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## Vast 'oil' reserves in Utah may tempt feds to help out

**By Jerry Spangler**

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WASHINGTON — Utah, Colorado and Wyoming sit on a massive fortune in untapped oil — maybe more oil than in the Middle East — if they could just figure out a way to harvest it.

And with crude oil hovering above \$50 a barrel, Congress is now showing signs it may be willing to help.

On Tuesday, the Senate Energy Committee held hearings on the vast reserves of oil found in tar sands and oil shale located in eastern Utah, western Colorado and southern Wyoming. The amounts of oil, said Sen. Orrin Hatch, R-Utah, "are mind boggling. Who would have guessed that in just Colorado and Utah, there is more recoverable oil than in the Middle East, except we don't count it among our nation's oil reserves because it is not yet being developed commercially."

And therein lies the rub. The technology to recover oil from tar sands and oil shale is costly, and it just wasn't justified when oil was \$30 or even \$40 a barrel.

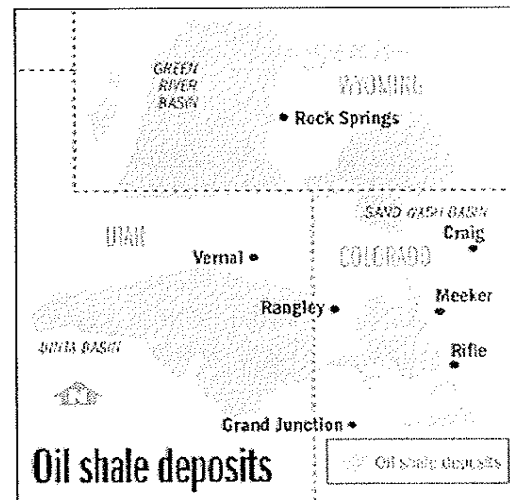
But with oil prices expected to remain above \$50 a barrel for the foreseeable future, a lot of people in the oil industry want to revisit what could become a huge financial windfall for Utah and its neighbors to the east.

"If we can get it out, it will be a huge resource for the United States and a significant industry for the two states," said Sen. Bob Bennett, R-Utah. "But getting it out at an economic level is a problem."

On one hand it will cost billions to develop and implement the technology. And there also is a problem in that the oil shale and tar sands are located in a portion of eastern Utah coveted by conservationists for its wilderness qualities.

"The wilderness advocates will say, 'Over my dead body.' But it looks like oil prices are going to stay above \$50 a barrel, and I could see people moving into this business in a big way," Bennett said.

Congress could be the wild card when it comes to defraying the cost of jump-starting oil shale



Deseret Morning News graphic

and tar sands oil production. If Congress were to infuse massive amounts of research capital into production through the Department of Energy, the United States could conceivably generate enough oil to wean itself from foreign oil.

"If there is a federal role, it is in the investment into research to make it happen," said Rep. Jim Matheson, D-Utah, who sits on the House Science Subcommittee that would need to approve research and development funding. "Right now, the technology is not there."

Hatch, who testified at Tuesday's hearing, pointed out that Canada has invested heavily in tar sands technology to reap oil from Alberta. And it has paid off.

"I find it disturbing that Utah imports oil from Canada tar sands, even though we have a larger tar sands resource within our own boundaries that remains undeveloped," Hatch said. "Why has Canada moved forward in leaps and bounds, while the United States has yet to take even a baby step in this direction?"

Experts testified that Canada now produces 1 million barrels of oil per day from tar sands, and that is expected to reach 2 million barrels a day.

According to Mark Maddox, a deputy assistant secretary for fossil energy, the Green River Formation — located where the three states come together — contains an estimated 1.8 trillion barrels of oil. It also constitutes more than 50 percent of the world's oil shale reserves, of which 80 percent are owned by the federal government.

Maddox said studies of the reserves indicate that more than 400 billion barrels of oil will be found in oil shale with concentrations greater than 30 gallons per ton.

And, he added, the technology to refine it exists.

"The failure of the government's efforts in the 1980s was not due to the failure of the resource, the technology or environmental problems," he said. "Economically it was simply too expensive."

Until now.

But the rosy future for eastern Utah is tempered by the reality that the federal government and industry invested in oil shale and tar sands in the 1970s only to abandon the project in 1982 because it wasn't economically feasible.

"We are aware of its potential to help provide for the nation's energy needs, but we are also aware of its potential to engender false hopes, exaggerated claims and unfulfilled promises," said Steve Smith, assistant regional director for the Wilderness Society.

Smith encouraged senators to consider entering a cooperative agreement with Colorado and Utah to examine the environmental impacts of all issues surrounding oil shale development, and to do it before federal monies are committed to the project.

Such a study, Smith said, affords residents of the impacted areas and Americans in general "an opportunity to become informed about the status, promise, risks, opportunities and