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A Bonanza for Shale Deposit Owners

Author(s): Steven Cord

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1. Revised estimates do show a 0.4 per cent decline in consumer prices in 1955, but the more comprehensive price index of the Implicit Deflator for the GNP shows a 1.3 per cent increase.

2. See Steven Lastgarten, *Industrial Concentration and Inflation* (Washington, D.C.: American Institute for Public Policy Research, 1975).

3. The main substance of these two pieces is to be published in a series of three articles in *The Bulletin of the Atomic Scientists*, starting in December or January, entitled "The Coming Era of Shortages," "Intertemporal Justice: Saving Future Generations" and "First Steps to Human Survival."

4. See, e.g., my debate with former Senator Paul Douglas, "Tax Cuts Now?" in the *New Republic*, August 13, 1962.

A Bonanza for Shale Deposit Owners

THE OIL SHALE DEPOSITS in Colorado, Wyoming and Utah are estimated to contain 600 billion barrels of recoverable oil, compared with proven crude oil reserves of 355 billion barrels in the Mideast and an estimated U.S. crude reserve of 40 billion barrels according to an Associated Press dispatch of February 12, 1974.

With no respite from the oil shortage in sight, and with imported oil bringing prices of \$9 to \$12 a barrel, it is now becoming economically profitable to squeeze oil out of these shale reserves. Suddenly unusable land assumes astronomical value.

In one area alone, near the conjunction of the three states, the shale deposits are worth anywhere from 3 to 5 trillion dollars, according to *U.S. News & World Report* (January 28, 1974, p. 70). If 12½ per cent of that can be considered the usual royalty rate—although it is probably more—then these deposits could yield the federal government anywhere from \$375 billion to \$625 billion and more annually (at present oil prices). This alone is more than all current taxes per year. Unfortunately, only 80 per cent of these shale deposits are on federally-owned land. But a case for the full collection of land rent from all oil lands, and other types of land, could easily be made.

These estimates definitely indicate that the taxation of land values, especially when natural resource lands are included, can raise tremendous revenues for purposes of tax reduction and anti-poverty funding.

STEVEN CORD

Indiana University of Pennsylvania
Indiana, Pa. 15701