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Rushing to Commit the West to Oil Shale and Other Unconventional Petroleum Resources, Again

Among the last minute efforts by the Bush Administration to embed its policies in rules and regulations that will continue to guide public policy long after Bush is out of office is an effort to commit the nation to developing the oil shale resources on two million acres of public lands in Colorado, Wyoming, and Utah.

The federal government has had its eye on this potential source of oil ever since 1912 when it was incorporated into the Naval Petroleum Reserves. That is how long we have been concerned about the adequacy of domestic oil reserves and our potential reliance on foreign oil, almost a century! It is embarrassing to ask what we have to show for that century-long concern!

The Green River oil shale deposits the Bush Administration has been trying to get committed to active development is the largest known oil shale deposit in the world. Theoretically it contains three times the proven oil reserves of Saudi Arabia and could supply half of current American oil consumption for the next 200 years.

I say “theoretically” because the federal government and private industry has been trying to turn this geological material into an economical liquid fuel since the Second World War when the U.S. Bureau of Mines set up a demonstration plant near Rifle, Colorado. That facility was ultimately leased to a consortium of a dozen energy companies who tried to develop it into a commercial scale project. After the first OPEC oil price spike back in the 1970s, other energy companies, heavily subsidized by our federal government, also tried to develop commercially viable processes to extract liquid

petroleum from the oil shale rock. Exxon, the largest company in the world in the late 1970s, began work on a five billion dollar oil shale facility near Rifle, Colorado. Another oil company, UNOCAL, backed by federal loans and price guarantees, actually brought a commercial-scale oil production facility on-line, only to have it repeatedly fail and have to be redesigned or retro-fitted.

Everly reminiscent our own recent experience, back to back recessions in the early 1980s, at the time the most serious recessions since the Great Depression, caused oil demand to plummet nationwide and around the world and oil prices tumbled downward too. Exxon, after spending a billion dollars on its oil shale facility, abruptly announced in 1982 that it was abandoning the effort, laying off 2,100 workers. Other energy companies followed suit and the federal government quickly abandoned its subsidies for oil shale development. The oil shale boom became a bust. None of the projects ever produced any significant oil, despite repeated multi-billion dollar efforts.

Over two decades later, the Bush Administration has been frantically trying to resurrect the busted hopes of the past by opening up those same public lands once again to energy companies at very low lease rates and the hint of future subsidized purchases of any synthetic liquid fuels produced.

This, like the coal-to-liquids proposals often promoted in Montana, is the opposite of a solution to our nation's energy problems. First, it will take enormous amounts of energy to liberate the oil from the surrounding rock. The production of the necessary electricity and process energy and the very heating of the shale rock will release huge quantities of greenhouse gases, not to mention the greenhouse gasses that will be

released when the liquid fuel that is produced is burned in our cars. This just compounds our climate change problems.

Second, oil from oil shale will not be cheap. Because of the extensive mining, material handling, high energy inputs, and waste disposal problems, the oil produced could cost a \$100 a barrel or more.

Third, oil shale production will require enormous amounts of water, something in very short supply in the arid West but in increasing demand due to rising population. Global warming and the accompanying droughts will only compound the competition for that water which can only come from existing uses, primarily irrigated agriculture. Such water transfers will both be expensive and fundamentally change the rural culture of the West.

Finally, we don't yet know how to produce oil from the oil shale. After over a half-century of efforts around the world, no large scale commercial project has ever been successful. Several research, development, and demonstration projects of innovative techniques are now underway at a half-dozen locations in the West, but it will be a decade or more before we know if any of them will prove commercially and environmentally viable.

The Bush Administration has wanted to commit the American people to another wild gamble, putting a huge expanse of the American West's public lands, its water, its air quality, its small towns and rural areas, and the world's climate stability at risk.

We can do better at much lower risk by focusing for now on known, off-the-shelf technologies to improve the efficiency of our homes, businesses, and motor vehicles.

We are just beginning to deploy renewable energy technologies, both wind and solar, on a significant scale, and those technologies are rapidly improving.

Of course, we can also continue to explore the practicalities of extracting oil from oil shale and tar sands and of capturing and safely sequestering the carbon dioxide emitted by our use of fossil fuels. The more knowledge we have about these industrial processes, the better will be the energy decisions we make in the future. But it is time to end the Bush Administration's rush to embrace unconventional oil sources and get the horse back in front of the cart: deploying known, cost-effective, energy resources while continuing to research more fully all of our energy options.