

Panel shifts gears on best rail route to move oil from eastern Utah, says line now can be built for billions less

Five years ago, Utah state transportation planners studied building a railway for shipping Uinta Basin crude oil via Indian Canyon to the Union Pacific line in Price Canyon, but abandoned the idea as too costly in the face of a \$5 billion estimate for punching tracks through the West Tavaputs Plateau's complicated terrain.

Rail champions shifted their focus east, looking to extend a much longer rail connection out of the basin, [connecting with the national rail network in Colorado](#) near Craig, Rifle or Mack.

Yet after much planning and outreach geared toward a Colorado connection, the [Seven County Infrastructure Coalition](#), the group leading the latest charge to rail the basin, has now selected Indian Canyon as the preferred route, insisting this 80-mile alignment could be built for \$1.2 billion, dramatically less than previously estimated, thanks to a few adjustments.

"This route has the least environmental impact," said Mike McKee, the former Uintah County commissioner who now heads the coalition. "The Craig route is less challenging terrain, but double the miles."

Uinta Basin railroad alternatives

Eastern Utah counties are again seeking to build an oil-moving rail line from the Uinta Basin to Price Canyon in hopes of getting the basin's crude to market more efficiently than the trucks now cluttering Utah highways. Their latest proposal downplays the idea of shipping the oil to Colorado, which had been portrayed as the best route in recent years.



Source: Seven County Infrastructure Coalition, Google Maps

GRAPHIC BY CHRISTOPHER CHERRINGTON | *The Salt Lake Tribune*

(Christopher Cherrington | *The Salt Lake Tribune*)

This coalition of seven eastern Utah counties formed a few years ago to develop high-dollar projects to get the state's mineral resources to markets. Solving the Uinta Basin's transportation bottleneck, which imposes severe limitation on production in Utah's oil patch, is one of the coalition's principal goals.

The coalition's consultants will provide details on the proposed [Uinta Basin Railway](#) on Thursday at an open house from 5 p.m. to 7 p.m. at Independence High School in Provo.

An earlier state study said that without rail or some other transportation project, such as new pipelines or freeways, \$30 billion worth of oil could remain undeveloped in the basin during the next three decades because of delivery constraints. The cost to Utah's economy would be \$10 billion and prevent creation of 27,000 jobs.

Through the years, 29 rail routes have been studied, but most were ruled out for various reasons.

"There's not a route where you can push the easy button," McKee said. "If

there were, this would have been built by now."

His coalition now has identified three potential routes to be analyzed in an environmental impact statement that McKee said is to be conducted by the federal Surface Transportation Board, which will be the ultimate decision maker on which path to pursue. A Colorado-bound route remains in consideration, along with another all-Utah route through Wells Draw. Both Utah alternatives pass through Emma Park and meet the Union Pacific line near Kyune at the head of Price Canyon.

The Utah options caught Argyle Canyon residents by surprise last month, when surveyors showed up examining a possible rail alignment through their area, according to property owner Darrell Fordham. Fordham and others have since formed a group called the Argyle Wilderness Preservation Alliance and pressed the coalition to explain why Wells Draw and Indian Canyon alignments are back in play after they were soundly rejected in 2014.

"They kept dancing around the issues and wouldn't give us a straight answer on anything," said Fordham, who raised his concerns at the coalition board's April 12 meeting. He was skeptical how the cost estimates could drop from \$5 billion to \$1.2 billion. What changed?

According to McKee, the new alignment would require only three miles of tunnel, which costs up to \$100 million per mile, and would not require the reconstruction of U.S. Highway 191 through Indian Canyon. The earlier proposal envisioned up to 10 miles of tunnel and expanding the highway.

The proposed alignments would begin either outside Myton or on Leland Bench. The Wells Draw route would pass through Argyle Canyon, a remote area west of Nine Mile Canyon lined with private inholdings surrounded by public land.

"We will work with property owners to fine-tune the route to minimize

impacts," McKee promised.

The coalition has received some funding from the Utah Community Impact Board (CIB) toward the \$28 million cost of conducting the environmental review, but the coalition's grant request sparked some controversy among members of the board that decides how to divvy out millions in federal mineral royalties. This money, which is generated by mineral extraction on Utah's public lands, is legally required to be spent by local governments that address impacts of this development.

At their November meeting, several CIB members balked at investing so much money in this rail project after the board's legal adviser raised several concerns.

The rail project might not square with the intent of the Federal Mineral Leasing Act, which is to fund endeavors that alleviate impacts and burdens on communities from mineral development, Assistant Utah Attorney General Alison Garner told the CIB.

"There are a lot of unknowns should someone sue this board over its decision. A court will scrutinize the record to determine whether the decision was arbitrary and capricious," Garner said. "Did the board ask questions, seek supporting evidence, and demand answers to tough questions? Or did the board avoid difficult questions and accept flimsy explanations or excuses or act as a rubber stamp? If the latter, the decision will be struck down by a court."

She also raised concerns that much of the project, when the Colorado route was proposed, would be built out of state.

The board was split over whether to give the coalition the entire \$28 million requested, but it reached a consensus on a phased approach, voting to award \$6.5 million to get started.

The basin's crude oil is currently moved by a ceaseless parade of tanker trucks on narrow and somewhat-dangerous U.S. Highway 40 to Interstate 80 to refineries in North Salt Lake, while some trucks take the even-narrower U.S. 191 to rail connections near Price.

McKee and other oil boosters want to open up new markets for the basin's waxy crude, which is tough to transport because it solidifies at around 110 degrees. The five refineries on the Wasatch Front can handle about 80,000 barrels a day of this waxy stuff, and McKee does not believe that capacity will ever increase because of the Salt Lake Valley's persistent air quality challenges.

Getting Utah oil onto the national rail network would make it easier to deliver to refiners on the West and Gulf coasts and to the major oil hub in Cushing, Okla. McKee is particularly interested in the possibility of getting Uinta waxy crude to the Gulf Coast, he said at recent presentation. There, six refineries are equipped to handle the Uinta Basin's "excess" production should it rise to 225,000 to 350,000 barrels a day as projected.