

# Shell Oil walks away from Colorado's last free-flowing river

Shell Oil Company withdraws its bid to divert water from the Yampa River for oil-shale production

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SUMMIT DAILY NEWS,

MOFFAT COUNTY – Shell Oil Co. said Tuesday it is abandoning its quest for water rights from the Yampa River in northwest Colorado to develop oil shale production, citing delays in the project due to the global economic downturn.

The Yampa is the last free-flowing river in Colorado, uninterrupted by dams or other diversions. It winds through Dinosaur National Monument and is a popular rafting spot for the region's boaters.

“You really can't put a value on it – it's a beautiful, beautiful piece of river,” Dillon resident Brian York said. “It's definitely one of the best rivers for rapids, scenery and diversity of vegetation – you think it's going to be desert, but you're in an oasis of green.”

Colorado, Wyoming and Utah are thought to hold 800 billion barrels of recoverable oil in shale. But critics of a federal management plan for developing oil shale on public lands say the process would use too much of the region's scarce water.

Though Shell dropped its bid for Yampa water this week, the company left open the possibility of pursuing the oil-shale project in the future.

“The exact scale and timing for development will depend on a number of factors, including progress on our technology development, the outcome of regulatory processes, market conditions, project economics and consultations with key stakeholders,” the company said in a statement.

Shell was seeking a conditional water right to take up to 375 cubic feet per second, about 8 percent of the Yampa's average April-to-June flow. The company would have pumped the water into a new reservoir covering 1,000 acres and holding 45,000 acre-feet of water, or about 15 billion gallons.

The water diversion would have taken place upstream of Dinosaur National Monument and Cross Mountain Canyon, a four-mile stretch with Class IV and V rapids.

“We have this one, last great river,” said Steamboat Springs-based river guide Kent Vertrees. “Do we really want to mess with all of our rivers, or can we use this as an example for generations to come of what western rivers used to look like?”

Vertrees said the diversions proposed by Shell wouldn't likely have had severe impacts to rafting activity, but that they would have added to the existing cumulative impacts to the Colorado River system, to which the Yampa is a tributary. Furthermore, the Shell bid isn't the only looming siphon: Front Range water interests are eyeing the Yampa as a possible solution to their municipal water-supply woes.

The state was notified of Shell's decision on Tuesday, Colorado Department of Natural Resources spokesman Theo Stein said.

The last attempt to mine Colorado's oil shale, considered the region's richest, went bust when oil prices dropped and government subsidies dried up. People still refer to “Black Sunday,” May 2, 1982, when Exxon shut down a \$5 billion project near the West Slope town of Parachute, putting 2,200 people out of work.

The Bush administration in 2008 approved a plan to make nearly 2 million acres of public land available for oil shale development and finalized rules for commercial production, bringing protests from environmentalists.

Companies are still testing the best ways to tap the vast reserves, but commercial production is likely at least a decade off.

The Associated Press contributed to this story.

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