

From: [Ruland Gill](#)
To: [Uinta Basin Rail Environment](#)
Subject: Uinta Basin Railway Project -- Support
Date: Tuesday, September 03, 2019 10:31:10 PM

EI-26695

September 03, 2019

Joshua Wayland
U.S. Surface Transportation Board
C/O 9300 Lee Highway
Fairfax, VA 22031

ATTN: Environmental Filing Docket No. FD 36284

Dear Mr. Wayland,

I am the Chair of the Utah Board of Oil, Gas and Mining and am in support of the Uinta Basin Railway Project.

One of the questions you will surely ask the sponsors of this Project is whether the oil and gas reserves are authentic and real. Please relay to the Surface Transportation Board that the oil and gas reserves in the Uintah Basin Pool are significant and noteworthy.

Here are some facts to consider (recognizing that the Long-Lateral Horizontal Play in Utah is at the toddler stage with only 250 horizontal wells drilled to date -- it could be even bigger in areal extent):

- In 2018, the typical "Utah Long-Lateral Horizontal Well" (LLHW) has, in the first 20 months of the well's life, cumulative production of barrels of crude oil of between 200,000 and 250,000. Depending on the world oil prices, this means the wells payout (break-even on the drilling and well completion costs of approximately \$8-10 million) is somewhere between nine and twenty-four months.
- Currently, there are five proven producing zones. Again, depending on world oil prices, the Rates of Return on these five producing zones are in the range of 35% to 113%. That is an impressive return compared to what the average U.S. company or individual can get for similar risk.
- One of the best ways to compare U.S. producing fields is the calculation of "Proven Reserves per Square Mile" (mmbbl/sq.mile). A "Stacked Pay Comparison" of the Uintah field to other fields is also impressive. The number-one field is the Midland Texas field with 50-150 mmbbl/sq.mile. The Uintah Basin comes in second in the nation at 20-60 mmbbl/sq.mile. The other fields in the comparison of million barrels of recoverable crude oil per square mile are the Montney (10-40), the Eagle Ford (20-50), the Niobrara (25-50) and the Bakken (10-20).
- Early estimates are conservative that the entire Uintah Basin Pool contains approximately 55 Billion Barrels of Original Oil in Place. At (1) a 10% recovery factor and (2) a West Texas Intermediate price of \$50 per barrel, that equates to roughly \$275 Billion in gross revenue from the recoverable reserves.
- Most noteworthy is the fact that only six drilling rigs for LLHWs can produce enough crude oil to swamp the entire available refining capacity of Utah of between 75-85 thousand barrels per day.

I believe the Uintah Basin Pool could easily expand to double or triple the daily capacity of the current available market which is the Utah refineries.

Assuming the Uintah Basin Pool is national or international in quality and quantity, the next question is how to get this expanded and large, daily produced-volume to the interstate market. Of all of the options I've studied, it appears that the Uinta Basin Railway Project has the most potential and viability. Therefore, I strongly support the Project.

Being a native of the Uintah Basin, it also appears to me that the route preferred through Indian Canyon (as proposed by the Seven County Infrastructure Coalition) will have a substantial economic benefit to the local area, the State of Utah and the Rocky Mountain Region.

I know Indian Canyon. My fraternal grandfather was one of the original settlers, using the first set of draft horses in the Uintah Basin, to carry winter freight from Duchesne City to Price/Helper Cities, Utah. This is an ideal route because it has been the used for commerce from the date of the original pioneers up to and including the present day.

My understanding is also that Vernal City, Utah, is the largest city in America still not served by a railroad.

I know you hear arguments on both sides of the issue. So, let me add one more argument.

At statehood, Utah was granted by the Federal Government one-ninth of its surface and mineral estates to accomplish the federal doctrine of Equal Footing. It is the Utah Children that benefit most from oil and gas development. Per-pupil spending in Utah is dead last in the country. If its not dead last, it is next to dead last.

The Utah School and Institutional Trust Lands Administration (SITLA) handles the revenues from the one-ninth granted to Utah at statehood.

Without both SITLA revenues from its Endowments, the per-pupil spending in Utah would not be adequate by any measure. The kids of Utah, and the other beneficiaries of the SITLA trusts (like the Agricultural College of Utah State University), need this Project for sustained growth in education.

As the former Chair of the Board of Trustees of SITLA, I am strongly and passionately asking for your approval of the Uinta Basin Railway Project and that the project be routed through Indian Canyon.

Thank you for allowing me to comment.

Sincerely,

Ruland Gill

Chair, Utah Board of Oil, Gas & Mining

Former Chair of Board of Trustees for SITLA