greatest benefit of all to the public—an ample supply of products at the lowest possible cost.

HUMBLE OIL & REFINING Co.,
Houston, Tex., June 8, 1967.

Subject: Proposed Regulations to Govern Oil Shale Leasing and Land Exchanges.
Mr. BOYD L. RASMUSSEN,
Director, Bureau of Land Management,
U.S. Department of the Interior,
Washington, D.C.

DEAR MR. RASMUSSEN: The *Federal Register* of May 10, 1967, contained the Secretary of the Interior's proposed regulations to govern oil shale leasing and land exchanges. This letter is written pursuant to the invitation to interested persons to comment with respect to such proposed regulations.

The Secretary is to be commended for taking the initial step which could result in the development of the federally owned oil shale reserves. However, Humble believes that the proposed regulations do not provide adequate incentive for private industry to commit its technical and capital resources to the development of such reserves. We are particularly concerned that the proposed regulations embrace certain principles that would inhibit the normal working of the free enterprise system in the development of this natural resource.

Humble believes that the mineral energy resources contained within the public domain should continue to be developed by private enterprise under a minimum of federal controls, as has been the case with oil and gas, and without further government expenditures on research. Private industry is capable of and willing to finance substantial research to evaluate the commercial feasibility of oil from shale and to invest in facilities for commercial operations at such time as shale oil can compete with other energy sources.

Since the Federal Government is the principal holder of shale oil reserves, it is essential that private research and development leading to the commercialization of shale oil not be impeded by unduly restrictive leasing regulations on the public oil shale lands. Development of shale oil production should be controlled by normal economic forces governing competition among fuels. The free interplay of competitive pressures among domestic energy sources continues to be the best means of supplying the needs of the public at the lowest cost.

It is not necessary that an extensive amount of acreage be leased currently. Rather, land should be made available for lease on a periodic basis, similar to the procedure used in the leasing of federal oil lands on the Outer Continental Shelf. Leasing of the federal shale lands should be done on a competitive bid basis, using a bonus system with fixed, moderate royalty. The bonus system will result in the maximum leasing income to the federal treasury, the fostering of normal economic forces, the prevention of pre-investment by industry, and the avoidance of speculation in the leasing. Competitive pressures will automatically require that the lease bonuses reflect the profitability of shale oil operations; therefore, the royalty should be held to a relatively low, fixed amount so that the costs for shale oil will not be unduly handicapped compared