

2.2 **Update on U. S. Government Actions around Federal Oil Shale Leasing and Regulatory Programs**

Terry O'Connor

Shell Unconventional Oil, Denver, CO, United States

Federal law and regulations offer two separate paths for leasing of oil shale lands administered by the U. S. Bureau of Land Management (BLM) - Research, Development, and Demonstration (RD&D) leases with the right to expand into a preference right lease (PRL) on the one hand, and commercial leasing on the other hand. RD&D leasing was initiated by the BLM in early 2005, and ratified & supported by Congress in the Energy Policy Act of 2005 (EPACT'05) (Section 369(c)). 160 acre RD&D leases may be converted to Preference Right Leases subject to various preconditions:

- Demonstrating commercial capability, and producing in commercial quantities in accordance with a Plan of Development (PODs)
- Preparation of a site specific Environmental Impact Statement (EIS) and payment of conversion fee (criteria to be developed in regulations)

Six RD&D leases were issued out of 20 applications.

Commercial leasing, guided by (Section 369 (d) and (e)) includes multiple steps that precede the first lease sale, raising significant questions about the timing of the process:

- A Preliminary Environmental Impact Statement (PEIS) proposed in 12/2007 to be completed by 02/2008, was completed in September 2008.
- Final oil shale leasing regulations were to follow no more than 6 months thereafter — Proposed regulations were released for public comment on July 28. BUT what is Congress up to?
- Commencement of the first leasing was to occur no later than 6 months thereafter. However, the Federal Government must first consult with Governors and local governments

The Omnibus Appropriations' Bill (December 2007) provided no budget allocation to BLM to finalize the regulations. EPACT '05 contemplated the PEIS to support regulations and a competitive leasing program. The final PEIS only supports changes to 12 Resource Management Plans (RMPs), with multiple, sequential EISs to follow. This could easily take 5-10 years after regulations are finalized. This could lead to no competitive leasing until well into the next decade at the earliest. In summary, the process appears to have become increasingly political and partisan. Shell will provide an up to the minute update on the Washington DC political dynamics and present its position on delays in development of these regulations.