

## **Governments**

Mike McKee was recruited from his Vernal dairy farm to become a county commissioner in 1991. He's been a tireless and cheerful voice for economic development in Uintah County ever since.

*In Uintah County and the Uinta Basin, the amount of energy that is located here is not well known. In fact, the nation doesn't know it. I'm not even sure the state fully appreciates it. But the volumes of energy here are just astounding. There's 111 trillion cubic feet of natural gas contained right here in the Uinta Basin.*

*There may be more than that, because what happens, the more work they do, the more they discover. Somewhere around four or five billion barrels of conventional oil right here in this area. Saudi Arabia has 262 billion barrels. Right here in the Uinta Basin, in oil shale, not 262 billion, but 1.32 trillion barrels of oil.*

*One of the challenges we have out here in the Uinta Basin is the fact that our traditional oil here is a little bit heavy, and so as the refinery takes the oil that comes—it's the black wax, the yellow wax that's coming out of our oil here locally—is it goes to the refineries in Salt Lake. They have to take a pretty good discount on that, just because they can.*

*50% of the jobs in Uintah County and the Uinta Basin are oil and gas related, and 60% of our economy are tied to the extractive industry.*

Unemployment in Uintah County hovers around 4%, the lowest in Utah. Once dependent upon agriculture, the county now rides through good times and bad alongside the oil-and-gas industry. When energy demand dropped during the recent recession, unemployment briefly shot above 10%. But Vernal and Uintah County have stayed in the saddle through boom-and-bust cycles for the last few decades. The commissioners hold the reins on money that pours into the county from energy development.

*There is a 12½% tax imposed on these companies. In 2008 there was 227 million dollars that the federal government collected out of just this county. About 49% of that goes back to the State. And then of that, there's a certain percent that comes back to the local counties. Those funds can be used to, for example, you were at the rec center today, that particular center was built with some of these mineral lease funds. And so it's a very positive aspect that comes back from the oil and gas industries, to be able to help with community development, to help with streets and roads. You see just across the street here there's a new library; the majority of that was built with mineral lease funds.*

*Between the County and the Community Impact Board, there's going to be a total of around \$75 million on that Seep Ridge Road. That particular project is being built almost 100% through that fund, by that 12½% money. So in a sense, oil and gas is paying for their own road.*

Mike McKee firmly believes that oil-and-gas revenues have helped Uintah County. And he believes that federal restrictions have hamstrung energy development.

*Here in Uintah County, only 15% of our property in Uintah County is privately-held property. So the federal government certainly has a lot to say with the development and what happens on our public lands.*

*There's 2.9 million acres in Eastern Utah, that for the most part was open for oil and gas leasing —administration has come in and essentially taken it off the table, simply taken off the table. And so we're playing this yo-yo between different administrations. If we're not careful we're going to find that our resources are never going to be developed. The process is broken here. I'm going to tell you the process is broken.*

The Bureau of Land Management administers most federal land within the Uinta Basin. Under President Obama, previous allocations of acreage available for oil sands exploration were reduced more than two-fold. The BLM also manages 2 ¼ million acres in Utah, Wyoming, and Colorado that are underlain by oil shale in the Green River Formation; it now restricts exploration to less than a third of that land. Of course industry complained that the restrictions cut too deeply; environmental groups cried that they didn't cut deeply enough.

*Mike Stiewig. I'm the field manager in Vernal, the Green River District, for the BLM.*

The BLM's experience with unconventional energy stretches many decades back to the first days of gilsonite mining. Also known as uintahite, gilsonite is a jet-black hydrocarbon that is currently used in drilling muds for oil wells. Now the agency is feeling its way as it formulates new regulations for commercial mining of oil shale.

*We don't want to end up with something that is not viable, and lock up a lot of land, and create a lot of environmental impacts that are really unnecessary. That's the bottom line. I don't want to have a bunch of folks out there building facilities and creating disturbance and stuff that is gonna blow away in two years or whatever, and disappear, and say, "Whoops, that didn't really work out. Thanks, see you later."*

Enefit American Oil plans to first mine oil shale close to the surface on its private land south of Bonanza, but wants to expand onto deeper adjacent BLM holdings to the west and north—part of its White River research and development permit. Mike Stiewig will have to determine if Enefit has complied with BLM guidelines before commercial mining can proceed.

*We don't fudge, we don't shift, I don't make deals.*

*The one thing I know, and as field manager here, the one thing is Follow the Process. I'm not going to bend it one way or the other way because I'm interested in seeing 'em succeed or not*

*succeed. Trust me, success, non-success... sure I'd like to see 'em succeed. If they succeed, good. If they don't succeed, oh well.*

Enefit hopes to expand onto BLM land. US Oil Sands has chosen to avoid federal land. By leasing only from Utah's State Institutional Trust Lands Administration, or 'SITLA', USOS will still have to comply with regulations regarding air, water, and endangered species, but will avoid having to go through the much more complicated National Environmental Policy Act, or 'NEPA'.

*SITLA's mission and their goal is to make money for education. They're not public land stewards, they don't approach life the same way that we do. They're not a multiple-use public lands agency that says, Hey, we've gotta think about everybody, the entire, all the public. SITLA's after makin' money for the schools. It's easier to do business on SITLA lands than it is on federal lands. Doesn't make right, wrong, or in between. That's just the way it is.*

SITLA has leased 17,000 acres on Seep Ridge to Red Leaf Resources. That company has arranged permits and financing, and will soon begin mining oil shale. Red Leaf will use its Eco-Shale Capsules to pit-barbecue kerogen, a lower-temperature process than Enefit's, one that relies on natural gas as a fuel.

Will Stokes is the SITLA mineral resource specialist who manages the agency's oil sands leases from his office in Salt Lake City. He grew up near Price where his geologist father started the Cleveland-Lloyd dinosaur quarry. Stokes has seen many projects rise, shine, and fold. He chuckles about the man who proposed a novel bitumen extraction process which was shut down when his wife yelled at him for running off with the backyard barbecue grill. So far, conventional oil-and-gas prospects are keeping the lights on at SITLA; unconventional energy sources haven't ante-ed up any income yet. He said, "Oil sands are the energy source of the future—and always will be."

Paul Baker works down the hall as an environmental manager at Utah's Division of Oil, Gas, and Mining.

*Our mission statement basically says that we recognize the value of mining, both to the economy and to people's lifestyles—but we also recognize that there are certain resources that need to be protected. And I think every one of us in this program is committed to both of those ideals, that we know that these resources, that there's a necessity to exploit them. But we also have a commitment to protect the environment, and to protect the public safety and health.*

*The regulations call for vegetation cover that's at least 70% of the pre-mining cover. I think the landscape is such that they can get at least 80 or 90%. And as far as the species are concerned, they have to be compatible with post-mining land use, which would be wildlife habitat and grazing. 200 acres is not huge in regards to the overall landscape. And so if there's some change in the plant community, that would probably be alright. If they start to expand more, we will be pushing a lot harder. Well, we're still going to be pushing for a more diverse community,*

*but I guess what I'm thinking of is Vernal Phosphate, where a lot of what they started off with was piñon-juniper habitat with some sagebrush and things mixed in. But the community is different than what it was. It's largely a grassland.*

County, state, and federal are not the only governments in the Uinta Basin. The sovereign Ute Tribe is also involved. Over the past 150 years, the 3200-member Northern Ute Tribe has seen its traditional lands reduced to 1.3 million acres. The tribe has been redefining its 'Indian Land' to 4.5 million acres that would include much of the Uinta Basin. About half of the tribe's members still live on the reservation near Fort Duchesne. Poverty remains a persistent problem on the reservation and in surrounding communities even though the tribe recently sold its Ute Energy Company to a Canadian corporation for  $\frac{3}{4}$  of a billion dollars. The stakes are high and the geopolitical implications cast shadows beyond the reservation, but details are hard to come by. Ron Wopsock, a member of the Ute Business Committee, suddenly aborted an interview after learning that the point was to gather information rather than unilaterally advance the tribe's interests.