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# MINERAL LEASING REVENUES

GOVERNMENT

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## HEARING

BEFORE THE

SUBCOMMITTEE ON PUBLIC LANDS

OF THE

COMMITTEE ON

INTERIOR AND INSULAR AFFAIRS

UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

SECOND SESSION

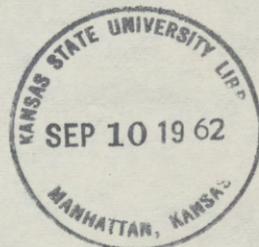
ON

**S. 898**

A BILL TO AMEND SECTION 35 OF THE MINERAL LEASING ACT OF 1920 WITH RESPECT TO THE DISPOSITION OF THE PROCEEDS OF SALES, BONUSES, ROYALTIES AND RENTALS UNDER SUCH ACT

MAY 15, 1962

Printed for the use of the  
Committee on Interior and Insular Affairs



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## MINERAL LEASING REVENUES

TUESDAY, MAY 15, 1962

U.S. SENATE,  
SUBCOMMITTEE ON PUBLIC LANDS OF THE  
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,  
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m., in room 3110, New Senate Office Building, Senator Alan Bible (chairman of the subcommittee) presiding.

Present: Senators Alan Bible, of Nevada; Clinton P. Anderson, of New Mexico; Frank E. Moss, of Utah; Oren E. Long of Hawaii; Lee Mecalf, of Montana; and Gordon Allott, of Colorado.

Also present: Senators Quentin N. Burdick, of North Dakota; J. J. Hickey, of Wyoming; and Gale W. McGee, of Wyoming.

Staff members present: Stewart French, chief counsel, and Jerry Verkler, clerk.

Senator BIBLE. The subcommittee will come to order.

The bill before us is S. 898, introduced by Senators Hickey and McGee, of Wyoming, to grant 90 percent of mineral leasing revenues from Federal lands to the State within which the lands lie. Specifically, Senator Hickey's bill would amend section 35 of the Mineral Leasing Act which now provides that 57½ percent of such revenues shall go to the reclamation fund, 32½ to the State for public purposes, and 10 percent shall be retained by the Federal Government for administrative costs.

We will make a part of the record at this point S. 898 and the report of the Department of the Interior dated May 10, 1962, as signed by Assistant Secretary John Kelly, and likewise the report of the Bureau of Budget, dated May 8, 1962. These executive agencies oppose enactment.

(The bill and reports referred to follow:)

[S. 898, 87th Cong., 1st sess.]

A BILL To amend section 35 of the Mineral Leasing Act of 1920 with respect to the disposition of the proceeds of sales, bonuses, royalties, and rentals under such Act

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 35 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain", approved February 25, 1920, as amended (30 U.S.C. 191), is amended to read as follows:

"SEC. 35. All money received from sales, bonuses, royalties, and rentals of public lands under the provisions of this Act shall be paid into the Treasury of the United States, and 90 per centum thereof shall be paid by the Secretary of the Treasury as soon as practicable after December 31 and June 30 of each year to the State within the boundaries of which the leased lands or deposits are or were located. All moneys received under the provisions of this Act not otherwise disposed of by this section shall be credited to miscellaneous receipts."

SEC. 2. The amendment made by this Act shall be effective with respect to all moneys received on and after the first day of the first month following the date of enactment of this Act from sales, bonuses, royalties, and rentals under such Act of February 25, 1920.

U.S. DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
Washington, D.C., May 10, 1962.

HON. CLINTON P. ANDERSON,  
*Chairman, Committee on Interior and Insular Affairs,*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR ANDERSON: Your committee has requested a report on S. 898, a bill to amend section 35 of the Mineral Leasing Act of 1920 with respect to the disposition of the proceeds of sales, bonuses, royalties, and rentals under such act.

We recommend that the bill not be enacted.

The bill would provide that 90 percent of the moneys received from leasing the mineral rights in the public lands, including naval petroleum reserves, be paid to the State within whose boundaries the leased lands are situated.

Section 35 of the Mineral Leasing Act of February 25, 1920, as amended (30 U.S.C. 191), provides for the disposition of all money received from royalties and rentals from leases issued under that act. Under that section receipts are divided three ways: 37½ percent being paid to the State within the boundaries of which the leased lands or deposits are located, 52½ percent to the reclamation fund, and 10 percent to the Treasury of the United States as miscellaneous receipts. Each State is required to use its 37½ percent of the receipts for the construction and maintenance of public roads or for the support of schools or other public educational institutions. Receipts from leases in the State of Alaska are treated similarly except that, instead of 52½ percent being assigned to the reclamation fund, 52½ percent is paid to the State for disposition by its legislature as it deems advisable. This 52½ is in addition to the 37½ noted above and thus the State of Alaska receives 90 percent of the receipts from mineral leasing within its borders. All receipts derived from mineral leasing within naval petroleum reserves are deposited in the Treasury as miscellaneous receipts.

The Reclamation Act of June 17, 1902 (32 Stat. 388; 43 U.S.C. 371 et seq.), which established reclamation of the arid and semiarid lands of the West as a Federal activity, included, among its other provisions, one that financing of the Federal undertaking should be accomplished through a special fund to be established within the Treasury of the United States, this fund to be known as the reclamation fund. The fund was duly established and supported in the beginning by proceeds from sales of public lands of the United States, pursuant to 43 U.S.C. 391. It was later augmented by a percentage of the income from oil and other mineral leases on public lands of the United States and collections from the projects.

Until 1910, the sale of public lands was the principal support of the reclamation fund. Some \$65 million of revenue from this source was received in the 10-year period from 1901 to 1910, inclusive. Beginning in 1910, collections from the completed reclamation projects became sufficiently large to provide an additional source of income. Income from the leasing of public lands for oil began in 1921 and has been a prime source of revenue to the reclamation fund ever since, a total of some \$502,500,000 having been realized by June 30, 1961, including a single transfer of \$29,778,300 from naval petroleum revenue receipts in September 1938 pursuant to the act of May 9, 1938 (52 Stat. 291, 322). Potassium receipts were small until the impact of World War II was felt, when the revenues increased, exceeding a total of \$23,300,000 by June 30, 1961.

The accretion to the reclamation fund for the fiscal year ending June 30, 1961, derived from mineral leasing amounted to some \$45,195,000. Mineral leasing receipts under section 35 of the Mineral Leasing Act, *supra*, have been the source of over 29 percent of the money ever put into the reclamation fund. These receipts stem from oil and gas and potassium leasing. The transfer of proceeds from mineral leasing on naval petroleum reserves accounts for an additional 1.74 percent of the total accretions to the reclamation fund.

Appropriations from the reclamation fund have increased in recent years, reflecting the increase in accretions and collections. It has been the practice of the Congress to appropriate from the reclamation fund each year sufficient funds to meet the costs of the approved programs for general investigations, operation

and maintenance, general administrative expenses, and the emergency fund except for certain items allocated to the Colorado River Dam fund or to the general fund. After providing for these appropriations, the approximate balance in the reclamation fund on June 30, prior to the fiscal year of appropriation, is applied to the "Construction and rehabilitation" appropriation. The difference between the amount available in the reclamation fund and total appropriated for construction and rehabilitation is derived from the general fund. The Colorado River storage project receives a separate appropriation for advance planning and construction derived entirely from the general fund of the Treasury.

We are unaware of any sound justification for the contemplated donation of Federal funds to the States. The Federal Government owns the mineral estate and essentially is in the same position as any other landowner. The proceeds, with which the bill is concerned, are now being earmarked and utilized for a vital conservation program—reclamation activities. In the unlikely event that the Congress should decide that there is no longer any need for reclamation activities, there are other conservation programs, e.g., parks, wildlife refuges, which should be considered before any such donation is made to the States. Any grant of funds to the States should be on the basis of some program—the funds in issue are now being devoted to an excellent conservation program.

The reclamation States have derived widespread pecuniary benefits from reclamation activities. It is noteworthy that reclamation activities have had a highly favorable impact particularly on the reclamation West and thus have broadened the tax base of the reclamation States. Seven million acres are irrigated with water from reclamation reservoir and canals. About 200 municipalities or other nonfarm entities also use project water to the extent of 290 billion gallons annually. Some 129,000 irrigators have established adequately watered farms, providing a livelihood for not only their own families but also for a great number of farm wage earners. From this type of economic base has sprung the prosperous community development which characterizes the entire reclamation West. Now 1½ million persons make their homes on lands irrigated from reclamation systems.

More than 8 million persons live and work in the cities and towns which draw on reclamation projects for water supplies. Human existence would be virtually precluded and industry could not operate without an assured source of water.

The large reclamation reservoirs provide water recreation on a huge scale. In 1959, the usage of these facilities amounted to nearly 23 million visitor-days. The impoundment of water supplies has created hundreds of miles of new shoreline and more than 1½ million acres of water area. Business enterprises which cater to the needs of persons seeking recreation in such areas reap a rich harvest. Thus the overall beneficial economic impact of water resource developments in the West considerably enhances the tax base of the States concerned.

We believe that the diminution of mineral receipts going into the reclamation fund would seriously impair, if not jeopardize, the reclamation program of this Department. Although funds from the General Treasury have been made available for reclamation activities, nonetheless mineral leasing accretions provide a substantial base of financing and no reason is apparent to us why the large measure of support now founded upon these funds should be imposed on the general funds of the Treasury.

For the foregoing reasons, we strongly urge that S. 898 be not enacted.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

JOHN M. KELLY,  
Assistant Secretary of the Interior.

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EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., May 8, 1962.

HON. CLINTON P. ANDERSON,  
Chairman, Committee on Interior and Insular Affairs,  
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Bureau of the Budget on S. 898, a bill to amend section 35 of the Mineral Leasing Act of 1920 with respect to the disposition of the proceeds of sales, bonuses, royalties, and rentals under such act.

The Mineral Leasing Act of 1920 provides for the disposition of revenue received from royalties and rentals from leases issued under that act. Under its pro-

visions, States share in this Federal revenue to the extent of 37½ percent, with Alaska receiving 90 percent. S. 898 would provide that 90 percent of such revenues be paid to the State within whose boundaries the leased lands are situated.

Such a major revision in the traditional sharing formula should be considered only in the event sharply defined and compelling reasons are presented to justify it. It is our view that an upward revision in the State's share of this revenue is not warranted at this time.

Accordingly, the Bureau of the Budget would not favor the enactment of S. 898 at this time.

Sincerely yours,

PHILLIP S. HUGHES,  
*Assistant Director for Legislative Reference.*

Senator BIBLE. Senator McGee, we will be happy to hear from you at this time.

#### STATEMENT OF HON. GALE W. MCGEE, A U.S. SENATOR FROM THE STATE OF WYOMING

Senator MCGEE. I would suggest, Mr. Chairman, that this measure which Senator Hickey and I have introduced is a culmination of efforts initiated many years back by one of our earlier distinguished colleagues and a great Governor of Wyoming, Senator Lester Hunt, and it is an attempt to try to arrive once again at one of the changing facts of our time. That is in our State, where over half of our land is federally owned and a substantial segment of that which is not federally owned has the mineral rights controlled by the Federal Government, we find that this severely restrains and restricts our sources of State funds, and we are asking for a more liberal allocation of these funds back to the State so that the State may successfully support its own programs without having to keep its hand out all the time, and unnecessarily so in many instances.

The Acting Governor of Wyoming, Jack Gage, had made a very vigorous presentation of this particular cause. The natural resources board, which is represented here, likewise has done a very excellent job on this. The schoolteachers of my State are deeply concerned. We have little ceiling on our boarded capabilities for financing our own school operations and we are desperately seeking to expand the State's economic tax base, and toward that end we think that there is great merit in the suggestion that Senator Hickey and I have put here in S. 898.

Mr. Chairman, thank you very much for affording me the opportunity to appear before your committee and testify in favor of S. 898, which has been introduced by Senator Hickey and myself.

I am certain that the members of this committee are familiar not only with the contents and effects of this bill but also are aware of the considerable background and history surrounding it. The distinguished chairman of this committee, Senator Anderson, recalls, I am sure, the appearance of the late Senator Lester Hunt of Wyoming before this same committee during the 1st session of the 83d Congress in 1953 in support of his bill, S. 807, which sought an end similar to that sought by our S. 898.

Senator Hunt's bill differed in that he proposed to transfer all of the mineral rights underlying Federal lands except forest reserves, national parks, and other similar reservations, to the State; and S. 898 simply proposes to return to the States 90 percent of all moneys received from sales, bonuses, and rentals.

This matter is of vital concern to the people of my State as well as all other public land States. One can begin to appreciate the significance when he realizes that in Wyoming, for instance, approximately one-half of the land is owned by the Federal Government. Of this land, the Federal Government owns both surface and mineral rights.

In addition to this, the Federal Government holds mineral rights only on approximately an additional 20 percent. This means that the Federal Government, in fact, owns and controls the mineral rights on approximately 70 percent of the lands in Wyoming. This ratio of Federal ownership varies by States. A survey of the 11 Western States shows that the Federal Government owns a high of 86.4 percent of the lands in Nevada and a low of 29.6 percent in the State of Washington.

It is difficult to explain the philosophy behind the Federal Government's retention of this large and significant portion of the land area of the public land States. A brief look into American history indicates that States which were admitted to the United States were to be admitted on a basis equal with the Original Thirteen States. In this very important aspect, however, this equality has not been recognized. The Original Thirteen Colonies retained all theirs upon admission to the Union. In the western area, however, our States, including Wyoming, disclaimed title to the public lands within their boundaries upon their admission as States.

It would appear that the enactment of S. 898 would be an important step at this time to rectify the inequity which now exists in this area. Under S. 898, as contrasted to Senator Hunt's bill, the Federal Government would, in fact, retain control of the minerals and retain full control over their administration. To handle the costs of this administration, the Federal Government would retain 10 percent of the royalties and other fees received. The remaining 90 percent would be turned over to the State in whose boundaries this income arose.

Mr. Chairman, the people of my State are extremely interested in securing passage of this bill. Governor Gage has devoted considerable time and attention in explaining this bill and its merits to Governors of the other States as well as to other public officials and private citizens. Senator Hickey and I have cosponsored this bill.

Our natural resources board has gone on record endorsing this bill and will furnish a witness to testify in support thereof later on during these hearings. In addition to these, I have had considerable correspondence including letters from educators throughout the State expressing their unqualified approval of and support for this measure.

In order to put Wyoming and the other public land States on a more equal basis with the others, I recommend to this committee the enactment of S. 898.

Thank you again, Mr. Chairman and members of the committee.

Senator BIBLE. Thank you, Senator McGee.

Our next witness is Senator Hickey, a valued member of the Committee on Interior and Insular Affairs.

Senator HICKEY. I would like to introduce Mr. J. A. Buchanan, who is the director of the Natural Resources Board for the State of Wyoming. Mr. Buchanan has just recently had a throat operation and I am sure he will have some requests that will cut down the testimony required from him and I hope the chairman will grant it.

Senator BIBLE. We will certainly honor that and it can be understood, Mr. Buchanan, that your statement can be incorporated in full in the record at this point if you care to, just in your own interest and the interest of time, just highlight this full statement.

**STATEMENT OF J. A. BUCHANAN, DIRECTOR, WYOMING  
NATURAL RESOURCES BOARD**

Mr. BUCHANAN. Mr. Chairman and members of the subcommittee, I would first like to express Governor Gage's regrets that he was unable to appear before you with his statement in support of S. 898. He has been very active in support of this bill, and he has asked that I present the statement in his absence.

I am J. A. Buchanan, as the worthy Senator told you, executive director of the natural resources board of the State agency responsible for the development of Wyoming's resources, and a board of which the Governor is an ex officio member. Both the Governor and the natural resources board have their offices in Cheyenne.

The Governor's statement is that embodied in the booklet, "Equality for the Western States—A Case for the Return of 90 Percent of Mineral Royalties to the State of Origin." This booklet was prepared by the Wyoming Natural Resources Board, and I would at this time like to read the text, with one slight correction, and request that the tables on page 4 through 8 be entered in the record.

The people of the West are particularly conscious that the Federal Government owns so large a part of the surface of their respective States and often an even larger part of the mineral rights. The inequity of the situation makes the proposal to return a larger share of the receipts under the terms of the Minerals Leasing Act of 1920 important to the Western States. Such a proposal is embodied in S. 898, introduced by Wyoming's Senators in the 1st session of the 87th Congress in early 1961.

The original colonies retained all their lands, and other States, east of the Rockies for the most part, were admitted on an equal footing with the original States.

Treaties with France and Mexico made it clear that new Western States would have equal status. But Wyoming, for example, disclaimed title to the public lands within the State at the time of admission to statehood, so that at present the U.S. Government owns the surface and mineral rights of some 32 million acres and the mineral rights to an additional 12 million acres, or 52 percent of the land area, and 70 percent of the mineral land area in the State, respectively.

These facts are not given to support a claim for the turning over of federally held land to the State, however desirable this may be. What the West desires is equal treatment, and the first step toward this goal for the Western States could be the return of mineral royalties to the State of origin.

Two different philosophies may be identified which explain the revenue-sharing plan now in use. These may be called the Federal-custodial-interest philosophy and the tax-equivalent-payment philosophy.

Under the Federal-custodial-interest philosophy, the Federal Government would hold and manage land for the benefit of the

people of the State where the lands are located without any financial return above the cost of stewardship.

A modification of this philosophy treats the people in a general region not limited to the particular State where the Federal lands are located as beneficiaries of the Federal landholdings. The Taylor Grazing and Mineral Leasing Acts, for example, seem to reflect these interpretations more than any other payment arrangement.

Then there are those who maintain that Federal lands are held for the benefit of all the citizens of the entire country, a view which challenges any revenue sharing with citizens of a particular region of the country. Even when revenue sharing is endorsed as an appropriate payment arrangement there is a diversity of opinion as to the proper percentage allocation to States and/or local governments.

The present allocation of 37½ percent of Federal mineral royalties to the States is adequate to replace whatever receipts the States would derive from taxation of the Federal mineral lands if they were privately owned. But this is an ex facto rationalization, as the legislative history of the Federal decision establishing that percentage indicates that the decision resulted from compromise and is rather arbitrary.

The fact that Congress decided to return to the States via the reclamation fund an added 52½ percent of the income receipts from mineral lands, reserving only 10 percent for administrative costs, lends some credence to the claim that Congress has recognized the custodial principle. Complete adoption of such a philosophy would suggest the propriety of returning to each State all Federal receipts from mineral lands within the State, minus Federal administration costs. This is the philosophy behind S. 898.

The existing situation seems to be a modification of this philosophy, in that the group of States receiving the benefit of the 52½-percent contribution to the reclamation fund are generally the same States containing the mineral lands. However, the individual States do not share in the reclamation fund in direct proportion to contributions to that fund from mineral lease royalties within the individual States. This is clearly shown in table B, which is to be entered in the record.

The Minerals Leasing Act of 1920 was entitled as "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain." Under its terms, a royalty on mineral production on federally owned land and other land on which the Federal Government has retained the mineral rights is paid to the Federal Government.

Table B shows the royalties paid by the States affected. It also shows the redistribution of those receipts to the States (37½ percent) and to the reclamation fund (52½ percent). In addition, it shows the Bureau of Reclamation cost of plant, property, and equipment built and in progress, and the relationship of the mineral royalty payments as a percentage of the cost of those projects.

As shown in table B, 12.3 percent of the Bureau's cost of plant and equipment has been financed by mineral royalties in the reclamation fund. The remaining 87.7 percent is financed from the following sources:

1. General appropriations from the Treasury.
2. Reclamation fund revolving revenues such as "repayments" and "profits."

### 3. Other smaller sources.

It is evident that the reclamation program no longer depends upon the mineral royalties.

When the reclamation fund was established in 1902, it was the only means of financing Federal reclamation projects in the arid West. After 1920, the accruals under the Minerals Leasing Act became an additional source of revenue to that fund.

Money appropriated out of the reclamation fund is, in general, reimbursable to that fund. Repayments have, therefore, become an important contributor to the growth of the fund.

Reclamation fund receipts from mineral royalties have not kept pace with the needs and possibilities for reclamation, so that the financing has become increasingly dependent upon money appropriated from the general fund of the Treasury. In short, the mineral royalties are no longer as important in financing reclamation as they were in the early years.

Reclamation projects can and do stand upon their own merits under congressional appropriation methods. Approximately 90 percent of project costs are reimbursable and will be added to the reclamation fund when repaid from power and water revenues.

We are not against the reclamation fund—we only think the mineral royalties are no longer essential to the solvency of either the reclamation fund or the reclamation program in the West.

In the meantime, if the Western States had the additional 52½ percent in royalty revenues they could make direct and immediate use of these funds derived from the production of mineral wealth on the public lands within their respective borders. For example, part of these revenues could be used to construct a system of State parks adjoining the reservoirs created by reclamation dams. Table C shows the additional funds which would have been available to the States in 1960 under such a 90-percent plan.

We in Wyoming are not against reclamation. Far from it. It can be shown that reclamation pays. Arguments that reclamation contributes to the glut of farm commodities are for the most part unsound. The contribution of reclamation to the West cannot be measured in dollars and cents. But the individual States, with their individual problems, know best the projects in the future which will have to be built, but which will be too small for Bureau of Reclamation consideration. To finance these projects, in addition to those outlined in table A, the States will have to have the funds. The problem of the future for the Western States is getting money for small water projects and other similar projects. It is necessary that we all unite for the fullest development of the West.

Senator BIBLE. Thank you, Mr. Buchanan.

Senator ANDERSON. I was just going to ask this question. The bill would provide a substantial sum of money to a number of the Western States, wouldn't it?

Mr. BUCHANAN. Yes, sir.

Senator ANDERSON. Principally Wyoming and New Mexico?

Mr. BUCHANAN. Well, we hope it will help both of us and the rest of the States. We are very neighborly in helping them out with our money.

Senator ANDERSON. Actually in the State of Texas, for example, if Texas owned this real estate would they not get the revenues from it?

Mr. BUCHANAN. But there are no Federal lands in Texas that I know of.

Senator ANDERSON. I thought there were some so-called "tidelands" in Texas.

Mr. BUCHANAN. That was one of the things that we tried to get through once before.

Senator ANDERSON. Doesn't the State of Texas now obtain a substantial amount of money from these submerged lands beyond the line of mean low tide—lands that the Supreme Court of the United States held to be under what it called the "dominium" and the "imperium" of the Government of the United States, rather than the State. Did we not once before try to get merely the same treatment for our States that Texas was given?

Mr. BUCHANAN. That is right. The gentleman from New Mexico will remember our board president coming in at that time when Price Daniel, who is now their Governor, was Senator from Texas, and he asked Senator Daniel to incorporate this in his bill and Senator Daniel said, "No. We will get a separate bill through for you." But the next year he was back in Texas. He wasn't with us any more here.

Senator ANDERSON. I am sure we both remember that fact because we were both ambitious at that time.

Senator BIBLE. Do we have any further questions of Mr. Buchanan?

Mr. Buchanan, thank you very much.

(The tables presented by Mr. Buchanan are as follows:)

TABLE A.—Federal mineral royalties received by Wyoming<sup>1</sup>

| Calendar year | Total to Wyoming (1) | For schools (2) | Common school permanent fund (3) | University building improvement (4) | University permanent fund (5) | University excess royalty fund (6) | Highway commission (7) | Highway permanent maintenance fund (8) | Highway commission for counties (9) | Counties to roads (10) |
|---------------|----------------------|-----------------|----------------------------------|-------------------------------------|-------------------------------|------------------------------------|------------------------|--|-------------------------------------|------------------------|
| 1921.....     | \$748,446            | \$374,223       | .....                            | \$74,845                            | .....                         | .....                              | \$269,440              | .....                                  | \$14,969                            | \$14,969               |
| 1922.....     | 1,743,875            | 871,938         | .....                            | 174,388                             | .....                         | .....                              | 627,795                | .....                                  | 34,878                              | 34,878                 |
| 1923.....     | 2,424,482            | 1,210,304       | .....                            | 260,750                             | .....                         | .....                              | 856,264                | .....                                  | 63,367                              | 63,367                 |
| 1924.....     | 4,223,299            | 2,000,000       | \$111,649                        | 360,000                             | \$20,067                      | .....                              | 1,400,000              | \$78,155                               | 126,699                             | 126,699                |
| 1925.....     | 2,980,537            | 1,490,268       | .....                            | 268,248                             | .....                         | .....                              | 1,043,188              | .....                                  | 89,416                              | 89,416                 |
| 1926.....     | 2,584,107            | 1,292,054       | .....                            | 232,570                             | .....                         | .....                              | 904,437                | .....                                  | 77,523                              | 77,523                 |
| 1927.....     | 1,911,890            | 1,055,945       | .....                            | 172,070                             | .....                         | .....                              | 669,161                | .....                                  | 37,357                              | 37,357                 |
| 1928.....     | 1,102,484            | 551,242         | .....                            | 99,224                              | .....                         | .....                              | 385,869                | .....                                  | 33,075                              | 33,075                 |
| 1929.....     | 996,591              | 498,296         | .....                            | 89,693                              | .....                         | .....                              | 348,807                | .....                                  | 29,898                              | 29,898                 |
| 1930.....     | 1,227,926            | 613,963         | .....                            | 110,513                             | .....                         | .....                              | 429,774                | .....                                  | 36,838                              | 36,838                 |
| 1931.....     | 1,813,474            | 406,797         | 20,000                           | 46,950                              | .....                         | .....                              | 294,716                | .....                                  | 24,404                              | 24,404                 |
| 1932.....     | 587,862              | 268,931         | .....                            | 45,408                              | .....                         | .....                              | 138,252                | .....                                  | 16,136                              | 16,136                 |
| 1933.....     | 453,560              | 226,780         | .....                            | 40,820                              | .....                         | .....                              | 148,931                | .....                                  | 13,907                              | 13,907                 |
| 1934.....     | 425,517              | 212,758         | .....                            | 38,297                              | .....                         | .....                              | 152,382                | .....                                  | 12,766                              | 12,766                 |
| 1935.....     | 521,663              | 260,831         | .....                            | 44,950                              | .....                         | .....                              | 171,649                | .....                                  | 13,479                              | 13,479                 |
| 1936.....     | 490,426              | 245,213         | .....                            | 46,415                              | .....                         | .....                              | 180,493                | .....                                  | 15,650                              | 15,650                 |
| 1937.....     | 513,693              | 341,752         | .....                            | 61,512                              | .....                         | .....                              | 239,226                | .....                                  | 13,471                              | 13,471                 |
| 1938.....     | 683,503              | 357,847         | .....                            | 57,891                              | .....                         | .....                              | 225,133                | .....                                  | 20,395                              | 20,395                 |
| 1939.....     | 643,237              | 321,619         | .....                            | 58,796                              | .....                         | .....                              | 228,661                | .....                                  | 19,597                              | 19,597                 |
| 1940.....     | 653,289              | 326,644         | .....                            | 58,796                              | .....                         | .....                              | 272,387                | .....                                  | 23,362                              | 23,362                 |
| 1941.....     | 778,819              | 389,410         | .....                            | 70,094                              | .....                         | .....                              | 1,134,988              | .....                                  | 30,093                              | 30,093                 |
| 1942.....     | 1,003,089            | 501,545         | .....                            | 90,278                              | .....                         | .....                              | 351,981                | .....                                  | 26,161                              | 26,161                 |
| 1943.....     | 872,022              | 436,011         | .....                            | 78,382                              | .....                         | .....                              | 308,408                | .....                                  | 50,268                              | 50,268                 |
| 1944.....     | 1,675,614            | 837,807         | .....                            | 150,805                             | .....                         | .....                              | 508,569                | .....                                  | 43,164                              | 43,164                 |
| 1945.....     | 1,438,805            | 719,402         | .....                            | 129,492                             | .....                         | .....                              | 493,372                | .....                                  | 37,558                              | 37,558                 |
| 1946.....     | 1,251,928            | 625,964         | .....                            | 112,074                             | .....                         | .....                              | 438,156                | .....                                  | 55,816                              | 55,816                 |
| 1947.....     | 1,860,532            | 930,266         | .....                            | 167,448                             | .....                         | .....                              | 634,156                | .....                                  | 101,656                             | 101,656                |
| 1948.....     | 3,388,536            | 1,694,268       | .....                            | 361,468                             | .....                         | .....                              | 1,400,000              | .....                                  | 121,426                             | 121,426                |
| 1949.....     | 4,047,542            | 2,000,000       | 23,771                           | 207,048                             | 4,279                         | .....                              | 1,155,188              | 16,640                                 | 99,016                              | 99,016                 |
| 1950.....     | 3,300,536            | 1,650,268       | .....                            | 369,000                             | .....                         | .....                              | 1,400,000              | .....                                  | 146,002                             | 146,002                |
| 1951.....     | 4,806,721            | 2,000,000       | 433,360                          | 369,000                             | 78,005                        | .....                              | 1,400,000              | 303,352                                | 164,080                             | 164,080                |
| 1952.....     | 5,469,342            | 2,000,000       | 734,671                          | 369,000                             | 132,241                       | .....                              | 1,400,000              | 514,270                                | 171,783                             | 171,783                |
| 1953.....     | 7,226,097            | 2,000,000       | 865,048                          | 369,000                             | .....                         | \$155,349                          | 1,400,000              | 604,134                                | 219,088                             | 219,088                |
| 1954.....     | 7,302,940            | 2,000,000       | 1,651,470                        | 369,000                             | .....                         | 297,265                            | 1,938,921              | 1,156,029                              | 251,907                             | 251,907                |
| 1955.....     | 8,356,910            | 4,198,458       | .....                            | 369,000                             | .....                         | 395,526                            | 2,275,204              | .....                                  | 280,732                             | 280,732                |
| 1956.....     | 9,357,725            | 4,678,865       | .....                            | 369,000                             | .....                         | 482,195                            | 3,888,408              | .....                                  | 333,292                             | 333,292                |
| 1957.....     | 11,109,738           | 5,394,869       | .....                            | 369,000                             | .....                         | 639,876                            | 4,093,234              | .....                                  | 350,849                             | 350,849                |
| 1958.....     | 12,094,896           | 6,037,844       | .....                            | 369,000                             | .....                         | 692,546                            | 4,226,491              | .....                                  | 362,271                             | 362,271                |
| 1959.....     | 12,673,888           | 6,327,844       | .....                            | 369,000                             | .....                         | 726,812                            | 4,428,048              | .....                                  | 379,547                             | 379,547                |
| 1960.....     | 12,641,996           | 6,325,783       | .....                            | 369,000                             | .....                         | 778,641                            | 4,700,981              | .....                                  | 402,941                             | 402,941                |
| 1961.....     | 13,431,374           | 6,715,687       | .....                            | 369,000                             | .....                         | 848,824                            | .....                  | .....                                  | .....                               | .....                  |
| Total.....    | 147,382,344          | 69,871,265      | 3,817,970                        | 8,050,060                           | 234,021                       | 5,017,230                          | 48,943,860             | 2,672,579                              | 4,387,380                           | 4,387,380              |

<sup>1</sup> Calendar year production but funds received on fiscal year basis.

NOTE.—Figures may not add due to rounding.

Source: State treasurer's office, Cheyenne, Wyo.

MINERAL LEASING REVENUES

TABLE B.—*Mineral Leasing Act receipts and allocations*

|                          | Total fiscal 1960 | Total, 1920 through fiscal 1960 |             | 37½ percent to States |             | 52½ percent to reclamation fund |               | State, percent of reclamation, total | Bureau of Reclamation, cost of plant, property, and equipment built and in progress | Percent | Mineral royalties to fund as percent of cost of projects |         |  |
|--------------------------|-------------------|---------------------------------|-------------|-----------------------|-------------|---------------------------------|---------------|--------------------------------------|---|---------|--|---------|--|
|                          |                   | Fiscal 1960                     |             | 1920-60               |             | Fiscal 1960                     |               |                                      |   |         |  | 1920-60 |  |
|                          |                   |                                 |             |                       |             |                                 |               |                                      |   |         |  |         |  |
| Alabama.....             | \$2,156           | \$245,553                       | \$92,082    | \$1,073               | \$216,397   | 0.05                            | \$32,863,181  | 0.9                                  |   |         |  |         |  |
| Alaska.....              | 3,674,989         | 14,429,625                      | 12,137,063  | 2,787,639             | 12,137,063  |                                 | 347,237,541   | 10.0                                 |   | 0.4     |  |         |  |
| Arizona.....             | 676,157           | 3,001,237                       | 1,125,266   | 253,559               | 1,125,266   |                                 | 38,507        |                                      |   | 9.3     |  |         |  |
| Arkansas.....            | 61,878            | 253,183                         | 23,944      | 23,204                | 94,944      |                                 | 880,143,000   | 25.3                                 |   | 9.3     |  |         |  |
| California.....          | 6,498,875         | 164,602,262                     | 62,380,982  | 2,755,388             | 62,380,982  |                                 | 215,660,732   | 6.2                                  |   | 24.3    |  |         |  |
| Colorado.....            | 9,154,007         | 104,387,078                     | 39,149,406  | 3,432,990             | 39,149,406  |                                 | 174,336,158   | 5.0                                  |   | .8      |  |         |  |
| Florida.....             | 364               | 6,470                           | 2,347       | 57                    | 2,347       |                                 |               |                                      |   |         |  |         |  |
| Idaho.....               | 237,203           | 2,896,566                       | 1,074,955   | 88,951                | 1,074,955   |                                 |               |                                      |   |         |  |         |  |
| Illinois.....            | 142               | 642                             | 113         |                       | 113         |                                 |               |                                      |   |         |  |         |  |
| Iowa.....                |                   | 160                             |             |                       |             |                                 |               |                                      |   |         |  |         |  |
| Kansas.....              | 322,317           | 1,659,508                       | 622,310     | 120,869               | 622,310     |                                 | 3,397,963     | 1                                    |   | 1.1     |  |         |  |
| Louisiana.....           | 257,557           | 2,670,512                       | 1,001,359   | 96,664                | 1,001,359   |                                 | 69,098,784    | 2.0                                  |   |         |  |         |  |
| Michigan.....            | 1,588             | 65,953                          | 24,734      | 96,664                | 1,001,359   |                                 |               |                                      |   |         |  |         |  |
| Minnesota.....           |                   |                                 |             | 596                   | 24,734      |                                 | 10,431,631    | 3                                    |   |         |  |         |  |
| Mississippi.....         | 6,467             | 60,111                          | 22,541      | 2,425                 | 22,541      |                                 |               |                                      |   |         |  |         |  |
| Montana.....             | 4,886,482         | 39,733,777                      | 14,975,419  | 1,761,994             | 14,975,419  |                                 | 220,530,625   | 6.3                                  |   | 8.9     |  |         |  |
| Nebraska.....            | 17,695            | 186,238                         | 6,636       | 6,636                 | 6,636       |                                 | 112,077,085   | 3.2                                  |   | 0.8     |  |         |  |
| Nevada.....              | 427,739           | 8,050,975                       | 3,019,115   | 160,402               | 3,019,115   |                                 | 106,098,920   | 3.0                                  |   | 3.9     |  |         |  |
| New Mexico.....          | 17,603,124        | 131,505,577                     | 60,562,134  | 7,774,844             | 60,562,134  |                                 | 96,885,304    | 2.8                                  |   | 64.5    |  |         |  |
| North Dakota.....        | 220,316           | 2,539,783                       | 952,798     | 7,475,267             | 952,798     |                                 | 52,380,004    | 1.5                                  |   | 2.4     |  |         |  |
| Oklahoma.....            | 100,646           | 745,021                         | 323,780     | 48,742                | 323,780     |                                 | 31,398,021    | 1.1                                  |   | 1.5     |  |         |  |
| Oregon.....              | 144,708           | 797,814                         | 290,501     | 54,286                | 290,501     |                                 | 77,304,199    | 2.2                                  |   | 1.1     |  |         |  |
| South Dakota.....        | 272,010           | 2,194,340                       | 822,263     | 102,004               | 822,263     |                                 | 84,682,361    | 2.4                                  |   | 1.3     |  |         |  |
| Texas.....               | 7,298,335         | 49,292,959                      | 18,490,891  | 2,729,621             | 18,490,891  |                                 | 32,949,226    | 9                                    |   |         |  |         |  |
| Utah.....                | 1,447             | 185,034                         | 66,099      | 500                   | 66,099      |                                 | 112,286,301   | 3.2                                  |   | 21.1    |  |         |  |
| Washington.....          | 33,165,394        | 353,821,140                     | 132,121,693 | 12,437,023            | 132,121,693 |                                 | 600,305,828   | 17.2                                 |   | 0.2     |  |         |  |
| Wyoming.....             |                   |                                 |             |                       |             |                                 | 221,901,973   | 6.4                                  |   | 79.7    |  |         |  |
| Nonproject property..... |                   |                                 |             |                       |             |                                 | 1,554,223     |                                      |   |         |  |         |  |
| Total.....               | 84,091,454        | 883,300,918                     | 349,431,635 | 34,722,100            | 349,431,635 | 100.0                           | 3,483,543,138 | 100.0                                |   | 12.3    |  |         |  |

Sources: Tables 120 and 126, 1960 Statistical Appendix to Annual Report of the Director, Bureau of Land Management; pp. 20 and 57-8, Report of the Commissioner of the Bureau of Reclamation, 1960.

TABLE C.—*Mineral royalty distribution to Western States under present situation and under 90-percent proposal*

| Western State<br>(1) | Present situation <sup>1</sup>      |                              |  | Under 90-percent return proposal <sup>2</sup> |                             |  |
|----------------------|-------------------------------------|------------------------------|--|---|-----------------------------|--|
|                      | Total royalties, fiscal 1960<br>(2) | 37½ percent to States<br>(3) | 52½ percent to reclamation fund<br>(4) | 10 percent to Treasury<br>(5)                 | 90 percent to States<br>(6) | Increase to State (col. 6—col. 3)<br>(7) |
| Alaska.....          | \$3,064,989                         | \$2,787,939                  |  | \$306,499                                     | \$2,787,939                 |  |
| Arizona.....         | 676,157                             | 253,559                      | \$269,536                              | 67,616  | 608,541                     | \$354,982                                |
| California.....      | 6,498,875                           | 2,755,388                    | 3,475,883                              | 649,888                                       | 5,848,987                   | 3,093,599                                |
| Colorado.....        | 9,154,007                           | 3,432,990                    | 5,170,360                              | 915,401                                       | 8,238,606                   | 4,805,616                                |
| Idaho.....           | 237,203                             | 88,951                       | 122,197                                | 23,720  | 213,483                     | 124,532                                  |
| Montana.....         | 4,586,482                           | 1,761,994                    | 2,480,394                              | 458,648                                       | 4,127,834                   | 2,365,840                                |
| Nevada.....          | 427,739                             | 160,402                      | 118,131                                | 42,774  | 384,965                     | 224,563                                  |
| New Mexico.....      | 17,603,124                          | 7,774,844                    | 7,475,267                              | 1,760,312                                     | 15,842,812                  | 8,067,968                                |
| Oregon.....          | 144,708                             | 54,266                       | 22,203                                 | 14,471  | 130,237                     | 75,971                                   |
| Utah.....            | 7,268,335                           | 2,729,621                    | 3,626,597                              | 726,834                                       | 6,541,501                   | 3,811,880                                |
| Washington.....      | 1,477                               | 500                          | 658                                    | 148   | 1,329                       | 829                                      |
| Wyoming.....         | 33,165,394                          | 12,437,023                   | 16,906,881                             | 3,316,539                                     | 29,848,855                  | 17,411,832                               |

<sup>1</sup> Not shown is 10 percent to U.S. Treasury.<sup>2</sup> Based on 1960 figures in col. 2.

NOTE.—Hawaii has no public lands and is therefore not affected.

Source: Table B.

TABLE D.—*Federal ownership of lands in Western States, June 30, 1959* <sup>1</sup>

| State           | Percent federally owned | Federal lands | Total land area |
|-----------------|-------------------------|---------------|-----------------|
|                 |                         | <i>Acres</i>  | <i>Acres</i>    |
| Washington..... | 29.6                    | 12,666,034    | 42,743,040      |
| California..... | 44.9                    | 45,070,899    | 100,313,600     |
| Oregon.....     | 51.2                    | 31,579,997    | 61,641,600      |
| Arizona.....    | 44.6                    | 32,395,612    | 72,688,000      |
| Idaho.....      | 64.2                    | 34,049,968    | 52,972,160      |
| Nevada.....     | 86.4                    | 60,726,336    | 70,204,960      |
| Utah.....       | 69.1                    | 36,465,676    | 52,701,440      |
| Colorado.....   | 36.3                    | 24,156,024    | 66,510,080      |
| Montana.....    | 29.7                    | 27,814,747    | 93,361,920      |
| New Mexico..... | 35.1                    | 27,299,889    | 77,767,040      |
| Wyoming.....    | 48.4                    | 30,218,916    | 62,403,840      |

## RANK BY PERCENT OF LAND AREA

|                    | Percent |                     | Percent |
|--------------------|---------|---------------------|---------|
| 1. Nevada.....     | 86.4    | 7. Arizona.....     | 44.6    |
| 2. Utah.....       | 69.1    | 8. Colorado.....    | 36.3    |
| 3. Idaho.....      | 64.2    | 9. New Mexico.....  | 35.1    |
| 4. Oregon.....     | 51.2    | 10. Montana.....    | 29.7    |
| 5. Wyoming.....    | 48.4    | 11. Washington..... | 29.6    |
| 6. California..... | 44.9    |                     |         |

<sup>1</sup> Excludes Indian or trust lands.

Source: Statistical Appendix to the Annual Report of the Director, Bureau of Land Management, 1960.

Senator BIBLE. Would you like to proceed with the Department witnesses, Senator Hickey?

Senator HICKEY. I think we have Mr. Roberts, who is a pro witness, and I think the departmental witnesses will raise some questions for you now.

Senator BIBLE. The reports would seem to indicate that.

Senator HICKEY. I put the strongest case in first.

Senator BIBLE. We will next hear from Mr. Roberts from Casper, Wyo., representing Wyoming Oil Industries Association. Do you have a prepared statement, Mr. Roberts?

Mr. ROBERTS. Yes, sir.

Senator BIBLE. You may proceed.

STATEMENT OF A. W. ROBERTS, EXECUTIVE VICE PRESIDENT,  
WYOMING OIL INDUSTRY COMMITTEE

Mr. ROBERTS. My name is A. W. Roberts, and I appear here today as executive vice president of Wyoming Oil Industry Committee which has a membership of 275 Wyoming oilmen representing all divisions of the oil industry including exploration, production, transportation, refining, and marketing.

I am here to speak in favor of Senate bill 898 as introduced by Senator J. J. Hickey for himself and Senator McGee.

First, I would like to state that neither the oil industry itself nor the organization I represent, stand in any way to benefit from adoption of this bill to any greater degree than any and every other citizen and taxpayer in our State or in the other States in which such public lands exist.

Our interest in this matter stems from our firm belief that all States of the United States are entitled to fair and equal treatment from our National Government. The Wyoming Oil Industry Committee believes that Wyoming and the other public land States are not at present receiving such fair and equal treatment and that we cannot and will not receive such fair and equal treatment until this bill is adopted.

In the interest of doing all things within our power to secure fair and equal treatment for our State and its citizens, and the other public land States and their citizens, and since the oil industry is the principal instrument involved in the production of the mineral wealth involved, we as an organization adopted by unanimous vote on June 23, 1960, a resolution urging action by the Congress of the United States to accomplish the results which will be obtained by adoption of S. 898. I am here to reemphasize and reaffirm the position of our organization on this subject.

We believe that the pattern was clearly set at the time the Thirteen Colonies were combined to form the first 13 States of the United States, for the States to receive ownership to the lands and resources contained within its boundaries. This pattern was reaffirmed again and again as other States were formed and made a part of the United States.

As a point that we believe adds even more emphasis to the fact that the States were considered to be entitled to the benefits of ownership of the land and resources within its boundaries, those States having shoreline as part of its border were granted ownership of minerals even beyond their actual surface ownership, as Senator Anderson brought out a few moments ago.

The contrast between this clearly established pattern and the treatment of the public land States such as Wyoming where 48 percent of the surface and 70 percent of the mineral resources is even now under Federal ownership, emphasizes the inequity that exists.

An additional, and to us a very important point, that supplies more weight and emphasis to further establish the intent of Congress concerning ownership of resources within its boundaries, is to be found in the treatment accorded the State of Alaska which was granted the return of 90 percent of its mineral royalties on becoming a part of the United States.

We fully realize and appreciate the fact that much of the royalty income from minerals retained by the U.S. Bureau of Reclamation has been used to the benefit of public land States as well as nonpublic land States. We can, by stretching a little, see that in the past there might have been justification for the retention of these funds for such purposes.

In view of the present status of reclamation projects, and especially since many, if not most, of such projects are assumed to be self-liquidating, it is difficult for us even by stretching, to find justification for continuing under this same distribution of funds.

Wyoming is a comparatively young State and it is only now beginning to develop. It has a tremendous potential and we are sure it will provide its share of the space needed to absorb the population explosion in our country as it is presently supply food and clothing from its agriculture and energy supplies from its resources, oil, coal, and uranium.

We have provided well for the present citizens of our State in terms of schools and highways and other necessities. We are currently spending an average of \$454 per year per pupil to educate our children—one of the highest such costs in the United States.

We are rapidly completing our Interstate Highways and providing State primary and secondary as well as a system of farm to market roads.

We are proud of the fact that we have done as much as we have even without the funds from mineral royalties which are under discussion here and which we so strongly feel rightfully belong to our State.

We are faced with a rapid growth in population and development in the near future—even greater growth and development than our sister States because of the fact that we are a young State where there is room for such growth and development.

We realize that we are woefully lacking in transportation facilities to take care of the growth and development we are sure will occur. With this growth and development will come the need for additional educational facilities. While we have operated our State efficiently and effectively even lacking the funds the return of these royalties would provide and without the benefit from taxes on almost half of our surface area we do not feel that the citizens of our State should be called upon for the additional sacrifices to provide the facilities needed in the future without the benefit of these funds.

We respectfully request the favorable consideration by this committee of this bill, S. 898, which will restore to the State of Wyoming and the other public land States the income to which it is rightfully entitled and which was intended to inure to the benefits of the States throughout the entire history of our Nation. We request that this committee set the wheels in motion that will provide equal treatment for Wyoming and the other public land States with that granted to other States.

Senator BIBLE. Thank you, Mr. Roberts.

Mr. Chairman?

Senator ANDERSON. Would you go farther? We were talking about coal this morning. Would you give 90 percent of revenues from the coal on the Federal lands to the States as well?

Mr. ROBERTS. I feel that 90 percent of the royalties from these developments should be returned to the States, whether it be oil, coal, or the various other deposits.

Senator ANDERSON. You mean it is needed?

Mr. ROBERTS. Yes, sir; very definitely.

Senator ANDERSON. This looks to be a good morning for New Mexico. I think I should stop right there.

Senator BIBLE. The Senator from Utah?

Senator MOSS. No questions.

Senator BIBLE. Senator Long.

Senator LONG. No questions.

Senator BIBLE. Senator Metcalf?

Senator METCALF. Would you go so far as to say 90 percent of all income from natural resources on the public lands should go to the States?

Mr. ROBERTS. No, sir; I think it has been traditional that since the Federal Government collects these funds that 10 percent be retained for the administration costs and for collection and distribution of the funds.

Senator METCALF. And 90 percent of the income from our timberlands, for instance, should go to the State?

Mr. ROBERTS. This is a little bit different picture in that this is not royalty payments. This is payment for, as I understand it, the timber itself, rather than a payment of royalty from the development of the resources.

Senator ANDERSON. I think you are right there. Timber is a staple, recurring crop. We can harvest timber again and again, but once all the mineral resource is gone it is gone forever. I think the theory has always been in timber you are paying a share of the tax that would normally have been received for this item from private ownership.

Mr. ROBERTS. Yes, sir.

Senator ANDERSON. I know several times when we had the question of O. & C. lands in the West and so forth that the basis upon which this allocation is made is by way of being in lieu of taxes.

Mr. ROBERTS. Yes, sir.

Senator ANDERSON. And not a question of the extinguishment of a resource that will not be replaced. This is a renewable resource.

Mr. ROBERTS. Yes, sir.

Senator ANDERSON. Would Senator Hickey's bill effect any change in the disposition of revenues from, say, Teapot Dome? His bill would take the resources from the naval reserves and give them to the State as well. Heretofore they have been covered directly into the Federal Treasury.

Mr. ROBERTS. I am not completely familiar with that phase of it.

Senator ANDERSON. I can be very badly wrong, but I think the revenue from oil in the naval reserves goes to the Treasury without the payment of these royalties.

Mr. ROBERTS. I believe that is correct.

Senator ANDERSON. It is a question of whether such payments ought to be continued in case the bill is passed or whether they should take those for the States also. You are on a little different ground with the naval reserve, are you not?

Mr. ROBERTS. Yes, I believe so. It would seem to me that this is a different type of development than we are concerned with in this particular instance. However, I would defer to Senator Hickey on this. I believe that he probably has a great deal more information on this particular thing than I do.

Senator ANDERSON. You would at least agree that we might take a careful look at that as we were passing on the bill.

Mr. ROBERTS. Yes, sir.

Senator ANDERSON. The counsel of the committee, Stewart French, just handed me title 30, section 191 of the United States Code, which talks about the disposition of money received from these naval reserves and provides that they shall be deposited as miscellaneous receipts in the Treasury. I don't think any State gets any portion of the mineral reserve.

Mr. ROBERTS. Not to my knowledge.

Senator BIBLE. Senator Metcalf, did you have further questions?

Senator METCALF. That is all for now.

Senator BIBLE. Senator Long?

Senator LONG. Mr. Roberts used Alaska with its special treatment, it is true, of 90 percent of its mineral royalties.

Mr. ROBERTS. Yes, sir.

Senator LONG. Wouldn't you agree, however, that Alaska is a very special case as compared with the other 49 or with any one of the States and should not be used as an argument for treatment accorded the other 49?

Mr. ROBERTS. I am afraid I couldn't agree wholeheartedly with that viewpoint, Senator.

Senator ANDERSON. I am glad you didn't, Mr. Roberts, because some of us were very happy to be generous with Alaska in the hope that same generous treatment might someday come to Wyoming and New Mexico.

Mr. ROBERTS. That is the reason for bringing this out. I feel that the public land States as such, in which large areas and particularly large portions of the mineral royalties are owned by the Federal Government, should have this 90 percent return in lieu of the loss of tax revenues and various other things that would otherwise accrue to them.

Senator LONG. I should be very pleased to have some special consideration given to those States where such a high percentage of the land is controlled by the Federal Government. Unfortunately, however, the State of Hawaii doesn't have any minerals.

Mr. ROBERTS. None that are developed so far, Senator. Perhaps this is in the future.

Senator ANDERSON. May I just say there, Mr. Roberts, that you can't tell what the good Lord will finally permit them to have. There were many people that were very interested in the fact that there was and never would be any oil in Arizona, but you are not unmindful of what has happened in that Four Corners area, and these wells are very interesting and Arizona in time might be quite an area.

One of the Indian reservations was for a while one of the most hotly sought after parcels of ground in the United States. There is a certain oil man who still believes that the land owned by one of these Indian tribes in Arizona, if he could lease it on what he regards as a reasonable basis, because it is highly speculative, would probably bring

in as much oil as any area in the country; so Hawaii may eventually come.

When we were talking about making a State out of Hawaii the question of the island of Palmyra got into it, as the Senator from Hawaii will remember, and some of us objected to the inclusion of Palmyra in the boundaries of the State because that might have made everything between Palmyra and the other islands "tidelands" and subject to the State.

Mr. ROBERTS. Yes, sir. I might call attention to the fact that in Nebraska back in the early 1930's the State was very anxious for oil development and put up a bonus for the first oil to be produced in the State and Nebraska had been drilled rather extensively without finding any oil, and, of course, as you know now, Nebraska is a fairly large production State. It is not one of the top 10, but it is certainly a substantial producer of oil, so there is a lot of hope for Hawaii and other States yet.

Senator ANDERSON. I don't want to take up all the chairman's time, but there is a foundation in Texas that was set up by a cattleman so that his cows and his cow herd that he loved would always have a place to stay—7,300 acres was the only part of his ranch that was definitely not included in any oil development, and he permitted himself to take a couple million dollars a year in oil revenues from the area that was productive, but staked out this little 7,000-acre pasture so that no matter how rich he got or his relatives got they would never give up the cow business entirely and always have a few cows and a few horses to ride and a few people to ride them, and he died and left this worthless land, which he thought would produce a few hundred dollars a year and pay enough to see that a cowboy looked after these few head of cattle that were on it.

Then of course they drilled deeply and last year the royalty was a little over three-quarters of a million dollars and the foundation doesn't quite know what to do with the money. It will be a million and a half dollars in a very few years.

Senator LONG is going to live to see a great oil production, I am sure, in his part of the world.

Senator LONG. I am more optimistic by the minute.

Senator BIBLE. Thank you, Mr. Roberts. We appreciate your testimony a great deal.

Mr. ROBERTS. Thank you.

Senator BIBLE. Senator Hickey, did you desire to proceed next?

Senator HICKEY. I wonder if I may submit for the record a statement of the Wyoming Taxpayers Association.

Senator BIBLE. The statement of the Wyoming Taxpayers Association will be made a part of the record at this point.

Senator HICKEY. The statement of the Wyoming Wool Growers Association.

Senator BIBLE. That likewise be made a part of the record at this point.

Senator HICKEY. Statement of the president of the University of Wyoming which relates to whatever things cannot be printed in the record there just delete.

Senator BIBLE. The official statement will be made a part of the record.

Senator HICKEY. An expression of the Wyoming Mining Association.

Senator BIBLE. The telegram from the Wyoming Association will be made a part of the record at this point.

Senator HICKEY. An expression of the Rocky Mountain Oil & Gas Association.

Senator BIBLE. A wire from Robert B. Laughlin, executive vice president of the Rocky Mountain Oil & Gas Association, will be made a part of the record at this point.

(The statements and communications referred to follow:)

STATEMENT OF THE WYOMING TAXPAYERS ASSOCIATION,<sup>1</sup> DUANE W. RIGGERT,  
EXECUTIVE DIRECTOR

The association has had a favorable position on the intent and purpose of this legislation for nearly a dozen years now. The material to follow has been excerpted from the public statements and materials of the association during this period of time.

When one reviews the manner in which each of the States became one of the United States, the inequity of treatment of a number of States becomes clear, especially the 11 Rocky Mountain and Pacific States. Federal retention of land in these States and an even greater holding of minerals emphasizes this point.

The matter is further emphasized by the question of State ownership of the marginal sea along the ocean and gulf coasts and the allocating to Alaska of 90 percent of the Federal mineral royalties rising within her borders.

A change in distribution would result in a lesser portion to the reclamation fund. But the reclamationists claim that projects are self-liquidating. The few desirable projects still proposed should recommend a revision of the distribution. If the projects are largely self-liquidating, then the pouring of mineral royalty money into the fund represents recovery of the project money twice.

More money will be returned to the reclamation fund by far than has been invested in Wyoming by the Federal Government in plant property and equipment as reclamation projects according to current financing arrangements.

A Bureau of Reclamation official in April 1962 reported that the Bureau's investment in Wyoming was "\$227,342,677 or \$22,882,677 more than the amount paid into the reclamation fund from mineral royalties and land sales." Mr. John N. Spencer, director of region 7 of the U.S. Bureau of Reclamation, Denver, reported to the annual meeting in Cheyenne of the Tri-State Generation & Transmission Association that the total fund accumulation from Federal land sources in Wyoming through June 30, 1961, was \$204,460,000. Also reported was the statement that Wyoming has contributed almost a third of the total \$679,407,991 paid into the reclamation fund.

These fund accumulations are the accretions from the sale of public lands and proceeds from the Minerals Leasing Act of 1920, both through June 30, 1961.

But the USBR statement neglects to mention two very important points.

First, the vast majority of the cost of reclamation projects will presumably be reimbursed through irrigation and power revenues. For example, current Bureau reports show that the Kendrick project first authorized in 1935 and now almost completed has a total project price tag of \$31,573,289, has reimbursable repayment assignments of \$31,573,289, and has repaid \$6,088,901 to the reclamation fund by June 30, 1961, in revenues, over and above interest and operation and maintenance expenses, of which \$6,005,753 came from power revenues.

The second point is that the benefits and use of some reclamation facilities constructed in Wyoming are to a large degree downstream in another State. For example, while over 50 percent of the cost of facilities of the North Platte project show up in Wyoming, approximately 80 percent of the irrigable area outlined for the project lies in Nebraska.

The main point is that the projects are assumed to be self-financing for the most part and that payments of mineral royalties from Wyoming into the recla-

<sup>1</sup> The Wyoming Taxpayers Association, organized in 1937, is a private nonpartisan, nonprofit organization. Seeks economy and efficiency in government. Acts to offset pressure groups contriving added government services for their own particular benefit. Provides assistance to State and local governmental officials through the preparation of unbiased factual studies. Is composed of over 1,000 members from all counties in Wyoming. Is the only agency in Wyoming, public or private, giving wide publicity to the financial affairs of Federal, State, and local governments.

mation fund simply increase the rotating source of money that can be used by the Bureau to finance more power and irrigation projects, with the number of economically feasible reclamation projects having been vastly reduced.

The figures making up the \$227,342,677 figure invested in completed works, construction in progress, and other physical property as of June 30, 1961, are allocated within Wyoming per the following projects:

|  |               |
|--|---------------|
| Eden.....  | \$7, 988, 434 |
| Kendrick.....  | 31, 112, 369  |
| Minidoka (Idaho).....  | 2, 249, 469   |
| Missouri River Basin.....                                      | 121, 930, 112 |
| North Platte (Nebraska).....                                   | 14, 356, 884  |
| Palisades (Idaho).....   | 841, 193      |
| Riverton.....  | 24, 146, 595  |
| Seedskadee (Colorado River storage participating project)..... | 2, 040, 595   |
| Shoshone (Montana).....  | 22, 677, 035  |

For those projects that have interstate connections and effect it is not possible to state that a certain part of any particular receipts or matured repayment contracts would apply specifically as repayment of project costs expended within the borders of Wyoming. Therefore, it cannot be stated that Wyoming itself has repaid such and such part of facilities built in Wyoming from these repayment sources.

The works completed in Wyoming as of June 30, 1961, totaled \$221,184,905. Three major breakdowns of these works are provided in the Bureau's reports:

|                       |                |
|-----------------------|----------------|
| Irrigation works..... | \$70, 255, 775 |
| Electric works.....   | 86, 782, 700   |
| Multipurpose.....     | 64, 146, 430   |

In some projects the power sales are expected to pay for large portions of the facilities costs chargeable to irrigation purposes. For example, for the Kendrick project mentioned above, the current and ultimate repayment of reimbursable capital costs to be repaid from water users, contributions, irrigation water rental and service, and miscellaneous receipts is only \$83,148. Power revenues of the project are scheduled to return \$16,753,869 as a reimbursable item and to take on irrigation obligations of \$14,281,876. Other obligations to be repayable by power revenues under scheduled ultimate repayment during the payout period are \$8,789,912 for interest charges and \$23,384,344 for operating expenses. Some \$11.1 million in power revenues had been used for these latter two purposes by last June 30 for this project.

(NOTE.—The source of the figures used here regarding projects is the "Report of the Commissioner of the Bureau of Reclamation, 1961, Statistical Appendix.")

According to the General Services Administration, the acreage of federally owned lands totaled 408,553,398 acres as of June 30, 1958, in the first 48 States. This includes 358,657,194 acres of public domain and 49,896,204 acres acquired by other methods and does not include such trust areas as Indian reservations.

Included in the above public domain figure is about 169 million acres labeled vacant public lands which are unappropriated and unreserved.

Alaska is 99.2 percent owned by the Federal Government with 362,670,638 acres of public domain and 2,776 acres acquired by other methods.

The predominant usage of federally owned land in the 48 States as of June 30, 1956, was as follows:

| Predominant use:                           | Percent<br>federally<br>owned land |
|--|------------------------------------|
| Agriculture.....                           | 0. 1                               |
| Grazing.....                               | 44. 5                              |
| Forests and wildlife.....                  | 42. 0                              |
| Industrial.....                            | . 7                                |
| Storage.....                               | . 2                                |
| Housing, buildings, and institutional..... | . 2                                |
| Power development and distribution.....    | . 5                                |
| Reclamation and irrigation.....            | 2. 0                               |
| Flood control and navigation.....          | 1. 1                               |
| Parks and historic sites.....              | 3. 8                               |
| Military (except airfields).....           | 4. 5                               |
| Airfields.....                             | . 5                                |

Since World War II the problem of Federal versus State control of the marginal sea area in the States bordering the oceans and the Gulf of Mexico has been

widely discussed. The lands involved are those submerged lands lying between the ordinary shoreline and from 3 miles to several times that distance seaward. Minerals and States rights (and dollars) are the principal ingredients of the discussions and actions regarding the submerged lands. While this involves claims of the shorelines, S. 898 deals with minerals wholly within State boundaries.

When this matter of minerals and submerged lands was being considered by Congress in 1953, other Western States were attempting to gain a greater share of control over natural resources within their boundaries. The late Senator Hunt of Wyoming appeared on February 27, 1953, before the Senate Interior and Insular Affairs Committee, which was at that time holding hearings on the submerged lands oil question. Senator Butler, chairman of the committee, in a letter to Senator Hunt stated:

"You must know that I am in sympathy with the basic purpose of your bill to give the States a far greater share of control over natural resources within their boundaries.

"However, I am not at all sure that we should inject that issue into the already complicated submerged lands matter."

Chairman Butler prevailed.

A more recent development is the provision regarding Federal mineral royalties affecting Alaska when that State was admitted to the Union.

[In percent]

|  | From Alaska | From other States |
|--|-------------|-------------------|
| Federal mineral royalties go—  |             |                   |
| To the U.S. Treasury   | 10          | 10.0              |
| To the States in which the leased lands are located, the revenues to be used for the benefit of public roads, public schools, or other public educational institutions | 90          | 37.5              |
| the reclamation fund to be used in financing reclamation projects  |             | 52.5              |

Federal mineral ownership acreage is greater than Federal land ownership in a number of States. For example, in Wyoming, the Federal Government owns some 48 percent of the surface but in addition owns the mineral rights on about 70 percent of the land area of the State. This latter high percentage comes about by the Federal Government retaining such rights when divesting itself of land and by insisting upon and obtaining the mineral rights on land which it acquires. The Bureau of Land Management manages the mineral resources on about 58 million acres of lands in private ownership on which the Federal Government owns the mineral rights.

The Mineral Leasing Act provides for a division of the proceeds without relation to particular loss by the States. When the act was passed, undoubtedly it was assumed there would be a somewhat equitable distribution to the respective States comparable to their contributions to the fund. But this is not the case.

Ostensibly, the cost allocations of reclamation projects that are defined as "reimbursable" will be repaid from the several activities of the projects as set up under repayment contracts.

When a project is spoken of as having "paid out" or completed its repayment contract, the Government presumably still retains ownership and the revenues. At the same time, as these projects are being paid out, the mineral royalties continue to accrue, allowing the reclamation fund in effect to be paid twice for each project investment.

In the name of equity and commonsense, these Federal royalty moneys should go to the States of origin to help offset the effect of so much tax-exempt Federal land ownership rather than to help build additional presumably economically feasible and self-financing tax-exempt holdings.

#### STATEMENT OF WYOMING WOOL GROWERS ASSOCIATION, DOUGLAS, WYO.

The Wyoming Wool Growers Association strongly urges passage of legislation which will extend to other States, as it did to Alaska, a 90-percent share of mineral royalties.

According to the latest Interior Department calculation, the Federal Government owns 48.4 percent of Wyoming's land area.

We very strongly feel that the retention of these lands in itself is an act of discrimination, inasmuch as the same policy was not followed in the case of the

older States. Failure to extend the treatment accorded Alaska to other public land States heightens the discrimination, inasmuch as they are denied fair return of revenues from resources developed within their areas.

Again according to the latest figures available, Wyoming received only \$12.3 million of the \$34.7 million in distributed royalties. Under the correct Alaska formula, Wyoming would have received some \$30 million.

We very strongly feel that Wyoming and the other Western States be given equal treatment, and the first step toward this goal could be the return of mineral royalties to the State of origin.

If the Federal Government is to maintain the injustice of denying the Western States the use and revenues that might be derived from a large part of their land areas, surely the distribution of receipts from public lands operations should be dictated by the source of origin of these revenues.

May the Senate hearing committee give very thoughtful consideration, to the 90-percent mineral royalty return and recommend that very affirmative action be taken to equalize the injustice that now exists.

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STATEMENT OF DR. G. D. HUMPHREY, PRESIDENT OF THE UNIVERSITY OF  
WYOMING

IMPORTANCE OF 90 PERCENT MINERAL ROYALTY RETURN TO HIGHER EDUCATION  
IN WYOMING

Wyoming has two basic types of wealth to feed into the coffers of the Nation—its land and its people. In the development of land resources there have been, since the State was settled, two major activities—agriculture and the production of mineral wealth.

There are two basic differences between these uses. One is the fact that, for the most part, agriculture is a permanent industry. It is in a position to return that which it takes from the soil and even to increase the productivity of the land. The production of minerals, on the other hand, is extractive, and that industry is not in a position to return any of the wealth it takes from the State.

The second difference is that agriculture is largely a domestically owned and operated industry and the industry producing mineral wealth is largely owned outside Wyoming. For the most part it is operated by Wyoming residents, but over half of the value of minerals produced goes to pay for supplies, services, and profits outside the State.

Now to consider the second of the State's resources—her people.

This State has an obligation to educate her younger citizens, even knowing that a large proportion of them are being educated to work elsewhere in the United States. On the basis of present knowledge of the State population, it is expected that the fall enrollment at the university will increase from 4,344 this year to 9,870 by 1974. Enrollment at the junior colleges of the State appears to be following a somewhat similar trend.

If costs of instruction per student continue to rise also, the cost of educating the young people who want to go on to college could, by 1980, be three times the cost in 1958. This would not include any of the other services performed by institutions of higher education in the State.

At the same time personal income, which is the basis for revenue for this activity, can be expected almost to double. This means, of course, that there will be a great demand on State revenues for purposes of higher education.

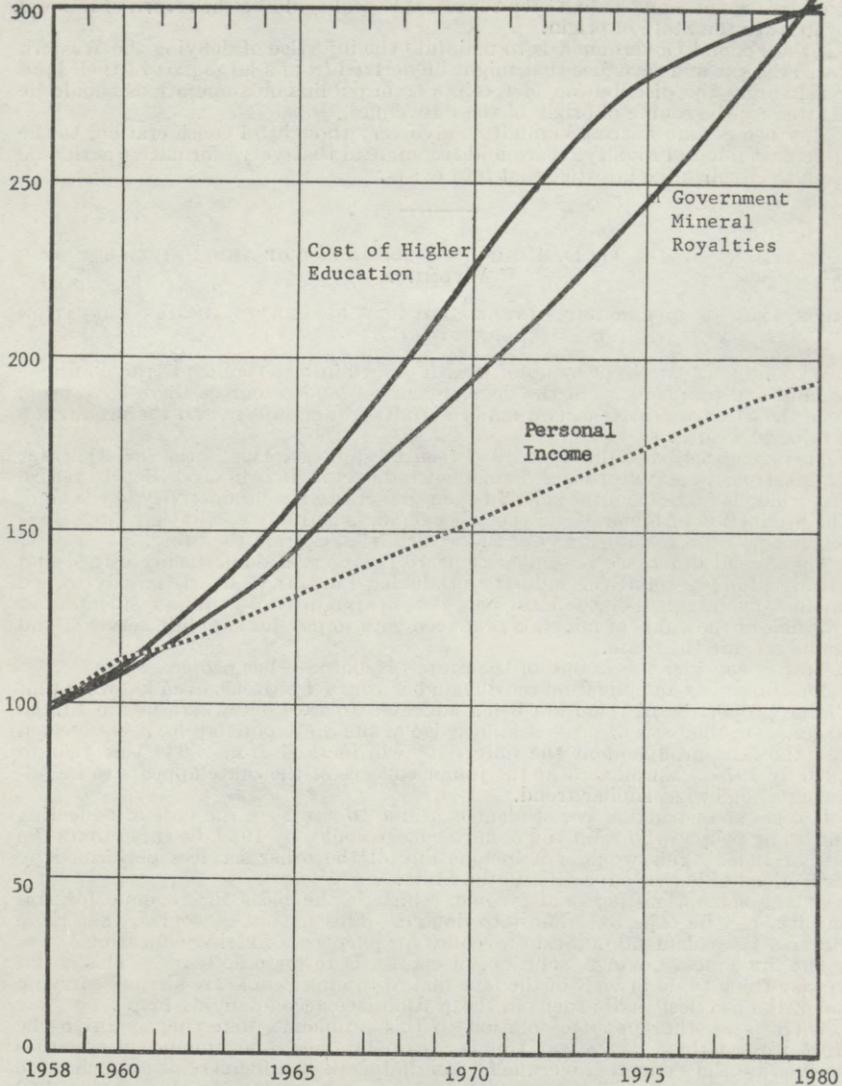
The first, most obvious, solution, of course, is to increase taxes. This is not an easy thing to do in view of the fact that Wyoming people are already carrying one of the heaviest tax burdens in the Nation (see accompanying map).

There is another possible solution to this problem. Referring again to the chart we see that, if postwar trends are maintained, the amount of royalties received by the Federal Government from minerals will increase at a much more accelerated rate than will the income of the general population. In fact, by 1980 it should triple the 1958 level.

This, then, offers a very sensible solution to the dilemma of the 3-to-2 spread between education costs and personal income. If the State were to receive 90 percent of these royalties, they could help very materially in sharing the burden of increased costs of higher education.

It seems most appropriate that this resource, which is extractive—hence will eventually disappear from our economy—should help bear the burden of educating the youth of Wyoming. Only through education and knowledge can other industries be developed to take the place of these when they are gone.

## MINERAL LEASING REVENUES

TRENDS IN COST OF HIGHER EDUCATION,  
PERSONAL INCOME, AND MINERAL ROYALTIES1958-61 Actual    1962-1980 Projected  
1958=100

Source: Projections by Division of Business and Economic Research based on past World War II Trends, and School Enrollment Predictions of Committee on Higher Education in Wyoming.



RIVERTON, WYO., May 12, 1962.

Hon. J. J. HICKEY,  
U.S. Senate, Washington, D.C.:

Wyoming Mining Association strongly favors S. 898 which would return 90 percent of mineral royalties from federally owned lands to the State of origin. Our views are similar to those outlined by the Wyoming Taxpayers Association in its statement submitted to the Subcommittee on Public Lands for inclusion in the May 15 hearing. Please submit this telegram for the record.

WYOMING MINING ASSOCIATION,  
R. W. BEAMER, *Executive Secretary*.

CASPER, WYO., May 14, 1962.

Hon. JOSEPH J. HICKEY,  
U.S. Senate, Washington, D.C.:

The Rocky Mountain Oil & Gas Association endorses the passage of S. 898, which is a bill to amend section 35 of the Mineral Leasing Act of 1920, with respect to the disposition of the proceeds of sales, bonuses, royalties, and rentals under such act. The wisdom of Congress in providing for the return of 90 percent of the proceeds under the act in the case of Alaska, should, we believe, be applied to the other public-land States. S. 898 would accomplish that.

ROBERT B. LAUGHLIN,  
*Executive Vice President,*  
Rocky Mountain Oil & Gas Association.

Senator HICKEY. I think the people from the Bureau of Reclamation of the Interior Department are now ready to testify.

Senator BIBLE. We will be very happy to hear from Mr. Landstrom and Mr. Davis of the Department of the Interior.

**STATEMENT OF KARL S. LANDSTROM, DIRECTOR; ACCOMPANIED  
BY MAX CAPLAN, CHIEF, DIVISION OF MINERALS; MARK WELT,  
CHIEF, DIVISION OF BUDGET AND FINANCE, BUREAU OF LAND  
MANAGEMENT; AND BRUCE DAVIS, CHIEF, PROGRAM AND  
FINANCE, BUREAU OF RECLAMATION, DEPARTMENT OF THE  
INTERIOR**

Mr. LANDSTROM. I am also accompanied by Max Caplan and Mark Welt, Chief of the Division of Budget and Finance of the Bureau of Land Management.

Mr. Chairman, there is a brief statement to accompany the Department's report I would like to read, if you permit.

Senator BIBLE. You may proceed. The official report of the Department has been made a part of the record heretofore.

Mr. LANDSTROM. This bill would provide that 90 percent of the moneys received from leasing the mineral rights in the public lands, including naval petroleum reserves, be paid to the State within whose boundaries the leased lands are situated.

Section 35 of the Mineral Leasing Act of February 25, 1920, as amended (30 U.S.C. sec. 191), provides for the disposition of all money received from royalties and rentals from leasing issued under the act. Under that section receipts are divided three ways: 37½ percent being paid to the State within the boundaries of which the leased lands or deposits are located, 52½ percent to the reclamation fund, and 10 percent to the Treasury of the United States as miscellaneous receipts.

Each State is required to use its 37½ percent of the receipts for the construction and maintenance of public roads or for the support of

schools or other public educational institutions. Receipts from leases in the State of Alaska are treated similarly except that, instead of 52½ percent being assigned to the reclamation fund, 52½ percent is paid to the State for disposition by its legislature as it deems advisable.

This 52½ is in addition to the 37½ noted above and thus the State of Alaska receives 90 percent of the receipts from mineral leasing within its borders. All receipts derived from mineral leasing within naval petroleum reserves are deposited in the Treasury as miscellaneous receipts.

The Reclamation Act of June 17, 1902, established as a Federal activity the reclamation of the arid and semiarid lands of the West financed through a specially created fund known as the reclamation fund supported by proceeds from the sales of public lands, and, upon enactment of the 1920 Mineral Leasing Act, by the portion of the income from mineral leasing.

The reclamation States have derived considerable pecuniary benefits from the reclamation activities. The diminution or elimination of the mineral receipts now credited to the reclamation fund would jeopardize the reclamation program of the Department.

Although funds from the General Treasury have been made available for reclamation activities there appears to be no apparent reason why the large measure of support of the reclamation fund by the accretion from mineral leasing should be imposed upon the general funds of the Treasury. In view thereof, the Department urges that this bill not be enacted.

Senator ANDERSON. Then I take it it is purely because of loss of revenue?

Mr. LANDSTROM. Yes, sir; it would be necessary for the reclamation fund to be very substantially supported out of the general funds if this fund should not be made available, and the Department also has pointed out in its statement that it knew of no reason, at this time at least, for the additional distribution of this large amount to the various States.

Senator ANDERSON. Is the reclamation fund made very much larger? Has it been made very much larger by all these projects that you have put in in the Western States, such as the ones in Washington, Oregon, Idaho, and so forth.

Mr. LANDSTROM. Yes, sir. For many years the reclamation fund has not been adequate to finance the reclamation program so there has been additional money appropriated.

Senator ANDERSON. That some day is going to be repaid, isn't it?

Mr. LANDSTROM. Many parts of it. Substantial parts will be paid; yes, sir.

Senator ANDERSON. Most of it, isn't it?

Mr. LANDSTROM. I would think most of it would be repaid; yes, sir.

Senator ANDERSON. And when that is repaid will the reclamation fund be pretty sizable?

Mr. LANDSTROM. Well, sir; I do not believe that it goes back into the reclamation fund. Mr. Davis could answer that.

Senator ANDERSON. Have you any figure to show what the reclamation fund will be when the current reclamation projects are fully repaid to it?

Mr. LANDSTROM. May we ask Mr. Davis to comment?

Senator BIBLE. Certainly. Mr. Davis, you may respond to the Senator's question.

Mr. DAVIS. The reclamation fund is a special fund receiving, as Mr. Landstrom reported, the receipts from certain Federal activities and certain accretions, but these are reappropriated annually, sir, so the fund itself does not grow. The procedure of the Appropriations Committee has been to draw down from the reclamation fund each year the total estimated amount of the accruals for the preceding year, leaving only a small residue annually and as the new accretions come in they are then reappropriated, running at the level of approximately \$120 million a year at the present.

You are very correct, sir, that that has increased from the early years based on the additional revenues from these mineral leases and from repayments and power revenues from the completed projects, but the fund itself does not grow because of this annual drain on it which practically cleans it out.

Senator ANDERSON. But the return to the reclamation fund 20 or 30 years ago from the repayment of projects was rather small; was it not?

Mr. DAVIS. Yes, sir.

Senator ANDERSON. How small?

Mr. DAVIS. During the period, say, 1910-20, it ran on the average of \$7 to \$10 million a year.

Senator ANDERSON. As repayment from reclamation alone.

Mr. DAVIS. No, sir; as total income to the fund.

Senator ANDERSON. Let's take repayment alone. How about repayment alone?

Mr. DAVIS. Under the heading of collections, which is construction repayments, operation and maintenance repayments, power revenues, and some very minor miscellaneous revenues, the amount collected has grown from, in 1910, approximately \$1½ million to, in 1930, a level of \$6 million.

Senator ANDERSON. It is way above that. There was \$50 million last year from power revenue.

Senator BIBLE. He said 1930.

Mr. DAVIS. In 1950 it was up to \$25 million and in 1960 it was \$65 million.

Senator ANDERSON. And as the years go by it will increase steadily; will it not?

Mr. DAVIS. Yes, sir.

Senator ANDERSON. Because you have had very large repayments and very large power revenues.

Mr. DAVIS. Yes, sir.

Senator ANDERSON. Can you not see a time when those will be sufficient to take care of the reclamation needs of the country? Are we not running out of reclamation projects? The good damsites have been used up and projects are harder and harder and harder to find.

Mr. LANDSTROM. If I may comment there, Senator, there are a lot of good dryland reclamation projects that don't require water that the Bureau of Land Management is very interested in, in restoring and rehabilitating rangeland.

Senator ANDERSON. You are not going to irrigate rangeland?

Mr. LANDSTROM. No, sir; it wouldn't be irrigation; moisture re-seeding in various species of grasses.

Senator ANDERSON. All I am trying to say is there is money that is going to come into the reclamation fund.

Mr. DAVIS. All I can say is in our long-range forecast in the foreseeable future, and this is in the area of 10 to 20 years, we do not see the end of possible water developments for the West. They are becoming more expensive. They have been going into multipurpose and are basinwide in nature.

Senator ANDERSON. But the multipurpose ones pay back pretty quickly, don't they, and when you get in lots of power revenues they pay back pretty fast?

Mr. DAVIS. No, sir; because of the additional cost of these remaining jobs on the irrigation side the traditional repayment period of 40 to 50 years is still required to get the money back.

Senator ANDERSON. Well, the point is that if this reclamation fund is going to be receiving a great deal of money from the payments, then it doesn't need money from oil revenues. I would like to see it depend upon itself to some degree if we are going to have these tremendous revenues coming back from reclamation. It would seem to me that we ought to do something else with oil royalties. Of course, if we take all the Texas oil royalties and put them in the reclamation fund we would be in pretty good shape in reclamation, but their moneys are not charged. When this battle was on we tried to get the same treatment for these States as the tidelands of Texas, Louisiana, and California got and as the Alaska State itself got.

Can you think of a good reason, Mr. Landstrom, why Alaska should get 90 percent?

Mr. LANDSTROM. I believe the reason given at the time, Senator, as I am sure you recall also, was that Alaska was not a reclamation State and did not have reclamation projects at the time.

Senator ANDERSON. I am not sure, because I was having something to do with the handling of the bill and I seem to remember that a great many more projects are coming along in Alaska that will run into huge sums and are very feasible because they have tremendous amounts of waterpower along with them.

Mr. LANDSTROM. Is it not true, however, that the State of Alaska would require special legislation for each project, and would not come in under the general 1902 act.

Mr. DAVIS. That is true and the revenues from the Alaska project do not go to the reclamation fund. It is not a reclamation project.

Senator ANDERSON. We are having a hearing next week on a \$45, million project up there and I would be happy without Alaska reclamation but I don't know that Senator Gruening agrees with me.

Mr. DAVIS. The funds from the Eklutna project are returned to the general fund of the Treasury.

Mr. LANDSTROM. I think you would agree that this provision has been set as part of the general package affecting the statehood of Alaska at the time and so on.

Senator ANDERSON. We were trying to develop Alaska just as Senator Hickey is trying to develop Wyoming, and New Mexico, and other States, and based on that premise we all realize we could use more money, but is there any other reason other than the fact that the reclamation fund might want this money.

Mr. LANDSTROM. Yes, sir. The Department points out in its report that:

In the unlikely event that the Congress should decide that there is no longer any need for reclamation activities, there are other conservation programs, for example, parks, wildlife refuges, which should be considered before any such donation is made to the States.

And it is now known that there is a request for legislation to establish a land acquisition fund for the special purpose of financing outdoor recreation acquisition.

Senator ANDERSON. I know that. I realize that. They would like to take the funds from these Western States and use them all across the country, but we are not quite that generous. We like to have our own money too. All right. I have no other questions.

Senator BIBLE. Senator Long?

Senator LONG. No questions.

Senator BIBLE. I have no further questions.

Mr. LANDSTROM. Thank you, Mr. Chairman.

Senator BIBLE. Now, Senator Hickey.

#### STATEMENT OF HON. J. J. HICKEY, A U.S. SENATOR FROM THE STATE OF WYOMING

Senator HICKEY. Senator Bible, I will just submit the statement that has been prepared on my behalf to the committee and make a few comments.

Senator BIBLE. Your statement may be reported in full at this point in the record.

(The statement referred to follows:)

#### STATEMENT OF HON. J. J. HICKEY, A U.S. SENATOR FROM THE STATE OF WYOMING

Mr. Chairman and members of the subcommittee; Speaking this morning in support of S. 898, a bill to amend section 35 of the Mineral Leasing Act of 1920 with respect to the disposition of the proceeds of sales, bonuses, royalties, and rentals under such act, I appear as a representative of a State which has provincial status under this act. We in Congress are dedicated to equality of treatment before the law, and yet in one very significant area we condone a serious inequality sanctioned by law. I refer to the fact that the western public land States are denied the right of authority over large areas within their borders.

A great deal of the wealth produced in these States derives from the natural resources of the land itself. Ownership of much of this land has been retained by the Federal Government and more than half the income from it, in the form of sales, bonuses, royalties, and rentals, does not stay in the States to develop their economies, but comes here to Washington to the reclamation fund. Under the Mineral Leasing Act of 1920, the system of allocation of this income is as follows: 37½ percent to the State which produced it, 52½ percent to the Federal reclamation fund, and 10 percent for administration.

You will not find any condition even faintly comparable to this in the Eastern States. They own their own land; the Federal Government could not take over tracts of acreage in New York or Illinois, or Tennessee, nor could it expropriate income earned from the land in any of these States, for they are sovereign States in the true meaning of the word. We in the western public land States do not enjoy that status.

It is the contention of my colleague, Senator McGee, and me, sponsors of S. 898, and of the people of our State that the 52½ percent presently allocated to the reclamation fund should be retained by the State.

This seems an eminently equitable arrangement to me, since most of the great reclamation projects of the West are reimbursable and the Government is now being paid back the money it put into them through the reclamation program inaugurated more than half a century ago. Today over half the costs of reclama-

tion projects are financed directly from the Treasury, so it would seem logical that the general fund completely finance such projects and, of course, receive the reimbursements made by the users of these projects through the years. One additional advantage to this procedure is that it would give Congress, and not a Federal bureau, control over the reclamation program.

I really feel that Wyoming is entitled to the revenue earned in the State. With the Federal Government owning 52 percent of our surface, as well as the mineral rights to an additional 18 percent of the land, large sums of our wealth are drained off to be used in other States.

Since the Mineral Leasing Act was enacted in 1920 Wyoming has contributed to the reclamation fund \$176,775,622, more than twice as much as the second largest contributor, California, which has sent \$82,177,965 to the fund. During those years \$221,901,973 has been spent on reclamation in Wyoming by the Federal Government. On the other hand, California has benefited to the tune of \$880,143,000; Washington (which contributed \$66,099 to the fund) has had \$600,305,828 spent there; and Arizona, which contributed \$1,399,527, has reclamation projects on which the fund has spent \$347,257,541.

We realize, of course, that a small State like Wyoming is going to have a hard time convincing those States which benefit so handsomely from our natural resource wealth that money earned in Wyoming should be used in Wyoming. But we are going to put up a fight for what we really feel is ours by right.

Thank you.

Senator HICKEY. I would like to call attention to the fact that the State of New Mexico, who, like ourselves, is anxious to develop, passed in their 25th legislature a resolution or joint memorial much the same as the Wyoming State Legislature did which memorialized the Congress of the United States to amend the Federal leasing act to provide for the distribution of income from the leasing of Federal land for oil, gas, and other minerals to all States wherein lands leased are under an equal basis.

I would like to sustain what has heretofore been said with regard to the equality that I think our Intermountain States are entitled to. In comparison to the land east of the Mississippi River our Western States have been left outside with the exception of Alaska and its 90 percent. We ask for the same kind of treatment. There are many statistics in these reports, but the strange thing I found when I went down and spent some time at the Department and looked at what the situation was down there under the accuracy of their reclamation fund which Senator Anderson spoke of was that there was a discrepancy of about \$500,000 in the Wyoming account alone.

It was based on the following historical facts: One, that the initial funds put into the reclamation fund came from the sale of lands, the sale of public lands. This was from 1902 to 1920. In 1920, of course, with the leasing act and the bringing in of considerable minerals from all of our Western States the fund began to grow and it grew tremendously, and I might say that this has been recognized, Senator Long, by the National Education Association, because in 1950 these were their recommendations.

They said, and I quote from the National Education Association, "Status and Fiscal Significance of Federal Land in the 11 Western States, 1950," pages 157-158:

A case might be made for a larger share of Federal mineral royalties on the grounds that if these lands were State owned, as some people think they should be, all the royalties and not just three-eighths of them would accrue to the States. This argument is strengthened by the fact that the Federal Government retains 10 percent of these mineral leases, allocating the other 52.5 percent to the States by way of the reclamation fund. The argument then rests on the question of whether the distribution between public roads and schools, on the one hand, and reclamation, on the other hand, is logical and defensible.

The National Education group seems to put in question foremost, and I concur with them, that here we have an opportunity with the tremendous increase in funds that has occurred in the Department to give our States a helping hand, and as of June 30, 1960, these were the facts. The agencies are very reluctant to give you dollars and cents.

I spent days down there and finally went to the Secretary to get some dollars and cents figures, and these are what they gave. They say:

Money appropriated out of the reclamation fund is in general reimbursible to that fund. Repayments, therefore, have become an important contributor to the Government of the fund. Under these arrangements \$1,586,866,462 had passed into the fund by June 30, 1960. From the \$1,667,202,727 has been expended to finance reclamation works of all dimensions throughout the 17 reclamation States. On this same June 30 the balance was \$119,663,735.

Now this, of course, is the kind of tremendous balance that is kept on hand. As the reclamation projects minimize, and I am sure from time to time they will, it seems to me, as was pointed out by the chairman, that there will be a tremendous amount of money available and I am sure if the States are not given some of that it will just contribute to the expansion of other areas that perhaps the State should have something to say.

Senator BIBLE. Mr. Chairman.

Senator ANDERSON. I compliment Senator Hickey upon again bringing this matter up. It reminds me of the quotation from a newspaperman years ago that no great problem is settled until it is settled right; and it is true that we have lost our fight two or three times, but the problem has never been settled right. I hope he keeps right on with it because there isn't any real reason why eventually this reclamation fund can't pour back into the Federal Treasury millions of dollars and will do so, and if we tried to keep some of this money on hand as we originally discussed we would have a great endowment fund of well over a billion dollars.

I am just wondering if there is a discrepancy in accounts for these Mineral Leasing Acts. Maybe we should ask the Comptroller General sometime to audit them along with you and get a figure that everybody can agree upon.

Senator HICKEY. I think it would be a real service. I only attempted to do Wyoming and found a \$500,000 discrepancy.

Senator ANDERSON. I feel very strongly that these States which didn't get their public domain ceded to them and now find themselves without these revenues should now have them. I think the fact that we have given to the States of Texas, Louisiana, California, Mississippi, and other coastal States the federally owned mineral deposits beneath the submerged lands within their State boundaries might be regarded as setting a precedent for us to get 90 percent.

I think it is simple justice, and I hope we get it.

Senator HICKEY. Thank you, Senator.

Senator BIBLE. Senator Long?

Senator LONG. Mr. Chairman, I want to express my pleasure at the presentation of the materials on behalf of this bill, and particularly I would say to the distinguished Senator from Wyoming that he is very wise in selecting his materials. The National Education Association in this field is generally very sound; that is, they give most careful attention to it.

Senator HICKEY. Thank you.

Senator BIBLE. Thank you, Senator Hickey. I think this is as ably presented a case as I have had the pleasure of hearing in a long, long time. I know of your interest in it and we know you are going to keep up this fight. You are certainly to be complimented on the splendid work you have done to date on it.

Senator ANDERSON. Senator, may he just add one word in here. Is it not true, as we have been talking about, that this revenue which now would appear large to Wyoming and New Mexico may with the passing of years prove just as valuable to Arizona, Nevada, Utah, and every other State?

Senator HICKEY. That certainly is true.

Senator ANDERSON. Because it was only a short time ago you could have gotten a geologist to bet you better than even money there would never be any oil developed in Arizona, but there is going to be lots of it and they are tremendously interested in that State. We don't know when this wheel of fortune will turn around and some State which doesn't suspect, one of the Dakotas or both of the Dakotas or Nebraska, will find itself rich in oil resources, and we should have some such treatment as this.

I think all of the public land States of the West stand to gain enormously from the passage of this legislation, not as much on the basis of what now is known as on what might happen. I went back some time ago and looked at some articles which I had written as a young newspaperman talking about the mineral resources of New Mexico and was surprised to realize that there were many minerals which now were very valuable but which I never mentioned in my articles because there was no way of knowing about them.

I think it was something in the early 1920's or it was written earlier than that. It goes back and dates me a little bit. It was an article in 1918 or 1919, but along came some people named Snowden and McSweeney and they were drilling for oil and hit potash, and one of the counties in my home State produced one time 90 percent of all the potash produced in the United States. Previously nobody ever regarded that as an asset.

Yet it was a very tremendous one. Nobody prior to World War II paid any attention to yellow dust that was lying around, but tremendous quantities of uranium are now handled and mined and tremendous investments made, \$16 million in one mill. I don't know what we will find. We don't know what mineral it is we may find useful, but if these resources are tied down to the States in which they are discovered and they get a chance to obtain a large share of them it may solve some of their financial problems in future years.

Senator HICKEY. I certainly appreciate Senator Anderson's comments because I think here is the area of the lack of understanding that has denied us some consideration for many years.

Thank you, gentlemen. Thank you, very much.

Senator BIBLE. Thank you, Senator Hickey.

With that the hearing will conclude on Senate 898.

(Whereupon the subcommittee proceeded to other business.)

(The following statements and communications were ordered placed in the record:)

## STATEMENT OF THE WYOMING COUNCIL FOR ECONOMIC DEVELOPMENT

The Wyoming Council for Economic Development is an organization composed of the major businesses and agricultural groups of the State. The purpose of the organization is "to provide an informal forum for the exchange of views and to develop cooperation in promoting plans and principles in which the members have a mutual and unanimous interest, for the economic well-being, growth, and progress of Wyoming and its citizens.

The first formal action of the council was to give our wholehearted support to efforts aimed at returning 90-percent mineral royalties to Wyoming. It is indicative that a group representing such a broad segment of Wyoming's economy and whose purpose is economic development, should choose to support this issue as its first action. We shall not take your time with a summary of the various percentages and dollar amounts. We are certain our fine natural resources board and Wyoming Taxpayers Association will provide you with these significant figures.

We feel there is no more important element to the future prosperity and development of Wyoming than the return of the royalties paid on resources taken from our State. We hear almost daily of various Federal programs proposed to encourage economic development. We suggest that much more efficient and effective development could be the result if the Federal Government would release to the States the royalties from their own production.

We do not oppose reclamation nor the reclamation fund. As businessmen, we must insure that the varied enterprises engaged in are sound economically. Reclamation projects can and should meet the same criteria.

As you noticed in the statement of purpose, the council's bylaws specify that policy stands must be unanimously approved by all member organizations. Even though we represent a wide range of economic interests in Wyoming, we unite in urging the passage of legislation which will return 90 percent of the mineral royalties to the State.

We appreciate the opportunity of presenting our views to the committee.

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WYOMING EDUCATION ASSOCIATION,  
*Cheyenne, Wyo., May 10, 1962.*

Hon. J. J. HICKEY,  
*Senate Office Building, Washington, D.C.*

DEAR SENATOR HICKEY: This statement is presented to you as testimony in favor of the Senate bill with reference to the mineral royalties in the various States which will have a hearing on May 15. The Wyoming Educational Association and its various affiliates are very interested in securing favorable action on this bill (Senate bill 898).

We believe that the return of 90 percent of the mineral royalties to the State of its origin is very justifiable due to the fact that over 50 percent of the land area of Wyoming is owned by the Federal Government. Of its 62,403,480 acres, the United States owns oil and other minerals under 44 million of Wyoming's 62 million acres. It owns both the minerals and the surface of 32,055,721 acres of our land, which constitutes over 51 percent of Wyoming's vast area. A return of only 37½ percent of the royalties to the State, we feel, is an unfair distribution considering the fact that the Federal Government owns much more than that of our land area.

The State of Wyoming faces serious problems in providing enough funds for our schools, our municipalities, and other areas of government. We are unhappy that millions of dollars accruing to the Federal Government from the income on mineral production on Wyoming public lands will be used for projects in other States. Wyoming is rich in mineral resources and we believe that our State should be the beneficiary of the returns from these resources.

We are deeply grateful to you, Senator Hickey, for making an effort in the behalf of Wyoming in the introduction of this bill, and we will do everything in our power to help you secure favorable action on it.

Respectfully yours,

CHESTER H. BOWEN,  
*Executive Secretary.*

WYOMING SCHOOL BOARDS ASSOCIATION,  
*Laramie, Wyo., May 10, 1962.*

HON. J. J. HICKEY,  
*U.S. Senate,  
Washington, D.C.*

DEAR SENATOR HICKEY: We have received information that there will be a hearing on May 15 on Senate bill 898, which concerns the return of mineral royalties to a number of States. The Wyoming School Boards Association will appreciate very much your extreme efforts to secure favorable action on this bill. We have had a very keen interest in this for some time and through our continued efforts a committee, consisting of one member from each of the western public land States, is presently collecting information on this important matter.

Last fall, the following resolution was passed unanimously at our convention having the largest crowd in history:

Whereas the delegate assembly, at six previous conventions, has passed a resolution asking for a larger return of the mineral royalties on public lands: Now, therefore, be it

*Resolved*, That the Wyoming School Boards Association continue its study with other interested groups in the State of Wyoming, and also with other States, to effect a return of 90 percent of the mineral royalties.

We appreciate your efforts in behalf of the welfare of Wyoming, and if the intent of this resolution can be carried out, it will greatly benefit not only our schools but other constituents.

Sincerely yours,

Mrs. DOROTHY F. BUSH,  
*President.*

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