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WRA Submits Comments on Premature Oil Shale Lease Regulations: “It’s a Waste of Taxpayer Dollars”

BOULDER, CO -- In politically-driven haste to do something, anything, to show it is trying to produce more domestic energy, the Bureau of Land Management (BLM) is prematurely moving forward with commercial oil shale leasing regulations, far ahead of the oil industry’s ability to develop the resource. On Monday, September 22nd, the public comment period on BLM’s draft regulations closed, clearing the way for the agency to enact final rules if Congress lifts its current funding moratorium.

Western Resource Advocates and other stakeholder groups submitted comments during the comment period detailing the substantial weaknesses in BLM’s proposed regulations. “The decision to pursue commercial develop of oil shale at this time defies common sense, given how little BLM knows about oil shale development technologies and their impacts,” said Karin Sheldon, Executive Director of Western Resource Advocates. “With low royalty rates and the consequences for our climate, BLM’s rules would subsidize global warming,” said Sheldon.

Oil shale research to date shows that possible extraction methods will have severe environmental consequences throughout the West and contribute to climate change. Commercial development of oil shale will require 3 barrels of water for every barrel of oil produced—far more water than the region has available. All technologies under consideration require massive amounts of electricity, likely to come from new coal-fired power plants. The CO₂ emissions from oil shale-derived fuels will be as much as 47% higher than from other petroleum sources. Until these issues are addressed, it is irresponsible to finalize rules that will allow the oil shale industry to move forward.

Although passed off as an attempt to provide regulatory certainty for the oil shale industry and to speed-up the development of oil shale, the proposed regulations fail on both counts. The new regulations short-circuit the crucial research and development efforts necessary to support a commercially-viable oil shale extraction process and prevent a repeat of Black Sunday of 1982 when industry closed its failed oil shale projects and left thousands of workers without jobs.

In December 2007, Congress enacted and President Bush signed legislation prohibiting the BLM from adopting commercial leasing regulations. This move was designed to allow research on oil shale

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extraction technologies to catch up with attempts to develop a commercial leasing program. By pushing for new leasing rules in the last months of the Bush presidency, BLM and some members of Congress have signaled they are unwilling to adopt a schedule for the formulation of rules that are appropriate for the still undeveloped technologies and offer protection for the environment.

“It’s a waste of taxpayer dollars to spend agency budgets on developing regulations for an industry that doesn’t even know what technologies it will use or what its impacts will be” said Elise Jones of the Colorado Environmental Coalition. “BLM’s draft rules are based on inadequate information and incomplete environmental analysis and are fundamentally premature. If adopted, they would neither ensure protection of the environment nor guarantee a fair return to the federal treasury.”

Through these draft rules, the BLM is attempting to establish oil shale royalty rates, diligence requirements and other elements of leasing regulations without a clear understanding of how the proposed industry will be using the public’s resources.

“Taxpayers should not be asked to support an industry before it is known how royalties will be charged for the product that industry plans to produce and whether those payments will compensate for the damage to public lands and the environment,” Sheldon said.

New technologies are at least a decade away from commercialization. BLM stated in the draft rule, “Currently, there is no oil shale industry and the oil shale extractive technology is still in its rudimentary stages; as such, commercial oil shale production does not exist anywhere in the world”

Following the oil shale bust in May 1982, Congress refocused its attention on the development of other energy sources. However, as gasoline prices began rising in 2004, Congress once again turned its attention to oil shale in the hope that new technologies might soon be available for commercial development. Four years later, that hope has moved no closer to reality. Despite the billions being invested by oil companies and the federal government, commercial development of oil shale remains a distant goal.