

Utah board backs 1st US oil sands project

PAUL FOY, Associated Press

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SALT LAKE CITY (AP) — Utah gave its final approval Wednesday for the nation's first commercial tar sands project, handing a victory to a Canadian company that aims to start producing 2,000 barrels of oil next year in the start of what could grow into a much larger operation.

The Utah Water Quality Board upheld the decision of state regulators and turned back an appeal from a Moab-based environmental group that vows to take up its fight in the state courts.

Living Rivers has fought the project every step of the way, arguing that tar sands mining will contaminate groundwater in a largely undeveloped area of Utah's Book Cliffs region that drains into the Colorado River.

State regulators and the company insist the eastern Utah desert is so dry there is no significant groundwater to pollute. An administrative law judge agreed, sending a recommendation for approval to the Water Quality Board, which held hours of arguments before upholding a crucial state permit Wednesday by a vote of 9-2.

U.S. Oil Sands Inc. is looking to take on a partner, ordering equipment, hiring Utah contractors and preparing the site and won't be deterred by a possible court challenge, said Cameron Todd, chief executive of the Calgary, Alberta-based company.

Todd said a citrus-based solvent will leave the oil-soaked sands as clean as beach sand, with the company recovering 96 percent of the solvent and filling the pit up with the clean sand even as it continues mining.

"We have an outstanding project with superb environmental attributes," Todd said Wednesday. "This is a poster child of responsible development."

Executives plan to produce from a 62-acre mountaintop pit starting in late 2013. The company holds leases on 50 square miles of Utah trust lands sprinkled with gooey bitumen, a tar-like form of petroleum.

Skeptics said the company had refused to divulge its secret recipe and that the solvent could release petroleum toxins into the ground. Living Rivers said snowmelt and infrequent rain can saturate the project site at times during the year, in a region that receives 12 inches of precipitation a year.

"This mine is the first of its kind," Living Rivers attorney Rob Dubuc said. "Nobody really knows what the impacts will be. This is not the time to rush ahead without knowing what we're doing."

Both sides argued over Utah's definition of groundwater — and how much needs to exist to qualify for protection. State regulators assert no groundwater exists in the area except at extreme depths isolated from the demonstration pit, and they issued the company a groundwater discharge permit without requiring active monitoring of any trace of water.

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