

## Press Release

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### Monterey Shale Downgraded

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## BREAKING:

### Gov't Slashes Calif. Oil Estimate

#### U.S. Department of Energy Agency Reduces Monterey Tight Oil Estimate by Over 95%

Oakland, California (May 20, 2014) — In an [article released this evening](#), the *Los Angeles Times* reports that the U.S. Energy Information Administration (EIA) has drastically reduced its estimate of recoverable oil in California's Monterey shale formation **from 13.7 billion barrels to just 0.6 billion barrels—a reduction of over 95%.**

The downgrade has major implications for California's energy and economic future, as well as the debate over hydraulic fracturing ("fracking") and other forms of well stimulation-enabled oil development. The perception of an impending oil boom has dominated energy policy discussions in California since the release of a [2011 report by the EIA](#) which had estimated up to 15.4 billion barrels of recoverable tight oil—64% of the nation's total—in the state's Monterey shale formation. The estimate was widely cited by drilling proponents, and [economic forecasts based on it](#) projected millions of new jobs and billions in new tax revenue.

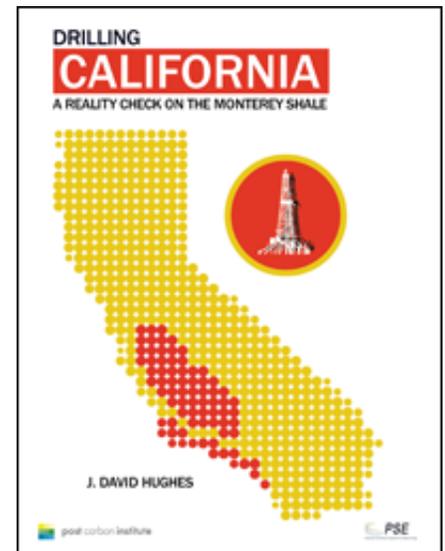
"The oil had always been a statistical fantasy," said geoscientist [J. David Hughes](#), author of [Drilling California: A Reality Check on the Monterey Shale](#), an influential report critical of the EIA's original Monterey estimates. "Left out of all the hoopla was the fact that the EIA's estimate was little more than a back-of-the-envelope calculation."

Hughes's report, published by PSE Healthy Energy and Post Carbon Institute in December 2013, was the first public analysis of actual oil production data from the Monterey Shale and the formation's geological characteristics. The report found that all data suggested that the EIA estimates were wildly over-optimistic. **INTEK, Inc., the**

source of the EIA's original estimate, has since **admitted** that its Monterey figures were derived from technical reports and presentations from oil companies rather than hard data.

"We're pleased that the EIA has corrected what was a groundless and highly misleading over-estimation of the potential of the Monterey," said Asher Miller, Executive Director of Post Carbon Institute. "We hope that everyone—from the EIA to policymakers and the media—will learn a cautionary lesson from what transpired here in California as we wrestle with questions about what the future of American energy policy can and should be."

"Now that Californians have a more accurate idea of what promise the Monterey Shale does and does not hold," added Dr. Seth B. Shonkoff, Executive Director of Physicians, Scientists and Engineers for Health Energy, "we must carefully weigh the benefits against the costs associated with fracking and other forms of well stimulation-enabled oil and gas development."



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#### **ABOUT J. DAVID HUGHES**

J. David Hughes is a geoscientist who has studied the energy resources of Canada and North America for nearly four decades, including 32 years with the Geological Survey of Canada as a scientist and research manager. Over the past decade, Mr. Hughes has researched, published and lectured widely on global energy and sustainability issues in North America and internationally. He is a Fellow of the Post Carbon Institute and a board member of Physicians, Scientists & Engineers for Healthy Energy.

#### **ABOUT PSE HEALTHY ENERGY**

Physicians, Scientists & Engineers for Healthy Energy provides a multi-disciplinary approach to identifying reasonable, healthy, and sustainable energy options for everyone. PSE Healthy Energy empowers citizens and policymakers by organizing and supplying objective, evidence-based information.

#### **ABOUT POST CARBON INSTITUTE**

Post Carbon Institute provides individuals, communities, businesses, and governments with the resources needed to understand and respond to the interrelated economic, energy, and environmental crises that define the 21st century. PCI envisions a world of resilient communities and re-localized economies that thrive within ecological bounds.

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