

STATEMENT OF THE NATIONAL OIL SHALE ASSOCIATION

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Chairman Doug Lamborn

August 24, 2011

Grand Junction, Colorado

*“American Jobs and Energy Security: Domestic Oil Shale Research, Regulation and Roadblocks”*

Mr. Chairman and Members of the Subcommittee, my name is Gary D. Aho and I am here today representing the National Oil Shale Association, a not-for-profit organization with the goal of educating the public and providing factual information on oil shale. Our members consist of corporations, university research groups, national laboratories and individuals. We print written materials that are carefully scrutinized to assure that all statements are accurate and supported by factual data and sound references. We are not a lobbying organization.

Today I would like to enter for the record our most recent 2010 publication entitled “Oil Shale, America’s Untapped Energy Source”. This publication is intended to (1) present facts about oil shale, (2) layout benefits to the nation and the region, (3) present the challenges facing the development of oil shale, and (4) discuss and lay to rest the misconceptions that persistently surround oil shale. This NOSA publication was carefully prepared and edited by experienced oil shale veterans, each with years of experience in trying to get an oil industry started in the United States.

There are a few key points that I would like to focus on today:

- The US has the nearly 70% of the world’s oil shale resources, and the deposits in the western US contain more oil than the world’s proven oil supplies.
- Developing oil shale in the western US would create tens of thousands of high paying jobs, reduce the nation’s dependency on foreign oil, improve the balance of trade, enhance national security, provide a stimulus to the economy, and generate tax revenues for all levels of government.
- There are already a number of proven and unproven technologies to produce shale oil, and production is occurring now in other nations, such as Estonia, Brazil and China.
- We believe that shale oil can be produced in the US, safely and in an environmentally responsible manner. Industry and research organizations will figure out the best technologies, if the incentives to do so exist and if the roadblocks can be minimized.
- The federal government, through the BLM, controls over 70% of the western oil shale lands, and some of the best resource. However, there is currently no federal oil shale leasing program, despite the fact that leasing was provided for under the Mineral Leasing Act of 1920. As a nation, we have made a number of efforts to develop oil shale and there have been many successful research programs completed over the past 90 years.

However, we seem to lack the national resolve to keep a sustained oil shale program moving forward. The most recent unconventional fuels legislation was the Energy Security Act of 2005 that laid out a program and mandated certain research and leasing activities. While that program got off to a great start, it too appears to be floundering, despite the fact that the actions required therein are very explicit.

- NOSA believes that the BLM should make lands available for lease. These leases should have terms, including rents and royalties, which are favorable for this capital-intensive, high-risk, unconventional fuels industry. Sufficient regulations and environmental laws already exist. Industry should be allowed to select the technologies, since it is industry that takes the investment risks. It should be up to industry to conduct the research and develop the best technologies, realizing that the technologies will evolve with time and experience.
- Just because the BLM leases an oil shale property, there is no assurance that the project will develop. Industry must still design the project, secure permits, comply with NEPA, secure water and other services, get the buy-in of stakeholders, arrange financing, etc. The burden falls on industry. BLM must simply make the land available.
- If it is in the nation's interest to develop oil shale, and we believe it is, then the government should make the land available, expedite the permitting process in cooperation with state and local agencies, and then let industry make it happen.
- Industry needs a clear, consistent federal program and a national commitment to develop oil shale. Access to lands and regulatory certainty are crucial to companies starting a new, capital intensive industry.

Thank you for the opportunity to appear here today. NOSA feels this hearing is very timely and we thank you for your vision and your willingness to address the issues impeding the development of "Oil Shale, America's Untapped Energy Source".

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