Utah Looks to Put the Oil Shale Cart Before the Horse
Would Grant Permits for Experimental Oil Shale Project that Company Has No Plans to Develop

SALT LAKE CITY, UT (November 19, 2014) – Today Western Resource Advocates challenged the Utah Division of Oil, Gas, and Mining (DOGM)’s decision to issue an oil shale development permit to a company that has neither the plans nor the money to develop its leases. Complicating matters, Utah regulators are looking to issue a commercial scale permit for technology that does not exist.

The company at the center of this battle is The Oil Shale Mining Company (TomCo), a British Company with holdings on public lands in eastern Utah. TomCo has a license agreement with Red Leaf Resources (RLR) to use their EcoShale technology. The EcoShale process is in the initial research phase; the first step RLR will undertake (funded by Total, a French oil company) is to build and test a single prototype capsule. Proof of concept is expected in 2017. Under its permits, RLR must prove its technology is viable and will not pollute Utah water or air before it can secure a commercial development permit. TomCo is nevertheless seeking a commercial development permit to develop oil shale prior to RLR proving the EcoShale process successfully extracts oil and does not pollute Utah’s environment.

“It’s too early to know whether Red Leaf’s technology will prove viable or safe, so granting a development permit to TomCo using unproven technology puts the cart before the horse,” said Rob Dubuc, Western Resource Advocates’ lead attorney in this challenge to TomCo’s permit. “By asking state regulators to approve commercial development using a technology that these same officials are currently evaluating for safety and viability undermines the credibility of the entire process.”

Further complicating matters is that TomCo’s CEO, Paul Rankine, has stated publicly his company has no intent of actually developing oil shale at the site for which they are requesting a permit: “Once the Utah state grants our permits, TomCo will have the second commercial-scale oil shale project permitted in North America. That’s why honestly I think that with Total in
the picture, it’s going to be somebody with a French accent that will bring this project on stream rather than me.”

Western Resource Advocates pointed out in the legal filing submitted today to DOGM that TomCo has no plans to test Red Leaf’s technology and is looking for investors to develop its leasehold. “TomCo’s plan appears to be propping up their stock price, not to advance any reasonable state interest,” said Dubuc.

TomCo has also been telling investors that Red Leaf must prove its technology before TomCo will proceed with its plan. TomCo’s May 2014 financial statements provide “TomCo intends to closely follow Red Leaf’s precedent once Red Leaf demonstrates the commerciality of the Ecoshale™ In-Capsule Process.” TomCo’s website contains a similar provision: “Following Red Leaf’s achievement of commercial production on its block, it is our intention to bring the Holliday Block into production.”

Western Resource Advocates is asking the Utah Division of Oil, Gas and Mining to deny the permit because TomCo does not intend to construct a prototype capsule and is foregoing any consideration of commercial development until Red Leaf completes its prototype testing. There is no legal basis for issuing a commercial permit.

Background: Oil Shale is neither oil nor gas. Oil shale is kerogen, a waxy precursor to oil, locked into shale rock. Given a few million years of heat and pressure, the kerogen in shale would in theory naturally yield oil. No commercial oil shale development currently exists in the US. Research continues by speculators to develop a means to produce oil on a commercial level in the United States. To learn more read the WRA report Oil Shale 2050 at www.westernresourceadvocates.org/oilshale2050/