I am directing this statement in principal to the strip miner of coal. The statistics and figures I am going to use are from the Treasury Department's Internal Revenue Service and the Department of the Interior's Bureau of Mines. The subject is depletion allowance, that multi-million dollar windfall the industry so greedily accepts from the Federal Government and so jealously guards. This lucrative 10% Federal income tax exemption in the mining of coal is well-known among the industry, but they would rather that the public not be too aware of how many millions of dollars it amounts to annually.

According to the Bureau of Mines, in 1965 there were 165,240,769 tons of coal extracted through strip or surface mining operations in this country, with a value of $637,116,233. The depletion allowance on this amonut of coal and its value was $61,233,012—or 38¢ per ton. Now, I am referring to Table 7 on Page 114 of the Secretary's report on "Surface Mining and Our Environment". This table reveals the approximate reclamation cost per ton of bituminous coal and lignite mined by stripping in 1960 by state. The table shows the per ton reclamation cost calculated on the production per acre mined, the reclamation cost ranging from $300 per acre up to $800 per acre. I am going to use the table as it refers to the state of the whole strip mine operations in Ohio.

The average production per acre was 5,328 tons. Assuming that the reclamation cost per acre would be $300, the reclamation cost per ton of coal mined would be .056¢ Should the reclamation cost per acre be $500, which is considerably higher than the average, then the reclamation cost per ton of coal mined would be .094¢. When you compare the per ton cost of reclamation in both instances with the depletion allowance of 38¢ per ton, in my opinion, no one can justify saying that they cannot afford it.

The Internal Revenue Service permits industries extracting minerals from the earth a percentage depletion allowance, the percentage differing dependent upon the mineral being extracted. As an example, oil and gas have the highest, which is 27½%. Coal is 10%. The theory behind the granting of this depletion allowance is firstly to compensate the operator on an annual basis for the ultimate complete depletion or exhaustion of the mineral in the area in which he is operating, and, secondly, to provide him with an incentive for exploration of new deposits of minerals. While the operator greedily accepts this lucrative windfall in the way of depletion allowance which is supposed to compensate him for an ultimate exhaustion of the mineral, he gives little or no consideration to the fact that while he is operating, especially in the case of minerals extracted from the surface through the strip mining method, he is at the same time completely depleting the land for which no restitution is made.

In conclusion, Mr. Chairman, in my opinion, these bills before you today are of extreme importance, and I urge this Committee without undue delay to report out a clean bill from the combination of the bills before you incorporating the recommendations in the Secretary of Interior's report. And, to the powerful mine lobby, I suggest that you recognize your moral responsibility to our Nation and citizenry and work with the Congress and not against it in enacting into law a program that will rectify the wrongs that have been committed. It can be done.

Thank you Mr. Chairman and Members of the Committee.

Senator Metcalf. The first witness is our very able and distinguished Secretary of the Interior. He has also been a pioneer in this legislation and will present testimony for the administration bill, which will probably be the bill which will be marked up before the committee.

Secretary Udall, we are delighted to have you here. Will you introduce the staff members that you have with you and proceed in your own way.

STATEMENT OF HON. STEWART L. UDALL, SECRETARY OF THE INTERIOR; ACCOMPANIED BY J. CORDELL MOORE, ASSISTANT SECRETARY, MINERAL RESOURCES; AND L. BOYD FINCH, STAFF ASSISTANT, OFFICE OF THE SECRETARY

Mr. Udall. Thank you very much, Mr. Chairman. I have Assistant Secretary Cordell Moore with me and Boyd Finch of his staff, who will make the presentation in just a moment.