

## US Oil Sands gears up for Utah project Calgary-based firm to mine for bitumen

BY DAN HEALING, CALGARY HERALD MAY 27, 2014



US Oil Sands CEO Cameron Todd says improvements in the design of its first project in Utah have added \$10 million to its cost.

**Photograph by:** Stuart Gradon, Calgary Herald, Calgary Herald

The first equipment, a used horizontal rotary slurry mixer formerly employed in a California cement plant, has been purchased as US Oil Sands Inc. moves ahead with its plan to mine for bitumen in Utah.

The Calgary-based company announced its final investment decision for the PR Spring Project in the arid state earlier this month, approving a 2,000-barrel-a-day mine and processing centre that is expected to cost \$60 million - about \$10 million more than previously estimated.

Chief executive Cameron Todd said in an interview Monday the mixer is to be dismantled and refurbished with a tougher lining that will stand up to abrasive bitumen ore before being transported

and installed on site, likely next year.

"We're fully permitted and we've actually started work in the field already although most of the work won't be done until next summer," he said.

The first oilsands mine in the U.S. and the first in North America to use a citrus-based solvent to extract bitumen, is fully funded thanks to an \$80-million share purchase last fall by three American private investment funds in return for a 63 per cent stake in the company.

The investors - Blue Pacific Investments Group Ltd., Anchorage Capital Group, LLC, and Spitfire Ventures, LLC - also gained five of eight seats on the board of directors.

"We haven't been idle while we were doing our financing," Todd said, noting the \$10-million cost increase will pay for equipment to improve the recovery of solvent and water. "We've hit on the idea of using a dryer that gets additional solvent recovery by adding a little extra heat to the fine solids and, when we do that, we also get a bunch of extra water back."

The company plans to use an extract from orange peels called d-limonene to separate oil from sand. It's used in environmentally friendly industrial cleansers and as an ingredient in some foods.

It expects to recover 96 per cent of the bitumen without creating controversial tailings ponds (unlike Alberta oilsands mines), while recycling 98 per cent or more of the non-toxic biodegradable solvent.

Future phases are expected to take the Utah resource to a 20,000-bpd operation. All required regulatory approvals have been received but the project is still opposed by local organizations such as Peaceful Uprising,

Utah Tar Sands Resistance and Canyon Country Rising Tide.

Shares in US Oil Sands on the TSX Venture Exchange closed Monday at 12.5 cents, down half a penny on the day, and off from the 15 cents its backers paid for their shares last fall. The stock rose as high as 24 cents in October.

Todd said the company has 18 staff and is continuing to interview people for jobs in Calgary. It has hired four professionals to work in Utah and will start hiring operating staff there in the next six to nine months. He said the Utah mine is expected to have operating expenses of \$26 to \$27 per barrel and is expected to fetch better prices than similar Canadian heavy crude because it is closer to market. Earlier this year, Kellogg Brown & Root LLC was selected to provide project and construction management services.

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