



Huge oil shale deposits provide glimmer of hope for the future

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WITH oil prices reaching a record of more than \$US80 a barrel, it is timely that State Cabinet has been considering the McNamara Report on Queensland's vulnerability to rising oil prices.

The report is said to warn of "massive social dislocation, rising food prices and infrastructure headaches because of rising oil costs."

But what about Queensland's huge resources of oil shale?

With 37 billion barrels of shale oil resources, Queensland is one of the few places that might be able to offset the problems of high oil prices -- 37 billion barrels is equivalent to more than 500 years of local oil consumption. Even if only half of this is economically recoverable, this is still 250 years.

Can this enormous potential be turned into reality, carrying Queensland and all of Australia through any oil peak? Or is it destined to remain the impossible dream? The chances of commercialising oil shale are looking much brighter.

First, we are continuing to experience consistently high oil prices.

Second, companies are trialling a number of better technologies. The Alberta Taciuk Retorting Process used in the past used shale fines, which had to be ground to less than half an inch in diameter. This created production and environmental problems. Queensland Energy Resources, the largest resource-holder, is now trialling a different retorting process, called the Paraho process. So far this has yielded successful results, both in terms of production and environmental impact.

Other emerging Queensland shale companies are experimenting with using solvents. In the US, Shell is trialling in-situ retorting.

Third, companies are much more aware of environmental and community issues now than in the 1980s and '90s and recognise the necessity to have a social licence to operate. This is a step in the right direction.

Fourth, shale has a number of clear advantages.

It doesn't compete with food as biofuels do and it doesn't require major modifications to the vehicle fleet (as large-scale use of biofuels would) or to petrol stations.

There is still a lot of scepticism about shale, as there is about many other alternatives.

However, it's worth remembering that on average the world produces three times more oil than it finds each year. That can't last forever.

Shale won't last forever either but it could last for a very long time and certainly deserves a place on the menu of serious alternatives to conventional oil.

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