

taining 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.

The regulations should provide adequate provisions to permit the inclusion of all commercial leases, in whole or in part, in units which are subject to plans for development similar to those now in use for federal oil and gas leases. Any lease so committed to a unit would be extended beyond its initial term while the unit remains in existence, in accordance with a plan of development approved by the Secretary.

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 purposes should be drafted and introduced in Congress.

We appreciate the opportunity to present our views and hope that they will be of assistance to you in the issuance of regulations whereby these oil shale reserves can be properly developed by competitive free enterprise which has proved so effective in the past in developing the other natural resources of our nation. Should you desire to discuss our comments and recommendations, we would be glad to confer with you at any time. We believe that our representatives could make a valuable contribution of their experience and knowledge in your consideration of regulations.

Very truly yours,

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

MOBIL OIL CORP.,
Denver, Colo., July 18, 1967.

HON. CLIFFORD P. HANSEN,
U.S. Senate, Washington, D.C.

DEAR CLIFF: This is in reply to your letter of June 13, 1967, inquiring as to our views, comments or objections to the proposed oil shale leasing regulations. The Rocky Mountain Oil and Gas Association has not yet completed preparation of its comments although we are now working on them and expect to have them finished and approved by our Executive Committee so that they may be submitted to the Secretary in advance of August 10. I had delayed in replying to you, for which I apologize, because we have been expecting that RMOGA's comments would have been finalized before now.

Basically, I think there is no question but that the regulations are unworkable as written. Indefiniteness as to amount of acreage to be made available for commercial production, the stringent patent and disclosure provisions and the royalty provisions are among the major obstacles.

We very much appreciate the interest taken by you and your staff in this complex problem and on behalf of the RMOGA General Legal Committee, as well as Mobil, I want to assure you that we are ready at any time to furnish you with such assistance or information as may be helpful to you. In the meantime, I am enclosing a copy of Mobil's letter of May 24, 1967, which contains our response to Interior's request for comments on the proposed regulations, together with our letter of March 17, 1964, wherein we outline our views in greater detail.

Best personal regards.

Sincerely,

Enclosures.

BURNS H. ERREBO.