

OIL SHALE LEASING AND REGULATION

NATIONAL OIL SHALE ASSOCIATION
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Background

Federal lands administered by the Bureau of Land Management (BLM) contain some 80% of the oil shale resources in the western United States. Access to these resources has been limited since they were withdrawn from leasing in 1930. These vast deposits of federally controlled oil shale are in locations where prospectors were not able to obtain ownership of claims in the early part of the 20th century before oil shale became a leasable mineral. Federal regulations specific to the leasing of oil shale do not exist as they do for oil and gas and other minerals.

The Energy Policy Act of 2005 (EPACT 2005) instructed the BLM to prepare to lease these resources by preparing an environmental impact statement and leasing regulations. A draft Preliminary Environmental Impact Statement (PEIS) for commercial leasing of oil shale and tar sands has been completed and offered to the public for review. In 2007 Congress passed legislation to limit BLM's authority to complete both the PEIS and regulations.

Why are federal oil shale lands so important?

Besides the sheer magnitude of the resources, the oil shale controlled by the Federal Government is important because it represents the richest and thickest section of the resource. In Colorado they are most suited to new insitu technologies.

Some 20% of the western oil shale resources are controlled by private parties and could be developed without federal leasing. However, these holdings are typically on the outcrop of the oil shale strata and are most amenable to mining and surface retorting.

Why are federal regulations needed for leasing oil shale?

When firms are asked when oil shale commercial development may occur, the response is predominately "some time into the next decade". So why are regulations needed now? Because small and large firms are spending millions of dollars trying to come up with technologies that are economic, environmentally acceptable and sustainable and they need to know what the terms will be for obtaining and keeping a federal lease after completing the research. This is true for firms with BLM R,D&D oil shale leases and those pursuing projects elsewhere because companies need to know the rules of the commercial game in order to assess the economic viability of their technologies. Investing in oil shale is expensive and risky, with no guarantee of success, and firms may decide to spend their research dollars elsewhere.

Bottom Line

Oil shale is a huge domestic energy resource this is important for the Nation's long term oil supply, its economic well being, and its national security. Research should not be stopped because of a lack of oil shale leasing regulations or a national policy that currently discourages oil shale research, development and demonstration.