

No future in shale oil

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“Exploiting oil shales also yields significantly higher emissions of greenhouse gases than the production of conventional oil resources. This factor, as well as the local environmental impact, has led to strong public opposition to such projects in some countries, including Australia.”

International Energy Agency, 2002

“The production and use of both oil shale and tar sands have significant adverse environmental impacts in terms of greenhouse gases, air pollution and waste material.”

West Australian Government Transport Energy Strategy Committee, June 2003

The experimental Stuart Shale Oil Project near Gladstone is an attempt by Southern Pacific Petroleum (SPP) to extract oil from shale rock. Greenpeace has been campaigning against the development of a shale oil industry since 1998 because of its negative environmental impacts, especially its greenhouse emissions.

Despite the serious problems facing the existing pilot plant, SPP is currently seeking government approval to expand the Project to Stage 2. If the Stuart Project is successful, SPP plans to develop its nine other shale oil deposits in Queensland.

Serious environmental impacts

- Greenhouse emissions from the production of shale oil are nearly four times higher than from normal oil. Although SPP claims it can reduce greenhouse emissions from shale oil to 5% below those of normal oil by Stage 3, it has refused to release the data on which its claims are based meaning public scrutiny and independent verification is impossible.
- A major part of SPP's greenhouse strategy is to plant trees. Despite its other benefits, planting trees is not a solution to climate change. The main focus has to be on not emitting the greenhouse gases in the first place.
- To effectively reduce emissions, the greenhouse gases stored in trees have to remain there forever, but trees are an insecure and temporary means of storage because they are vulnerable to bushfires, droughts, pests and diseases. Any of these events will release the greenhouse gases back into the atmosphere meaning the tree planting has had no impact.
- Even if SPP reduced shale oil's greenhouse emissions to 5% below normal oil, developing all of SPP's shale oil deposits would still significantly increase Australia's greenhouse emissions - to about 200% of 1990 levels.
- According to the CSIRO, greenhouse emissions need to be reduced by at least 70% if we are going to prevent dangerous levels of climate change. Developing a shale oil industry will make these reductions impossible.

- If expanded, the Stuart Project would be a significant source of highly toxic dioxins, which have been linked to cancer, reproductive problems and immune system defects.
- SPP wants to mine shale oil within the Great Barrier Reef World Heritage Area during Stage 3, despite the opposition of the Great Barrier Reef Marine Park Authority.

Negative social impacts

- Local people have suffered repeated negative health effects from the Stuart Project, which has been labeled "a public health nuisance" by Queensland Health. Over 100 local residents are taking legal action against SPP and former partner Suncor to get over \$12 million in compensation for health impacts and a reduction in property values.
- Both of the local councils near the Stuart Project have recommended to the Queensland Government that Stage 2 does not go ahead because the plant continues to negatively impact on local people and its environmental problems have not been resolved.

Strong and widespread opposition

- Over 20,000 people have written to the Queensland Government opposing the Stuart Project. Of these, more than 10,000 people have made submissions as part of the government assessment of Stage 2 - a record number of objectors in Queensland.
- Twenty-seven environment, tourism and fishing groups have made a joint submission as part of the assessment process calling on the Federal and Queensland governments not to approve Stage 2.

Major commercial problems

- The Stuart Project is over three years behind schedule and more than \$133 million over budget, has had repeated technical problems and is unable to operate at full capacity.
- The Stuart Project is propped up by Federal Government subsidies worth over \$36 million a year until the end of 2005.
- Both BP and Shell have pledged not to buy shale oil. After facing strong public protest over its single purchase in 2001, Caltex has not bought any more. Mobil is the only refiner in Australia that will buy it.
- In 2001, former partner Suncor pulled out of the Stuart Project amid concerns about its future viability and environmental impacts. Despite an extensive worldwide search, SPP has been unable to find a new partner.
- In September 2000 Suncor stated that shale oil needed to meet the following criteria to be considered "commercially viable".
 - *"a mandate from local, regional and national governments and the public to develop oil shale,*
 - *establishing performance standards acceptable to stakeholders that address the environmental and social dimensions of oil shale development,*
 - *greenhouse gas management plans that align with future national and international commitments to address the risk of climate change,*
 - *and the capability to generate shareholder value".*
 Suncor's withdrawal eight months later suggests that the Stuart Project is unable to meet these criteria.