BILM TO TEST VALIDITY OF REPRESENTATIVE OIL SHALE CLAIMS

Twelve oil shale mining claims in Colorado will be the subject of contest proceedings that could help decide the fate of many similar claims, Secretary of the Interior Stewart L. Udall announced today.

Charges challenging the validity of the claims were put in the mail to the claimants this week in Denver, by Colorado officials of the Bureau of Land Management, the Interior agency which administers the mining laws under which the claims were made.

Proceedings will be held before hearing examiners, who will make findings and recommendations on the issue of validity. The Department will make the final administrative decision which, if adverse to a contestee, may be reviewed by the courts on the contestee's application.

"These cases involve basic legal and factual issues fundamental to the validity of many other oil shale locations," Secretary Udall said. "Resolution of the issues presented in these cases could provide the basis for action on other claims."

The claims have been pending more than 44 years—since before the Mineral Leasing Act of 1920 made shale oil subject to mineral leasing, rather than location under the mining laws.

Secretary Udall said the resolution of the issues may help eliminate the confusion and uncertainty that has surrounded the subject of oil shale development. Clarification of the matter may facilitate formulation of Government programs for administering the lands involved, he said.

The twelve cases just filed include nine claims which were the subject of pending patent applications, and three within the Naval Oil Shale Reserve. However, Secretary Udall said, the Department has identified several thousand unpatented oil
shale claims which do not fall in either of the above categories, but which may be
affected by the outcome of the new proceedings, because of similar facts and
issues of law.

Among the issues presented is whether the discovery of an outcropping of oil
shale, in itself and without regard to grade or thickness, is sufficient proof of
the discovery of a valuable mineral deposit. Another issue is whether the dis-
covery of oil shale within the limits of a claim can be based upon geologic
inference and upon evidence obtained from outside the limits of the claim.

A crucial point to be determined is whether the lands embraced in the claims
were "valuable" under the legal definition known as the "prudent man" rule at the
time each of the claims was filed during the years preceding 1920.

"The mining laws which governed oil shale claims before 1920 were designed to
courage development of mineral resources on the public lands," Secretary Udall
said. "Accordingly, it was provided that a citizen who discovered valuable
minerals on the public domain could, by following simple procedures, acquire full
title to a claim. Precedents running back to 1894 established the legal test of a
'discovery.'

"Under this test, a discovery must have been such—on the date it was made—
as would justify a person of ordinary prudence in the further expenditure of labor
and means, with reasonable prospect of success, in developing a valuable mine.
This test is being applied in the new contest proceedings," the Secretary said.