

gram was completed, the premises would revert to the United States. These tracts should be made available without cost, or at a nominal charge, to any qualified party desiring to do research, with such party retaining all patents and research information as is customary in any private research project. The benefit to be derived by the United States would be encouragement of research and development of this vital natural resource.

3. There may be some companies who now would like to have the opportunity to acquire commercial oil shale leases on specific tracts and proceed with construction of facilities for production of shale oil without the necessity of doing further research as required under the rules as proposed. Leases could be put up for sale on a competitive bidding basis similar to that now used for off-shore leases. For the protection of the government and the lessee, the leases should be on a prescribed lease form. Reasonable annual rentals or other payments could be established which would be sufficiently high to provide an incentive for early development by the lessee. Such rentals would not be payable once commercial production was established. The lease term should be for five years and so long thereafter as diligent operations for the production of shale oil are being conducted. The rentals and relatively short primary term of the lease would discourage speculation and foster continuous progress toward production.

Some of the suggestions which we have made in these comments may require the enactment of legislation to clarify and supply needed authority for the Secretary. To the extent required, legislation to accomplish this purpose should be drafted and introduced in Congress. Uncertainty in the laws and regulations is one of the greatest deterrents to progress in the development of oil shale. Necessary guidelines must be set in order to attract the necessary capital.

While oil shale has enormous potential, it cannot be utilized without solution of a number of economic and technical problems which now impede its development. Great effort by both industry and government will be required to resolve these problems. Oil shale also faces severe competition from other energy sources. We believe, therefore, that if this great resource is ever to be made available to the nation, the emphasis of the government's policy must be an encouragement rather than restricted development by private enterprise.

We hope that the views of our Association will be of assistance to the Committee on Interior and Insular Affairs in its consideration of this complex subject.

Respectfully submitted.

COLLIS P. CHANDLER, Jr., *President.*

PROPOSED REGULATIONS TO GOVERN OIL SHALE LEASING AND LAND EXCHANGES

HON. BOYD L. RASMUSSEN,
*Director, Bureau of Land Management,
U.S. Department of the Interior,
Washington, D.C.*

DEAR MR. RASMUSSEN: The shortage of oil resulting from the Mid-East crisis has again pointed up the importance of maintaining a dependable supply of domestic oil. Publication of the proposed oil shale regulations on May 10 has thus proved especially timely.

The Rocky Mountain Oil and Gas Association is gratified that the Secretary has recommended that private industry take the responsibility for a program of development of oil shale resources on federal lands which will serve and protect the best interests of the nation. We do not believe, however, that the regulations as proposed will generate a broad base of competitive research and production of oil shale. To the contrary, in our opinion the regulations will have the effect of stifling both research and commercial production operations on Government owned lands.

COMMENTS ON THE PROPOSED REGULATIONS

A. General Comments:

1. We respectfully submit that we can see no persuasive reason why research effort should be restricted to a few applicants selected by the Secretary. Government owned acreage should be made available to all qualified applicants for the sole purpose of research. The acreage could be made available for research on a basis similar to a license or prospecting permit.