

Shell Exploration & Production Unconventional Oil



Oil Shale Briefing

Update on U.S. Government Actions Around Federal Oil Shale
Leasing and Regulatory Programs

28th Oil Shale Symposium

Colorado School of Mines

Golden, Colorado

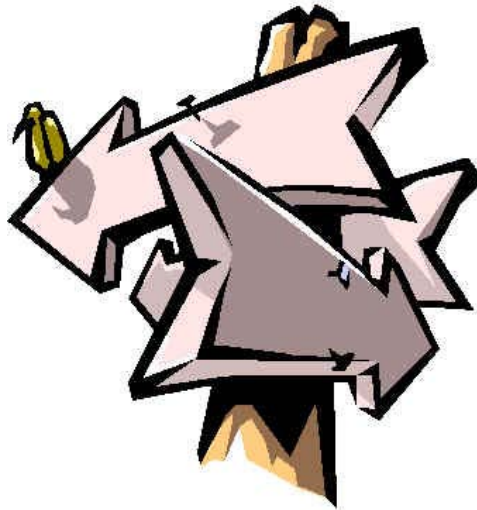
October 13, 2008



Routes to developing US oil shale

Research, development and demonstration leasing program

- Leases awarded: Dec. 2006
- Stimulates investment in new technology
- Conversion to Preference Right Leases possible upon demonstration of technology's commercial viability



Commercial leasing program

- Programmatic Environmental Impact Statement completed September 2008
- Regulations proposed July 2008
- Multiple sequential NEPA procedures required
- Regulations to establish:
 - Leasing procedures
 - Operating rules (royalties, standards of operations, etc.)

RD & D Leasing Status

- June 2005, BLM initiates RD&D program
- 20 nominations for 3 states received
- 6 leases granted in late 2006 – early 2007
- Key lease provisions
 - Exclusive conversion rights to surrounding 5,120 acres Preference Right Lease areas, subject to:
 - Demonstrating commercial capability
 - Conversion fee payment
 - NEPA compliance
 - Others
 - Plan of Development (POD)
 - Another Round of RD&D leasing (?)



Competitive Leasing Route

- Procedures mandated by Section 369 of EPA'05
 - Final PEIS by February 2007 (actual – September 2008)
 - Final regulations by August 2007 (proposed July 2008 – actual final regulations by EOY? 2009?)
 - First competitive lease sales by February 2008 – (actual ???) – must consult with Governors and locals
- Comment period ended September 22
 - Over 71,000 comments submitted
 - 58% were favorable
 - Support from NW Colorado municipalities



Competitive Leasing Route

- If regulations are finalized, what is the ACTUAL impact? Is it a “rush to develop?”
 - No environmental or socioeconomic risks – merely set “rules of the road”
 - No on-the-ground activities are authorized
 - Projects must still clear 47 Federal, State and County permitting agencies
 - Water rights’ issues reside with the States, not BLM



PEIS Details

- NOI published December 2005 – scoping meetings and public comments taken
- Draft published December 2007
 - 3 alternatives considered
 - 120 day comment period
- Final PEIS, September 2008; effective November 4, 2008
- Doesn't support a leasing program
- Merely supports amendments to 12 RMPs in 3 states
- Sets protocols for multiple, sequential NEPA compliance steps prior to first leasing
- Thus competitive leasing unlikely until well into next decade



NEPA progression to commercial development

O.S. PEIS

EA For
Commercial Regs

Combined Lease Issuance
And Site Specific EIS

EIS before
Lease Issuance
One or two steps?

Site specific EIS

Congress Throws a Curveball Omnibus Appropriations Bill (December 2007)

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 or to conduct an oil shale lease sale...



Very Recent Developments

- Senate Gang of 10 (16 or 20 ?) bi-partisan proposal
- Matheson (D-UT) amendment on September 16, House Energy Bill
- Collapse of off-shore and OS moratorium extensions on September 24
- October 1, 2008 Moratorium expired
- What's next?
 - Public perception over time drives public policy



