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U.S. Oil Sands announces decision to slow construction at PR Springs mine

by Molly Marcello
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U.S. Oil Sands, a Canada-based tar sands mining company with 32,005 acres of leases in the Book Cliffs region of Uintah and Grand counties, is slowing construction on its PR Spring mine. The decision comes after two major contractors working on the project closed their operations in Utah, company officials said last week.

While industry representatives have said they will slow down and ride out the effects of current low oil prices, activists opposed to tar sands development are saying the “bust” economy proves fossil fuels are a bad investment for the state.

While the first phase of construction at the PR Spring mine is roughly 85 percent complete, U.S. Oil Sands CEO Cameron Todd said in an interview with *The Times-Independent* that low oil prices caused two integral contractors that were working at the facility to remove their operations from Utah.

“The oil price today does not have any impact directly on us but it does have a big impact on the industry as a whole,” Todd said. “So many companies have reduced spending and cut staff ... In our case, we had a major engineer and a major construction contractor that decided to close their operations in the middle of the project.”

Uintah County Commissioner Mike McKee said this week that energy industry layoffs have become common throughout his county, and even more layoffs have occurred in the last several weeks.

“It definitely has an affect on us. Several companies this last week announced slow downs, layoffs, and are closing doors,” McKee said. “With oil and gas dropping like they have it’s affecting the economy in Uintah County.”

Although 110 employees will continue to work at PR Spring mine, Todd said there will be less overtime and fewer contractors working onsite. This reduced pace, Todd said, will allow U.S. Oil Sands to cut costs while gathering the investors the company needs in order to fully start back up by the summer.

“At a slowed down pace, we’ll have more efficient construction, reduce the cost, and achieve investment,” Todd said. “We do have plans to get additional financing and investment in the project before it’s complete. This allows us more

time to speak to our investors and work out a suitable investment agreement.”

Will Munger of Canyon Country Rising Tide, a climate justice group that is opposed to tar sands mining in the Book Cliffs, said activists have consistently made inroads to discourage investment in U.S. Oil Sands.

“The strategy of the [Canyon Country Rising Tide] campaign has always been to dissuade investors to show them the risk of U.S. Oil Sands and that the locals aren’t going to stand for it,” Munger said. “The fact that investors are nervous in investing in U.S. Oil Sands is because we’ve done such a good job in showing the risk. To say it has nothing to do with the protestors is continuing a lie.”

But Todd said potential investors throughout the energy industry are simply reacting to the low oil prices, which have fallen more than 70 percent since June 2014 — oil was valued at just under \$28 dollars a barrel on Feb. 10 — and not the ongoing protests.

“A lot of investors want to be really sure before they put in more money and a lot of them are waiting to see oil prices come up,” Todd said. “If you work in oil, you’ve seen prices come up and come down. Oil prices should never be expected to be above \$100 dollars a barrel and never expected to stay at \$29 dollars. You need to build a business that manages the peaks and the valleys, and slow it down when it makes sense. In a low oil price environment, the most important thing we can do is manage our costs, and that’s exactly what we’re doing.”

John Weisheit, conservation director for Living Rivers, has actively opposed the U.S. Oil Sands project since the company acquired leases on state School and Institutional Trust Lands Administration property in 2010. The current slow down in construction, he said, has not caused him to celebrate.

“I’m not celebrating yet. I will celebrate when the state Legislature bans unconventional fuel development in Utah,” Weisheit said. “It’s a speculative market, and they are impacting our air, which is marginal as it is ... All this money they’ve been spending — I can think of a lot better ways to spend it that won’t ruin our air and water.”

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