

THE POLITICS AND BUSINESS OF UNCONVENTIONAL ENERGY

3. OIL SANDS:

Utah project is challenged over presence of groundwater

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SALT LAKE CITY -- Environmental activists have launched a last-ditch effort to slow the nation's first commercial oil sands project proposed in the wild lands of Utah's scenic Uintah and Grand counties, north of Arches National Park.

Living Rivers, a Moab-based environmental group, is challenging a Utah state decision to allow oil sands strip mining and refining to begin in the state without an extensive battery of new groundwater tests.

Yesterday, the group asked a Utah administrative law judge to overturn the state's 2009 finding that U.S. Oil Sands' proposed mine would cause minimal environmental damage. Based on that conclusion, the Department of Environmental Quality agreed to permit the Canadian firm to begin construction without conducting additional environmental studies.

But Living Rivers argues that the company and DEQ regulators ignored evidence that groundwater is seasonally present at the proposed PR Spring mine site. Attorneys for the group argued that the decision to allow mining in the region would violate state environmental law.

Opponents object to U.S. Oil Sands' plans to dump the residue of the oil sands extraction process into unlined pits at the mine site. They argue that the waste product, which would include small amounts of solvent and residual bitumen petroleum, could mix with snowmelt and rain and spread pollution in the region.

At the administrative law judge hearing yesterday, state environmental regulators argued that the oil sands operation won't pollute groundwater because it is located in an arid part of the state.

Robert Herbert, groundwater protection manager at DEQ's Division of Water Quality, said the company drilled several wells at the site before hitting water 1,800 feet below ground level. Herbert argued that the dense rock formation in the region would make it impossible for any pollutants from the oil sands operation to migrate to such an extreme depth.

However, under questioning, another state regulator admitted that site might contain more surface-level groundwater than the state's assessment suggests. "I never meant to deny there is groundwater at this site," said Mark Novak, an environmental scientist at the state Division of Water Quality.

U.S. Oil Sands, previously known as Earth Energy Resources, is an Alberta-based firm that has been operating in Utah for seven years. The company's PR Springs lease is part of a 6,000-acre region that company documents indicate could contain nearly 190 million barrels of bitumen ([EnergyWire](#), April 26).

The firm plans to extract petrochemicals from the oil sands using a citrus-based solvent and hot water, both of which would be partially recycled. In the first phase of the project, the firm anticipates producing 2,000 barrels of oil each day.

"This is as benign a process as you could imagine," U.S. Oil Sands CEO Cameron Todd said Tuesday at a University of Utah unconventional fuels conference.

"We're basically using a much smaller greenhouse gas footprint, a much smaller energy footprint, a much smaller land footprint and a much smaller water footprint," he said. "Because of that, this is a process that actually improves on the conventional oil production relative to its environmental impacts."

Predicting that Living Rivers' groundwater challenge is likely to be resolved in the near future, Todd added, "our project is ready to go." He said the company plans to break ground on the new oil sands mine this summer and begin

production at the site by late 2013.

But John Weisheit, conservation director at Living Rivers, said the environmental community's battle against oil sands extraction in Utah is not likely to end with the administrative law judge hearing.

If the judge rules against Living Rivers, Weisheit said, his group will appeal the case to the state courts.

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