

Brad McCloud

Executive Director

Environmentally Conscious Consumers for Oil Shale (E.C.C.O.S.)

Regulatory Consistency: *Oil Shale, Energy Security and Economic Stability in the United States*

8/22/11

On behalf of Environmentally Conscious Consumers for Oil Shale (or ECCOS) we want to thank Representatives Tipton and Lamborn as well as the Subcommittee on Energy and Mineral Resources for conducting this oil shale hearing and keeping the lines of communication open on an issue that has potentially prodigious and lasting impacts on the future energy security and economic prosperity of the United States.

ECCOS is a grassroots, nonprofit group based in Grand Junction, Colorado. We have members in Colorado and Utah. Our mission is to educate the public and elected officials about oil shale and energy issues. We are not an advocacy group. However, we would like to see research into oil shale continue.

The title of today's hearing strikes directly at the issue of what is at stake with the current policies and attitudes coming from the current administration and the U.S. Department of the Interior. A strong energy policy is necessary for both energy security and to maintain and grow good paying jobs in the United States.

Many believe development of oil shale and other domestic energy fuel sources could very well lead to energy independence for the United States, but the current policy of regulatory uncertainty in the U.S. will systematically dismantle the progress made by the oil shale industry in recent years and further delay or halt projects in the future.

For a recent example of instability in policies affecting the industry one only needs to look at the Energy Policy Act of 2005. It provided a clear policy direction that indicated the paramount importance of oil shale development to contribute to a viable, realistic path to meet urgent national energy needs and carefully balance the economic realities of oil shale development with appropriate environmental and socioeconomic safeguards. It, in addition to the 2008 Oil Shale Rule and 2008 RMP (*"Approved Resources Management Plan Amendments/Record of Decision for Oil Shale and Tar Sands Resources to Address Land Use Allocations in CO, UT and WY"*) Amendments established legal parameters for oil shale leasing in northwestern CO, southwestern WY, and northeastern UT. The administrative process was comprehensive, open, and rigorous. Most importantly, it achieved the resource development goals of the Energy Policy Act of 2005 and protected the environment and recreational uses of public lands.

A good example of this instability came in December of 2007 when then Senator Ken Salazar inserted a moratorium on enacting rules for oil shale development on federal lands into an omnibus spending bill, then pushed in May of 2008 to extend the moratorium for another year and then less than three years after the initial PEIS was completed in 2008 (April of 2011) the BLM, under a new administration and now Secretary of the Interior Ken Salazar, issued a "Notice of Intent to Prepare a Programmatic Environmental Impact Statement (PEIS)." Why? The redundancy of initiating a new PEIS on the same topic that was addressed three years ago is not only waste of time and resources, but it also causes concern and instability for an industry by once again arbitrarily changing the rules. If a project is forced to start and stop over and over, and is given no indication as to when clear policies will be provided and maintained, a company starts to wonder if it will ever see the light at the end of the tunnel. When issuing its notice of intent the BLM stated as its rationale "...there are not economically viable ways yet known to extract and process oil shale for commercial purposes..."

We feel that in many ways due to the redundancy of this process the BLM's rationale is a self-fulfilling prophecy. How can we expect companies to invest in oil shale research and development when the federal government creates uncertainty and stands in the way?

The only thing that has changed in the past three years is oil shale technologies have improved. There are several nations around the world that are aggressively pursuing oil shale development. We are in the midst of another energy crisis with gasoline prices approaching \$4 per gallon. The unemployment rate in Grand Junction, Colorado and the United States is still staggeringly high, and there is even more unrest in the Middle East

The largest and richest reserves of recoverable oil shale (estimated at more than five times the amount of oil located in Saudi Arabia) are found in Colorado, Utah and Wyoming. If the United States wants companies to invest in oil shale research and development, as the current administration and those before it have claimed, then these companies must be provided a path to commercialization. Why would a company invest hundreds of millions of dollars into research, if they have no clear path to recouping that investment?

Companies like Shell, Chevron, American Shale Oil and Red Leaf Resources are continuing to develop exciting and new technologies that someday may lead to commercial viability and meet growing national and international energy needs. However, regulatory uncertainty has slowed research and development projects of oil shale dramatically and forced most investment dollars and the good paying jobs associated with those projects flowing in the direction of more development-friendly nations.

The fact is the U.S. will be reliant on oil for decades to come. Even with the aggressive deployment of hybrid, electric vehicle, natural gas, and biofuels technologies, the U.S. Energy Information Administration reported that by

2035 93% of vehicles in the U.S. will still run on oil and, world oil consumption will increase 30%. Our dependence on oil and non-renewable resources is going to remain an issue for generations.

The U.S. is sitting on a massive reserve of oil. We are a stable nation with excellent safety and environmental protection laws and a strong recognition of private property rights. The World would be well-served by having a stable supply of oil from the United States. And, our local and national economies stand to benefit immensely.

America can be a world leader in oil shale technology, but the private sector will not continue to invest in environmentally responsible oil shale technologies without consistent regulations and stable oversight from the federal government. This new PEIS process is just one example of how even more uncertainty is added into the equation for those companies trying to find an answer to our domestic energy needs.

In closing I would like to reiterate ECCOS is not an advocacy group. However, we feel it necessary to point out inconsistencies in the policies of the federal government between administrations and the very political nature of these exercises that over the years has discouraged the development of oil shale production and the potential energy independence of the United States. If you truly want to help stabilize gasoline prices, create good paying jobs, and make the U.S. less reliant on unstable foreign governments for our energy as has been stated by administration after administration then the U.S. must maintain a consistent regulatory policy. Policy cannot be allowed to arbitrarily change every three to four years. If the U.S. can implement such a policy we can secure a brighter future for our energy security, our national economy, and our communities.