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Bloomberg Businessweek

News

Fight to continue over US oil sands project

By Paul Foy on August 30, 2012

<http://www.businessweek.com/ap/2012-08-30/fight-to-continue-over-us-oil-sands-project>

SALT LAKE CITY (AP) — An environmental group fighting the first commercial oil sands project in the U.S. says it will respond to a setback by arguing in a Utah appeals court that the pit mine will contaminate what little groundwater exists in the desert.

An administrative law judge ruled this week that Moab, Utah-based Living Rivers couldn't prove that the eastern Utah project would pollute groundwater because there isn't any significant groundwater in the arid region. Judge Sandra Allen's recommendation goes to two separate state boards for a formal decision.

Living Rivers said it will take the fight to the Utah Court of Appeals.

"It's far from over for us," the group's attorney, Rob Dubuc, said Thursday. "It's just too important for the environment to call it quits."

U.S. Oil Sands Inc. says a citrus-based solvent will leave the oil-soaked sands as clean as beach sand. The company said it has all the permits it needs to dig a 62-acre pit in Utah's Uinta basin.

"We've got an outstanding technology that's a breakthrough for the environment," said Cameron Todd, chief executive of the Calgary, Alberta-based startup.

He called on environmental groups to suggest ways to improve the project, but he conceded that won't happen. "They want to stop it, and to them, a delay is the best thing," he said.

Utah regulators said the project site is isolated from nearby springs and seeps, and that test drills hit no groundwater until a depth of 1,800 feet below the pit. U.S. Oil Sands plans to start digging in late 2013.

A geologist, Robert Herbert, testified for the state in May hearings that he had never seen so many holes

drilled at any energy project site. U.S. Oil Sands said it drilled 210 bores, hitting water only at one at extreme depth. That will supply the water needed to wring waxy crude oil from a pit 150 feet deep.

The company says the pit could yield 4 million barrels of oil over six years and that it's already looking for other sites to develop. It holds leases on 50 square miles of state trust lands in Utah.

That's the problem, Dubuc said.

"Look, these guys have 32,000 acres," he said. "This is just the first of many pit mines."

He conceded that "groundwater is not as prevalent" in the eastern Utah desert. "But the water out there is important. Our position is any water is important."

Dubuc underscored the importance of water in a desert by noting it was illegal until recently for Utah homeowners to collect rainwater from rooftops that others could claim belonged in a river.

If gutter water was so important, he said, so is any trace of groundwater in the desert.

The fight comes down to a definition of groundwater — how much does there have to be to qualify it for protection? That question could be taken up by the Utah Court of Appeals.

U.S. Oil Sands says it has every right to get started, but it needs a joint partner to supply another \$30 million.

The Canadian company raised \$11 million earlier this year from a special stock offering, but Todd said that money was needed to pay an army of consultants and other expenses. The company doesn't expect to start generating revenue until 2014.

"We're frustrated at how long the regulatory appeals process added to our challenge," he said. "We made our first application back in 2008."

Judge Allen's decision clears one of the final hurdles for the company. Her recommendation goes to the Utah Board of Water Quality and the Utah Board of Oil, Gas & Mining for a final decision. A court fight could take months or years longer.

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