

OIL SHALE LEASING AND REGULATION

FACT SHEET

Background

Federal lands administered by the Bureau of Land Management (BLM) contain approximately 70% 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 Access to these resources has been limited since they were withdrawn from leasing in 1930.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 was completed and received public comments at that time. In 2007 Congress passed legislation that eliminated BLM's authority to complete the process, so the Federal Government does not lease this valuable national resource, and the public does not benefit from royalties as it does from oil and gas produced on federal lands.

Why are federal oil shale lands so important?

Besides the sheer magnitude of the resource, the oil shale controlled by the federal government is important because it represents the richest and thickest section of the resource. In Colorado that part of the resource was believed to be the most suited to insitu technologies. Private oil shale lands are available but do not represent the most valuable geologic oil shale strata.

Why are federal regulations needed for leasing oil shale?

Why are regulations needed now if the oil shale resource will likely be developed in the future, and not today? Because small and large firms are conducting research into technologies that can become 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. Some firms have already abandoned Federal BLM R,D&D oil shale leases at least partially because of the uncertainty surrounding the availability of a commercial lease if their research results in a successful technology. Investing in oil shale is expensive and risky, with no guarantee of success, and many firms have decided to spend their research dollars elsewhere.

Bottom Line

Oil shale is a huge domestic energy resource that is important for the nation's long- term domestic oil supply, its economic well-being, and its national security. There is no legitimate reason oil shale should not be leased commercially the same as oil and gas and other minerals. Draft leasing regulations are in place that could be revisited by the government and the public leading to a sensible program that in the long term can provide royalties to local governments and the Federal treasury. It will take years for the process to result in the first commercial oil shale lease, so the process needs to begin now.

NATIONAL OIL SHALE ASSOCIATION

