

E&E NEWS

BLM paves way for hotly debated first production plant

[Scott Streater](#), E&E News reporter

Published: Wednesday, September 26, 2018

The Bureau of Land Management approved a utility corridor project in Utah that paves the way for the nation's first oil shale production plant. [Enefit American Oil](#)

The Bureau of Land Management today formally approved a utility corridor allowing electrical power lines and pipelines for water, natural gas and oil product to cross public lands to and from what would be the nation's first oil shale production plant on private lands in Utah.

BLM's [record of decision](#) (ROD) is a major victory for Enefit American Oil's long-planned South Project, which is strongly opposed by environmental groups that say the project would lead to widespread air and water pollution.

Enefit American — the Salt Lake City-based arm of Estonian-owned Eesti Energia — plans to build an estimated 50,000-barrels-per-day oil shale production plant on private lands it owns; it also owns the mineral rights underneath the private parcel in Uintah County, Utah.

The ROD — signed this week by Joe Balash, assistant secretary for land and minerals management at the Interior Department — allows the company to route 13.7 miles of a water supply pipeline, 5.5 miles of a natural gas supply line and 7 miles of an oil product line across BLM land. Approval of the right of way application originally filed by the company in 2012 is a critical component to eventually building and operating the proposed plant, the company says.

The ROD also allows the company to upgrade and pave a roughly 5-mile section of Dragon Road that also includes some BLM land. And it allows Moon Lake Electric Association Inc. to build two 138-kilovolt transmission lines connected to the oil shale project across BLM land.

"This is a tremendous milestone for our future project and for energy development in Utah and the Mountain West Region," Enefit American CEO Rikki Hrenko-Browning said today in a statement.

It also supports the Trump administration's goals of increasing fossil fuel production on federal lands and securing "American energy independence," BLM said today in a press release announcing approval of the ROD.

"Right-of-way projects are tremendous economic drivers that involve critical coordination with our neighbors and stakeholders," BLM Deputy Director Brian Steed said in a statement. "We are proud to do our part to move this important energy project forward."

The proposed project could be a major advancement in a decades long effort to develop technologies capable of extracting vast oil shale reserves that proponents say could meet the nation's energy needs for more than a century.

But the ROD drew sharp criticism from environmental groups.

"The Trump administration is trying to jump-start a filthy new fossil fuel industry in the Colorado River Basin," Michael Saul, a senior attorney at the Center for Biological Diversity, said in a statement.

In general, the process of extracting crude oil from shale rock can be a resource-intensive process, with some government estimates calculating it could take three barrels of water for every one barrel of oil produced.

Extracting crude oil from shale rock requires heating an organic material in the rock called kerogen to 650 degrees Fahrenheit or more, requiring huge expenditures of energy and water and potentially causing large-scale environmental degradation, critics say.

Michael Toll, a staff attorney with Grand Canyon Trust, said in an email to E&E News that BLM's analysis of the project was "utterly inadequate" and failed to properly analyze the potential impacts to "air, water, climate, and [wildlife] species."

He added, "Considering the rights-of-way are a public subsidy of an otherwise economically unfeasible oil-shale facility, the public has a right to know exactly how Enefit's project will impact their health and environment."

But BLM has said in environmental review documents — including a draft environmental impact statement conducted by the Obama administration's BLM more than two years ago — that turning down the right of way request could have a detrimental impact because it would force Enefit to generate power on-site and haul fuel by truck ([Energywire](#), June 16, 2016).

Today's ROD draws the same conclusion.

For example, the ROD notes that the buried oil product line is in the "public interest" because without it, "the commodity from the South Project would have to be trucked to market which will result in increased air emissions and additional trucks (and attendant wear-and-tear and safety issues) on the existing roadways."

Hrenko-Browning, who is set to step down as Enefit American CEO in January to become president of the Utah Petroleum Association, said in her statement that the company "worked closely and cooperated fully with the BLM and other federal, state and local agencies since the environmental review process began in late 2012."

She added, "Many potential concerns were identified by agencies, interest groups and the public during the process, and we appreciate the BLM's diligence in determining that these issues can be adequately addressed to allow a right-of-way easement across this federal property."