

# BLM allows oil shale demonstration in West

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WASHINGTON -- Just days before leaving office, the Bush administration on Wednesday pressed forward with efforts to jump-start a domestic oil shale industry, saying commercial production will help lessen the country's dependence on imported oil.

It is offering energy companies another chance to show they can make a profit on public land in Colorado, Wyoming and Utah.

The U.S. Bureau of Land Management announced it is soliciting a second round of proposals for oil shale demonstration projects on 1.9 million acres in the three states. Projects would be limited to 640 acres per company, but the land could be converted to a commercial lease if the technologies proved successful.

The bureau estimates that Western states hold as much as 800 billion barrels of recoverable oil from shale. Oil shale is a fine-grained sedimentary rock containing organic matter. When crushed and heated, it produces a crude oil substitute.

"Broadening the scope of research into oil shale technologies will help accelerate the development of these vast western resources, and as a result lessen our dependence on foreign sources of energy," BLM Director James Caswell said in a statement.

A similar solicitation in 2005 led to five demonstration projects in Colorado and one in Utah. Colorado has more oil shale than the other two states.

Last week, 12 environmental groups sent letters to the Interior Department and BLM, threatening to sue unless the potential effects on endangered species are addressed. They argue a final plan and rules for commercial oil shale development on the nearly 2 million acres approved late last year violated federal law because the agencies did not formally consult with the U.S. Fish and Wildlife Service.

"The Bush administration is trying to rush through everything they can to get this industry up and running," said Melissa Thrailkill, a staff attorney with the Center for Biological Diversity in San Francisco, one of the environmental groups that has threatened legal action.

Thrailkill said rare species of Colorado River fish, the greater sage grouse and several plants that grow only on oil shale lands could be endangered by energy development. Environmentalists' main concern is that oil shale development would create greater greenhouse gas emissions.

"It's the dirtiest form of energy development out there," Thrailkill said. "It requires a ton of energy to heat the rock, and the BLM acknowledges in their environmental impact statement that more than likely that energy is going to come from new coal-fired power plants, which does nothing to help us with the climate change problem we're facing."

A spokesman for one oil company said production from shale deposits will not necessarily rely on coal plants.

Given current trends, electricity generated by natural gas, wind or solar is just as likely an energy source in 10 or 15 years, said Tracy Boyd, a spokesman for Shell Exploration and Production Co., which holds three of the six permits for the current demonstration projects.

That's the timeframe in which Shell estimates oil shale production will become commercially viable, he said.

Colorado Gov. Bill Ritter, a Democrat, and other state officials have urged federal officials to delay a final plan and rules for commercial development. They say there are too many unanswered questions about the effects on water, wildlife, air and local economies.

They point out that companies are still experimenting with the technology and say industry and government officials acknowledge that commercial development is several years away.

President-elect Barack Obama's nominee to head the Interior Department is Sen. Ken Salazar, a Colorado Democrat who wrote the legal provision that allows BLM to permit limited demonstration projects. Salazar also has urged a go-slow approach to oil shale development.