

to competitive energy sources. Bidding for leases should be open to all potential participants on a competitive basis, with no discrimination in respect to firms in any particular industry, size category, or other classification. Unitization of lands into conservation or production units should be permitted.

The holding of leases for speculation should be discouraged by requiring the expending of appropriate sums for research and development during each year of the lease until commercial production has been achieved. Any failure to carry out diligently the agreed upon program should be grounds, subject to court review, for forfeiture and cancellation of the lease as provided for in the regulations.

In keeping with the foregoing statements, Humble offers the following specific comments concerning the proposed regulations:

3170.0-1 *Purpose*

The objective to "encourage participation by companies not favorably situated with respect to access to reserves of the minerals present in oil shale" could result in discouraging those companies which in the past have taken the initiative to develop research and technology for the exploitation of oil shale and related minerals.

The regulations should encourage and foster research and development efforts by any and all qualified individuals and companies.

3170.1 *Designation of Available Lands*

This section precludes industry from having any voice regarding lands that will be designated for leasing. The location of the lands is of utmost importance from the standpoint of terrain, accessibility, availability of water and other utilities and of constructing and operating plants for research and commercial operations. Also, limiting leasing of oil shale lands to not more than 30,000 acres, presumably divided among three states, would unduly restrict broad industry participation in oil shale development.

This section should provide that from time to time, the Secretary will designate reasonable amounts of land, with clear title, based on nominations made by qualified individuals and companies. The regulations should not contain a limitation as to the total amounts of land which the Secretary may so designate.

3171.2-3171.3 *Form and Contents of Application and Considerations To Be Used in Evaluating Applicants*

These sections relate to the qualifications of an individual or company for acquisition of an oil shale lease by application based on an acceptable research program and the need by the applicant for both the acreage and the products therefrom. Those portions of the sections requiring disclosure of ownership in private lands, divulgence of confidential reserve information, detailed projections of research and commercial operations, go far beyond what is necessary to determine capability and qualifications. Information of this type is not relevant to the technical and financial capability of the applicant.

A number of provisions pertain to an applicant's need for reserves and require the applicant to set forth his non-federally owned oil shale reserves and conventional crude oil reserves. The principle that an applicant's need for reserves should be a factor in determining whether an applicant would be granted a lease is a real cause for concern. The merits of the proposed plan of research and development and applicant's ability to carry out that plan should be the determining factors in granting or failing to grant a lease.

Oil shale leases on federally owned land should be awarded by competitive bidding with the requirement that the successful bidder perform a reasonable amount of research and development leading to commercial production. As has proved to be the case in oil and gas leasing on the Outer Continental Shelf, open competitive bidding would withstand public scrutiny and would stimulate early commercial development of public oil shale lands consistent with the needs of the Nation.

3172.2 *Term of Lease*

The research term is indefinite and extension of the commercial production term is solely dependent upon the discretion of the Secretary.

The lease terms proposed are not appropriate for the competitive bidding system advocated by Humble, and the lease terms should be modified as follows:

A. Research Term—All leases and notices of lease sales should provide for a specific research term. Such research term may be extended by the Secretary.