

Company ends bid for Utah oil shale project

BY JENNIFER YACHNIN | 09/12/2023 01:37 PM EDT



The Green River flowing through Canyonlands National Park in Utah. An Estonian-owned oil company abandoned plans for a commercial-scale oil shale mine that would have drawn 3.5 billion gallons of water from the river. *Neal Herbert/National Park Service.*

GREENWIRE - An Estonian-owned oil company abandoned plans for the nation's first commercial-scale oil shale mine and processing plant in Utah, announcing its decision as a settlement agreement cut off the project's access to flows from a major Colorado River tributary.

In an Aug. 9 letter to the Bureau of Land Management, a copy of which was [obtained by the nonprofit](#) Grand Canyon Trust, Enefit American Oil announced it would end its project plans after "extensive consideration of business plans regarding federal oil shale leasing and development."

Enefit, the Salt Lake City-based arm of Estonian-owned Eesti Energia AS, had operated under a research, development and demonstration lease since 2007, making it the last

active oil shale research lease on BLM land issued under the George W. Bush administration.

Environmentalists had challenged the project on multiple fronts, including a federal lawsuit targeting its rights of way across public lands, and in a state regulatory review of Enefit's plans to use 3.5 billion gallons of water from the Green River, which feeds the Colorado River.

"Enefit's abandonment of its oil shale lease is a major victory for the overstressed Colorado River Basin and the tens of millions of people and imperiled wildlife that this fragile water system supports," said Daniel Estrin, general counsel and legal director for Waterkeeper Alliance.

The Grand Canyon Trust announced a settlement agreement Tuesday in its [challenge to a 30-year lease](#) between the electric cooperative Deseret Power and Enefit, which granted the latter a 10-million-gallon-per-day water right on the Green River.

Environmentalists — including the Center for Biological Diversity, the Waterkeeper Alliance, Earthjustice and the Natural Resources Defense Council — argued to the Utah Division of Water Rights that the agreement violated state law by allowing Enefit to hold onto an otherwise expired water right.

Utah law requires water rights to be put to "beneficial use" within 50 years, or the water right returns to the public domain.

Ahead of the expiration of its water right, Enefit sold its water to Deseret Power in 2013 — for a total of \$10 — because the public utility could seek an extension of that deadline.

The utility then agreed to lease the water back to Enefit.

Under the [settlement](#), Deseret Power agreed to limit the use of its water rights solely to the Bonanza power plant in Uintah County, a single 500-megawatt coal-fired generating unit.

The utility also agreed to modify its water right to limit its future use to prohibit "Deseret Power and all other entities or persons from using the Water Right for fossil fuel mining, extraction, processing, or development."

"This settlement ensures that this very large water right can't be siphoned from the Upper Colorado River Basin to develop oil shale or other fossil fuel," said Michael Toll, staff attorney for the Grand Canyon Trust. "Between the settlement and the abandonment of the federal lease, we're hopeful that Enefit's oil shale plans may finally be gone for good."