

# WebMemo



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## Omnibus Prohibits Oil Shale Development

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Adopted by the House of Representatives on December 17, the omnibus appropriations bill prohibits funding for oil shale commercial regulations. Without these regulations, commercial production of oil shale is impossible.

The oil shale industry experienced several hiccups in the 1970s, and innovation has a long way to go before the resource becomes viable, but its potential is enormous. The United States is estimated to have more than 2 trillion barrels worth of oil shale resources. Spending bills should not include policy riders that stand in the way of U.S. energy independence.

**A Promising Resource.** Dr. Daniel Fine of MIT reported that 750 billion barrels worth of oil shale have been discovered in Colorado alone.<sup>1</sup> That amount is enough to potentially power the U.S. economy for many decades. Furthermore, if full-scale production begins within five years, the U.S. could completely end its dependence on OPEC by 2020.<sup>2</sup>

The oil shale provision reads as follows:

None of the funds made available by this Act shall be used to prepare or publish final regulations regarding a commercial leasing program for oil shale resources on public lands pursuant to section 369(d) of the Energy Policy Act of 2005 (Public Law 109-58) or to conduct an oil shale lease sale pursuant to subsection 369(e) of such Act.<sup>3</sup>

Without these regulations in place, these lands will not be able to be leased and/or developed for exploration of oil shale production. The technology to collect and refine oil shale is developing at a rapid pace, and private companies are willing to invest in it. Shell Oil commenced a research and development project on oil shale 30 years ago and continues to invest a considerable portion of its own revenue into commercializing the shale.

An estimated 1.2 trillion to 1.8 trillion barrels of oil is available in the Green River Formation, an area which expands through most of Colorado and parts of Utah and Wyoming.<sup>4</sup> The recoverable oil refined from oil shale would provide another resource for fuel production. According to the U.S. Department of Interior and Bureau of Land Management, a moderate estimate of 800 billion barrels of recoverable oil from oil shale in the Green River Formation is three times greater than the proven oil reserves of Saudi Arabia.<sup>5</sup>

The investment in technology and R&D is making the process cheaper and safer for the environment. In effect, methods of harvesting oil shale force excess carbon back into the ground. Dr. Fine estimates that oil shale production could be eco-

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[www.heritage.org/Research/EnergyandEnvironment/wm1754.cfm](http://www.heritage.org/Research/EnergyandEnvironment/wm1754.cfm)

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nomical to produce when oil is selling at \$25 per barrel.<sup>6</sup>

**Conclusion.** The omnibus provisions would undoubtedly slow progress being made in the oil shale industry, effectively putting another viable, domestic source of energy “off limits.” As such, the oil shale prohibition would severely reduce the potential for oil shale to decrease U.S. depen-

dence on imported oil. If Congress passes the omnibus in its current form, the oil shale provision is one more reason for President Bush to exercise his veto authority.

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1. Daniel Fine, Ph.D., “Oil Shale: Toward a Strategic Unconventional Fuels Supply Policy,” Heritage Foundation *Lecture* No. 1015, April 26, 2007, at [www.heritage.org/Research/EnergyandEnvironment/hl1015.cfm](http://www.heritage.org/Research/EnergyandEnvironment/hl1015.cfm).
2. *Ibid.*
3. Division F—Department of the Interior Environment, and Related Agencies Appropriations Act, 2008 at <http://author.heritage.org/Research/Budget/Omnibusting.cfm?action=showpage&section=f&page=133>.
4. Daniel Fine, Ph.D. “Oil Shale: Toward a Strategic Unconventional Fuels Supply Policy,” Heritage Foundation *Lecture* No. 1015, April 26, 2007, at [www.heritage.org/Research/EnergyandEnvironment/hl1015.cfm](http://www.heritage.org/Research/EnergyandEnvironment/hl1015.cfm).
5. Oil Shale and Tar Sands Programmatic EIS Information Center, “About Oil Shale” at <http://ostseis.anl.gov/guide/oilshale/index.cfm>.
6. Daniel Fine, Ph.D. “Oil Shale: Toward a Strategic Unconventional Fuels Supply Policy,” Heritage Foundation *Lecture* No. 1015, April 26, 2007, at [www.heritage.org/Research/EnergyandEnvironment/hl1015.cfm](http://www.heritage.org/Research/EnergyandEnvironment/hl1015.cfm).