

Feds auction off prime Calif. public lands for oil development, stoking fears of fracking boom

By GARANCE BURKE - Associated Press
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SAN FRANCISCO - The federal government auctioned off nearly 18,000 acres of oil leases on prime public lands on Wednesday in Central California, home to prized vineyards, several endangered species and one of the largest deposits of shale oil in the country.

Eight different groups — including oil companies — bid for the leases involving 15 parcels of land up for auction in rural stretches of Monterey, San Benito and Fresno counties, Bureau of Land Management spokesman David Christy said. The agency plans to announce the winners within 24 hours.

Numerous environmental groups who saw the auction as a sign that California is next in line for an oil and gas boom protested outside the auction in Sacramento, with some activists donning hazmat suits.

The auction attracted a normal turnout of bidders, and about half the parcels went for just \$2.50 an acre, much less than the typical price in nearby Kern County, an oil-rich basin along a mountain range north of Los Angeles.

Winning bidders would still need to be granted an additional permit from the bureau in order to start drilling using traditional technologies, or hydraulic fracturing, a technique to extract hard-to-reach gas and oil by pummeling rocks deep underground with high-pressure water, sand and chemicals.

Democratic Rep. Sam Farr had asked the agency to put the auction on hold over concerns that the bureau wasn't doing enough to monitor the potential impacts of hydraulic fracturing, or fracking.

"Fracking is not something that we have yet accepted as a proven technology," Farr said. "The oil lies deep and the water is shallow and in the Salinas Valley, healthy water is more important than oil. It's our economic base for agriculture."

The U.S. Energy Information Administration estimated last year that California's Monterey Shale formation contains more than 15 billion barrels of "technically recoverable shale oil," more than the amount contained in the Bakken oil fields of Montana and North Dakota, where oil-producing rock is sandwiched between layers of shale about two miles under the ground.

Industry officials say hydraulic fracturing is one of many techniques used since the 1940s, and concerns are overblown, especially since companies are still determining whether it is economically viable to develop the Monterey Shale.

"The Monterey Shale is a huge potential energy resource in California, but there is still a fair amount of exploration going on amongst our members about whether or how or if it can be developed," said Tupper Hull, a spokesman for the Western States Petroleum Association, whose members produce 80 percent of the state's oil.

The parcels — which Christy said have never been drilled before — include scenic stretches of southern Monterey County, where cattle ranchers and wine grape growers rely on tight water supplies to irrigate their pasturelands and vineyards. The area is also part of the historic range of the endangered California condor, whose global population was recently estimated at less than 400 birds.

The Center for Biological Diversity filed suit against BLM over a smaller lease auction held in roughly the same region last year, claiming the bureau had failed to properly review the environmental risks associated with increased oil and gas development.

"Fracking is not only intensifying oil and gas development in areas that were in production before, but it's opening up some beautiful, wild places where you previously didn't have drilling," said attorney Kassie Siegel, adding that the group ultimately may file another lawsuit over Wednesday's auction.