

Enefit committed to oil shale development

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Oil shale projects have a long history in the Uintah and Piceance Basins. While the promise of commercially producing oil from oil shale hasn't happened yet, it will, and I believe it will happen sooner than later. As CEO of Enefit American Oil, I've seen profitable, unsubsidized oil shale production on a commercial scale first-hand in Enefit's native country of Estonia, and I'm confident it can happen here.

A small nation in a strategic location but with no other energy resources, Estonia became the world leader in using oil shale for the production of power and liquid fuels out of a desire to be energy self-sufficient. With that experience in hand, Enefit is bringing its knowledge and expertise to other places in the world with significant deposits of oil shale; Enefit has active projects in the Middle Eastern country of Jordan and just over the Utah line in the southern Uintah Basin.

Projects in both places are moving forward. In Utah, we submitted an application to the Bureau of Land Management at the end of December to begin a project-level Environmental Impact Statement on a portion of our privately owned property that we call "Enefit South." While the site is privately owned, utilities to it serve it must cross BLM land, which triggers an EIS. This is just one of the many federal, state and local approvals and rigorous environmental reviews that we'll need to obtain before the project is authorized to proceed.

We plan to use surface mining and onsite processing; "first oil" is expected in 2020. Different from the in situ oil shale projects planned for Colorado, which call for rock to be heated underground and the released oil (or kerogen) to be pumped to the surface, our ex situ project involves mining rock on the surface and then crushing and heating it in a retort. These are standard, proven techniques found at any mining operation or oil refinery. How the

pieces of equipment fit together, and the fine-tuning of the process, is where the art comes in. Different oil shales, like all hydrocarbons, have different properties, and this requires adjusting the process accordingly.

We've heard critics say that Utah oil shale is so different from that in Estonia that we can't possibly adapt our technology to produce oil. Not true. In fact, we've already produced oil from Utah oil shale at our test facility in Germany and are planning a larger test this spring. As we work to permit the project, we will continue to optimize the process so we're confident that we've adjusted appropriately for the specific properties of the oil shale on our property. We're exploring a variety of available alternatives and modifications to the process to do this. Significant testing and calibration is simply prudent when any company considers investing several billions of dollars.

We've also heard critics say that recent lively discussions in Es-

tonia's parliament about Enefit's international growth strategy prove that "even the world leaders in oil shale production are unsure" that the Utah project will work. Again, not true. Just like politicians in the U.S., those in Estonia have individual points of view, goals and agendas. As a state-owned company and the largest company in the Baltic region, Enefit frequently finds itself at the center of these political discussions. While we might not like the sometimes conflicting messages this sends halfway around the world to those who aren't close to the situation, it is a standard part of the process in a democratic country.

The fact is that Enefit is confident in its investment to date and confident that we can develop this project in a way that is environmentally acceptable, economically beneficial for the community and profitable for the company.

U.S. oil shale production has been elusive. But, with projects like Enefit's and others, that's about to change.