Industrial Energy Consumers of America
The Voice of the Industrial Energy Consumers

1155 15th Street, NW, Suite 500 • Washington, D.C. 20005
Telephone 202-223-1420 • Fax 202-530-0659 • www.ieca-us.org

May 16, 2012

Oil Shale and Tar Sands Resources Draft Programmatic EIS
Argonne National Laboratory
9700 South Cass Avenue—EVS/240
Argonne, IL 60439

Re: Draft Environmental Impact Statement and Possible Land Use Plan Amendments for Allocation of Oil Shale and Tar Sands Resources on Lands Administered by the Bureau of Land Management in Colorado, Utah and Wyoming January 2012 – Volumes 1 through 4 – DES 12-01

Summary

As a result of the settlement by the U.S. Department of the Interior (DOI) in regards to lawsuits brought against the 2008 Oil Shale and Tar Sand Programmatic Environmental Impact Statement (PEIS) and Commercial Oil Shale Leasing Regulations (Regulations), the Bureau of Land Management (BLM) has solicited comments on a new draft PEIS. The Industrial Energy Consumers of America (IECA) urges BLM to reaffirm the 2008 PEIS and supports Alternative 1, Oil Shale No Action Alternative in the new draft PEIS.

Commercial oil shale and tar sands leasing programs are in the best interest of the nation in helping to meet the country's energy needs. Premature and precautionary removal of access to the vast majority of land with this resource potential will put the viability of continued research and development at risk by making commerciality of development far less likely. The proposed removal of 90 percent of lands in Colorado and three-quarters of currently available land in the three-state area will discourage continued Research, Development and Demonstration (RD&D) expenditure by drastically shrinking the size of, and introducing major uncertainty for, potential resource recovery.

Comments

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with $700 billion in annual sales and with more than 650,000 employees nationwide. IECA member companies are substantial consumers of natural gas, natural gas and coal fired power generation and refined crude oil products. The cost of energy can often determine competitiveness with offshore competitors. IECA membership represents a diverse set of industries including: chemicals, plastics, cement, paper, food processing, brick, fertilizer, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

IECA member companies have good reason to be concerned about access to Federal lands and the associated oil and natural gas resources. In the period from 2000 to 2005 natural gas prices doubled and tripled because demand exceeded supply. We recall that the Bureau of Land Management's (BLM) permitting system, heavy with increased bureaucracy and inadequate staffing, resulted in thousands of drilling permit backlogs. Wells did not get drilled, oil and natural gas did not get produced, and the manufacturing sector and the economy as a whole suffered. There were plenty of oil and natural gas reserves and the Federal Government was directly responsible for the failure to allow producers access to the oil and natural gas in order to produce it for us, the consumer.

The manufacturing sector lost 3.0 million jobs from 2000 to 2005 and a great number of these jobs were directly related to the high price of oil and natural gas. Thousands of chemical, plastics, fertilizer, steel, paper, glass and aluminum manufacturing plants shut down. We cannot and should not let this happen again.

The 2012 draft PEIS contains largely the same information as the 2008 final PEIS. There is little, if any, new information to be considered. However, the BLM has chosen a different preferred alternative 2(b) that substantially reduces the acreage available for oil shale leasing, eliminates the issuance of commercial leases, and restricts leasing to RD&D leases only.

Alternative 1, Oil Shale No Action Alternative, in the new PEIS, preserves the actions taken in the 2008 PEIS, and is the alternative favored by IECA.

The 2008 PEIS was recent, and substantively and procedurally thorough. The preferred alternative provided a reasonable amount of acreage for potential commercial leasing, while still designating environmentally sensitive and other areas deemed unsuitable for leasing.

BLM's preferred alternative 2(b) in the new PEIS restricts leasing to RD&D leases only and defers decisions on commercial leasing for years. This disaggregation of RD&D from commercial leasing simply discourages companies with commercially viable technology with delay, uncertainty and disincentive for resource development.

Commercial leasing for oil shale development is merely a first step. The BLM and other government agencies require additional environmental reviews and permitting activities with public oversight before a project can begin. Two or three Environmental Impact Statements would be required, in addition to this PEIS, before a developer could break ground on a commercial venture.

In the 2008 PEIS, 2,000,000 acres were made available for leasing, but the amount of land that would be leased or developed would likely be far less. Industry would choose the acreage that it believes can be profitably developed. Under the new PEIS, BLM appears be choosing the lands that hold commercial potential.

Western U.S. oil shale resources – 4 trillion barrels according to the USGS – are an important domestic energy asset that should be developed for the benefit of the American people. Revisiting the PEIS and regulations completed in 2008 is at best delaying and at worst destroying, the responsible development of the oil shale resource.

Respectfully submitted,

Paul N. Cicio
President

cc: The Honorable Jeff Bingaman
The Honorable Lisa Murkowski
The Honorable Doc Hastings
The Honorable Edward Markey