Energy Developers Express Discouragement

The United States has sufficient energy supplies to maintain the existing standard of living for fifty years – allowing for development of other energy sources in the interim.

That was the good news. The bad news was it probably won't happen, because the energy program is courting disaster.

These were some of the conclusions of a three-hour symposium sponsored by Club 20 in conjunction with Mining and Petroleum Days in Grand Junction.

Subject of the symposium was the five, 10 and 15 year effect of energy development on the Rocky Mountain West. However, most of the speakers indicated that even though the needed resources are in the Rocky Mountains, the development may be stopped altogether and if so, the impact nil.

Charles Margolf, director of Western Coal Operations for W. R. Grace & Co. said, "You have invited the wrong people to tell you about impact. Development is no longer in the hands of business. You must seek out those who formulate law through the judicial system and create delay, which is often fatal."

Max Eliason, senior vice president of Skyline Oil Company and former president of Rocky Mountain Oil & Gas Assn., said he posed the question of impact to an independent oilman and the reply was: zero at five years, zero at 10 and zero at 15.

Eliason then detailed both the nation's needs and ability to fill those needs and the forces working against the effort. He called oil and gas price controls the confiscation of money from industry that would have been used for exploration and development. Eliason labeled the forcing of some to sell oil at $5.25 a barrel while the Arabs are being paid $14 a barrel, "outright thievery."

But this is cartel 1)

The United States has gone from purchasing 3.9 million barrels a day for $3.6 billion in 1971 from foreign countries to purchasing 8.8 million barrels a day for a total $46 billion this year, according to Eliason, who said a continuation of that trend will bankrupt the United States. He also said the U.S. military is 90 per cent dependent on foreign oil and increased world demand will exceed supply by 1990.

Eliason said, energy development is getting "bogged down and tied up" in environmental problems and "I fear all development will come to a complete stop." He said that Washington politics have resulted in the arming of environmental groups with a weapon that is "almost impossible to fight," and he expects a requirement for an environmental impact statement on any oil or gas well on the public domain soon.

He cited a U. S. Geological Survey estimating a 50-year supply of oil and natural gas within the borders of the United States and called the Carter Administration's policy of conservation, one of "spreading the misery around," unnecessary.

Margolf, whose company operates the ColoWyo coal installation near Craig, said that while industry could meet the coal goals of both Presidents Ford and Carter it has been stymied. He produced a 20-foot-long flow chart showing procedures for mining companies from initial interest to construction. He said ColoWyo spent four years and $40 million to get to the middle of the chart, only to have the U.S. Department of Interior change procedures last month.

In another example, Margolf said coal companies began intensive development efforts in the West in the early 1970's because of federal clean air requirements. He said the West's low sulphur coal would meet requirements without extensive air pollution control devices. Margolf said federal regulation and a virtual zero-leasing policy on federal lands are pushing companies back to the East.

Margolf said there is an absence of leadership and people who believe in freedom in Congress. He said the only reason the Alaskan oil pipeline was built was because Congress said it would not permit judicial challenge to the adequacy of the environmental impact statement. He said the only way the Alaskan gas pipeline will be built and the only way energy development in the West will take place is if Congress makes the same declaration.

Margolf said he does not anticipate that happening. He said even though 99 out of 100 persons believe in a project, as long as one person has a filing fee (for court challenge) the project will be delayed or killed. "We do not have an energy crisis; we have a crisis of time," he said.

W. C. Thurber, manager of Uranium and Asbestos Businesses of Union Carbide Corporation said the United States must rely on coal and nuclear power for the next 15 or 20 years. And, the United States is already committed to nuclear power.

Thurber said 60 per cent of total electrical generation in Northeastern United States is nuclear and the total cost is 1.4 cents per kilowatt hour as compared with the fuel cost alone of fossil fuel fired power plants of 2.3 cents per kilowatt hour.

Thurber said if approved, a recommendation by Carter advisers to declare a moratorium on nuclear power plants until the year 2000 would cost the American consumer an additional $50 to $100 billion dollars.

Despite strong support of nuclear power by the people at large, special interest and environmental groups are getting their way and "the mining community can no longer keep a low profile. I urge you to become activists," Thurber said.

In a report on regional development, Thurber said, 86 per cent of the known uranium reserves and 76 per cent of the probably potential deposits are in the Colorado Plateau and Wyoming Basin areas. Figures given by Thurber place 56 per cent of the nation's known uranium reserves and half of the potential reserves in the Colorado Plateau, which consists primarily of Southwestern Colorado and Southeastern Utah.

Thurber said he anticipates expenditures between now and 1992 of $2.3 billion for exploration and drilling in the Rocky Mountains and a capital investment for new mines and mills of $3.7 billion in the same area and time period.

Prognosis on transportation for energy development was mixed. W. J. "Bill" Holtman, president of the Denver & Rio Grande Railroad, said that after massive capital outlays, the D & RG could handle anticipated demand increases. Holtman said the railroad, which gets half its tonnage and 30 per cent of its freight revenue from coal, has spent $60 million on equipment and $40 million on roadbeds in the past five years.

However, R. A. "Dick" Prosence, district engineer for the 14 northwest Colorado counties of the Colorado Department of Highways said of roads in and around oil shale developments, that with the exception of Interstate 70, the beds are not strong enough, the paving isn't wide enough and the designs need to be improved.

He gave as one example, 72 miles of Colorado 139 in the Douglas Pass area. He said to provide the appropriate roadbed, eliminate some curves and provide drainage and shoulders on a good two-lane mat would cost $36 million. Prosence said the road will not even get $2 million in improvements in the next five years, since his total annual budget for all secondary roads in the 14-county district is $2 million.

Prosence said due to safety and environmental considerations and inflation, the per unit cost of road construction and improvements has tripled in the past 10 years.

He said the federal government funded defense roads during World War II and funded roads to facilitate uranium development 20 years ago. Prosence said, "It might be time for the feds to fund energy access roads throughout the country."

In delivering the keynote address and summation, Dr. Guy McBride, Jr., president of Colorado School of Mines traced a string of events beginning 50 million years ago with what was the beginning of mineral deposits to a point 50 years from now.

McBride, who echoed concerns over government intervention environmental groups and delays said, "Resources are limited but adequate for our standard of living for 50 years or so. We must do something to carry on after. It seems to me we're not doing all of that."

The Club 20 symposium was conducted in cooperation with the Colorado Plateau Section of the American Society of Mining Engineers of the American Institute of Mining, Metalurgical and Petroleum Engineers.

EXPLORE COLORADO WEST

1) argument - if cartel forcing up price it is thievery to stop others from taking advantage and [illegible]