

US Oil Sands halts \$60-million Utah project as prices tank, contractors close



The Calgary-based company building a controversial \$60-million oilsands project in Utah that has been targeted by environmentalists is putting it on hold, but not because of the protesters.

US Oil Sands Inc. announced late Thursday it would halt construction on its 85 per cent complete PR Spring Project after a review prompted by low oil prices and delays caused by the closure of Utah-based operations of two key contractors.

"The oil industry is facing one of the most challenging environments it's ever seen and it is prudent for us to adjust our construction plan accordingly," said chief executive Cameron Todd in a statement.

“But the company’s value proposition remains sound. Low oil prices accentuate the need for a new approach in our industry.”

The company said it needs additional capital for commissioning, start-up and operations to validate its unique extraction technology. It plans to employ a biodegradable solvent made from citrus fruit, thus avoiding the use of tailings ponds, at the 2,000-barrel-per-day project.

It said it has not completed its previously announced US\$10 million royalty financing and is looking at other options, including issuing shares.

US Oil Sands noted it has about \$10 million in cash on hand, enough to survive into 2017 if oil prices don’t recover before then, adding the project cost is not expected to exceed \$60 million even if there’s a lengthy delay before construction resumes.

dhealing@postmedia.com

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