

Shell taking its time on shale plan

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Energy behemoth Shell's interest in Colorado's vast stock of oil shale is not just a passing whim.

John Hofmeister, Shell Oil's president, met with Gov. Bill Ritter on Thursday to discuss the unconventional source of oil. That comes on the heels of hiring former U.S. Interior Secretary Gale Norton as a general counsel for Shell Exploration and Production, Unconventional Resources — Shell's local arm that is testing a proprietary oil shale technology.

Shell recently received federal approval to lease public land in Rio Blanco County to test its technology.

"We talked about four key concerns," Hofmeister said Friday at a luncheon organized by the Denver Forum.

Those concerns relate to the economic viability, technology, regulatory framework and social impact of oil shale in the state, Hofmeister said.

Norton, who was present at the luncheon, said it was her third week working at Shell's office in the Denver Tech Center. Her hiring has sparked speculation that Shell might pursue its oil shale technology on a commercial basis before the end of the decade.

"One of the things that impressed me was how carefully Shell is making decisions about oil shale," Norton said, admitting that she has been working on oil shale-related issues. "It is not jumping and moving ahead that creates a concern about an oil shale bust. . . . It is making sure stakeholders have an opportunity to learn about the process."

Norton said issues such as environment planning, taxes and royalty structures have to be resolved before the oil shale industry can take off.

Shell is meeting with local and county officials, doing environmental analysis and gathering public input to help shape its decision on oil shale development, said spokeswoman Jill Davis.

Shell said it will make a decision about commercially producing oil shale by 2010.

The United States holds more than 50 percent of the world's oil-shale resources, the equivalent of 2.6 trillion barrels of oil, of which 1.5 trillion barrels are recoverable. Most of the oil shale is in the Green River Basin in Colorado, Utah and Wyoming.

Shell is testing a proprietary technique to extract the oil that aims to reduce surface damage.

"(Norton) knows Colorado geography well and knows Colorado people well," said Steve Smith, assistant regional director for the Wilderness Society. "I hope that means that she will be sure that oil shale does not move faster than it should."