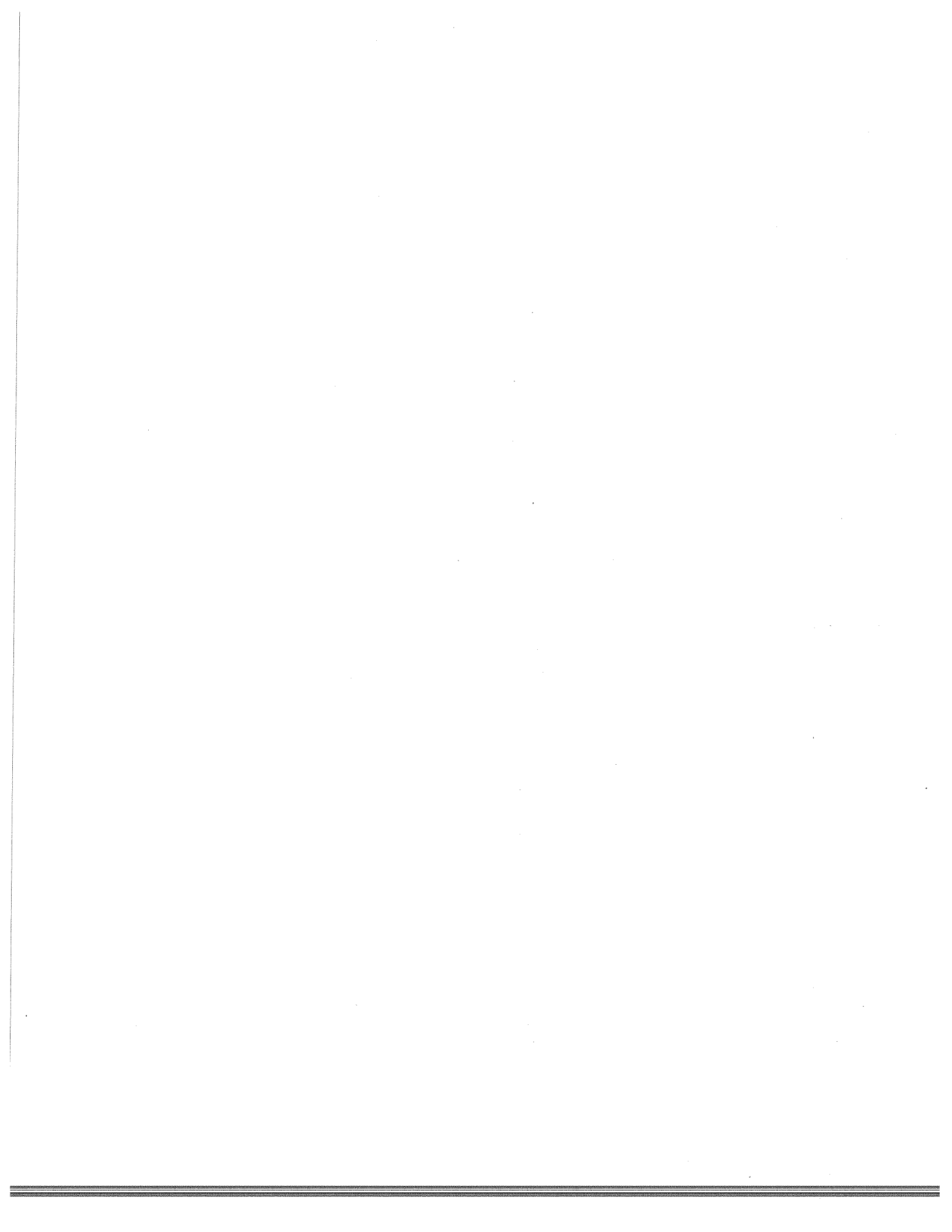


The Checks and Balances Project

*Holding government officials, lobbyists and corporate management accountable to the public*

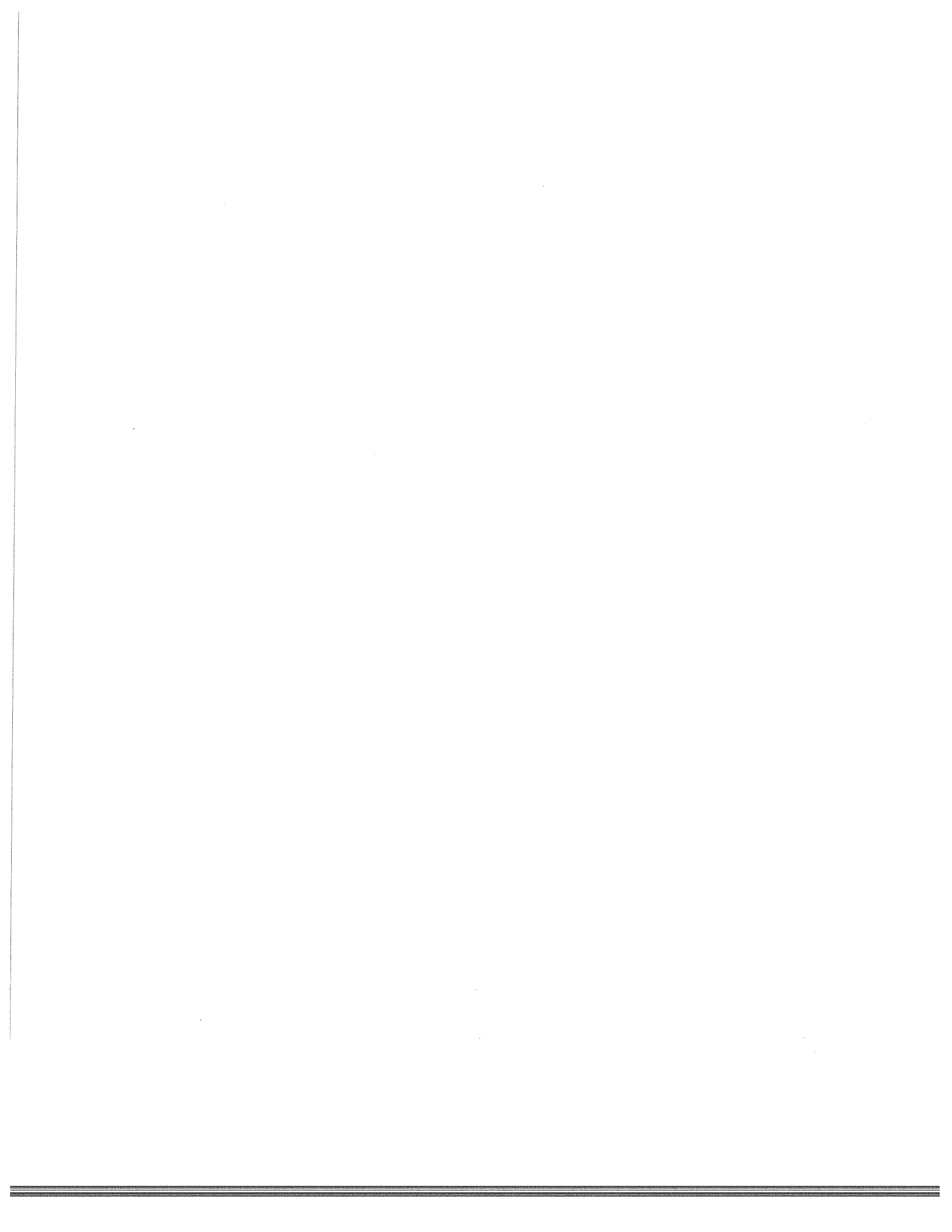
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## **Oil shale and politics in Utah**



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## **Executive summary**

In March, Utah county commissioners and Gov. Gary Herbert's public lands adviser met behind closed doors with oil shale lobbyists in Uintah County and local officials from Utah, Colorado, and Wyoming. Following the meeting, counties from those three states passed very similar resolutions demanding the Bureau of Land Management return to a radical Bush administration-era oil shale plan that puts western water at risk and locks-up two million acres of public lands for oil shale speculation. Newspapers, civic groups, citizens, and pundits from around the state condemned the meeting for violating sunshine laws. Just last week the Uintah County commissioner hosts finally admitted that they failed to properly notice the meeting and agreed to release the minutes and temporarily rescind their oil shale resolution.

Unfortunately, this sort of relationship between oil shale companies and politicians isn't new. For over a century, politicians have given millions of taxpayer dollars and public lands to companies engaged in oil shale speculation. In spite of this, industry has never been able to develop oil shale into a commercially viable energy source. Instead of learning a lesson though, politicians continue to throw good money and land after bad. We believe this kind of special treatment needs to end.

This document is an examination of why Utah politicians continue to give public money, to advocate for handing over public land to oil companies for speculation, and to do special favors for a failed industry.

We've divided our research into four sections. The first is an overall look at oil shale political contributions to federal, state and county officials. The second provides background on the pay-off of the Seep Ridge Road project. The third focuses on Red Leaf Resources, the political powerhouse oil shale company in Utah. The fourth examines Red Leaf Resources' quiet, foreign investor, Total S.A., a company with an extremely checkered reputation that has actively worked against U.S. security interests.

Thank you for taking the time to study this research, and for your help in ensuring that oil shale companies and politicians can't continue to operate in the shadows.

# Oil shale money in Utah politics

**Oil shale interests have contributed \$45,550 to federal campaigns and \$43,600 to state campaigns since 2007.**

*Federal Contributions*

- Two energy companies supporting oil shale development and three oil shale lobbyists with ties to Enefit, EnergyNorthAmerica, and Bennett Consulting group contributed a total of \$45,550 to the Utah congressional delegation since 2007.
- Lobbyist Allen Freemyer contributed \$2,000 to Rep. Rob Bishop and \$3,000 to Rep. James Matheson. Freemyer is the lobbyist for Enefit and Oil Shale Exploration Company. Enefit compensates Freemyer \$20,000 quarterly to lobby for development of an oil shale project on public and private lands. Uintah County, where significant oil shale deposits are located, is also Freemyer client (2011 Lobbying Report, 4th quarter).
- Robert Weidner, a lobbyist for American Clean Energy Resources Trust (ACERT), contributed \$1,000 to Rep. Matheson. ACERT supports uranium exploration and mining. Weidner used to lobby for James W. Bunger and Associates (JWBA). JWBA “has been active in shale and tar sand development for more than 40 years and serve as consultants in this field to both government and industry” (Secure Fuels From Domestic Resources, September 2011). Bunger is a Senior Technology Consultant to Red Leaf Resources.
- Lobbyist Timothy Stewart contributed \$5,500 total to Reps. Matheson and Bishop and Sen. Orrin Hatch. Stewart is a managing partner at Bennett Consulting Group and a founding partner at EnergyNorthAmerica. EnergyNorthAmerica executive Jack Coleman was on the Energy and Minerals Counsel for the House Committee on Resources and was the author of the Oil Shale, Tar Sands, and Other Strategic Unconventional Fuels Act of 2005.
- Total contributions that each member of the Utah delegation received from oil shale interests:

<b>Official</b>	<b>Total</b>
Rep. James Matheson (D)	\$17,500
Sen. Mike Lee (R)	\$11,050
Sen. Orrin Hatch (R)	\$8,500
Rep. Rob Bishop (R)	\$7,500
Rep. Jason Chaffetz (R)	\$1,000

- As an attorney for Howrey LLP, Senator Lee represented Redleaf Resources, Energy Solutions. Compensated more than \$5,000 (Financial Disclosure Statement, 2010). Redleaf Resources is an oil shale technology company. He is also a director of Mazuma Capital. Mazuma Capital invests in the energy sector (Financial Disclosure Statement, 2010). He sold his interests in Energy Solutions

stock but reported dividends between \$2,501- \$5,000 (Financial Disclosure Statement, 2010).

- Former Ambre Energy consultant Jonathon Reid contributed \$4,800 to Sen. Lee. Reid was also the campaign manager for the 2010 Lee Senate campaign. Reid is now a senior advisor to Utah Gov. Gary Herbert. Neither the company nor any other employees made campaign contributions.
- Anadarko Petroleum is a consistent and significant contributor in Utah federal elections having contributed \$29,250 to the Utah delegation.

Table: Oil Shale Contributions to Federally Elected Officials Representing Utah

Contributor	Date	Recipient	Amount	Oil shale connection
Allen Freemyer	12/15/11	Rob Bishop	\$500	Energy lobbyist. Clients include Enefit and Oil Shale Exploration Company (which was sold to Enefit in 2011)
Allen Freemyer	6/18/09	Rob Bishop	\$500	
Allen Freemyer: Jim Hansen & Assoc.	6/30/08	Rob Bishop	\$1,000	
Allen Freemyer: Lee and Smith	9/22/08	James Matheson	\$1,000	
Allen Freemyer: Lee and Smith	3/15/08	James Matheson	\$1,000	
Allen Freemyer: Lee and Smith	6/27/07	James Matheson	\$1,000	
Anadarko Petroleum Corporation	9/21/11	Rob Bishop	\$1,000	Anadarko, under an agreement with General Synfuels Int'l, launched an oil shale research program in WY (Casper Star Tribune, June 2, 2009)
Anadarko Petroleum Corporation	4/14/08	Rob Bishop	\$1,000	
Anadarko Petroleum Corporation PAC	12/6/11	James Matheson	\$1,500	
Anadarko Petroleum Corporation PAC	3/18/11	James Matheson	\$2,000	
Anadarko Petroleum Corporation PAC	3/19/10	James Matheson	\$2,000	
Anadarko Petroleum Corporation PAC	3/19/10	James Matheson	\$3,000	
Anadarko Petroleum Corporation PAC	10/15/09	James Matheson	\$2,000	
Anadarko Petroleum Corporation PAC	7/12/07	James Matheson	\$2,000	
Anadarko Petroleum Corporation PAC	2/3/12	Jason Chaffetz	\$1,000	
Anadarko Petroleum Corporation PAC	5/25/11	Mike Lee	\$1,000	
Anadarko Petroleum PAC	9/22/10	Mike Lee	\$2,500	
Anadarko Petroleum PAC	9/22/10	Mike Lee	\$2,500	
David Verity: Anadarko Petroleum	6/18/10	Mike Lee	\$250	
Anadarko Petroleum Corporation	7/28/11	Orrin Hatch	\$2,500	
Anadarko Petroleum Corporation	2/24/12	Orrin Hatch	\$2,500	
James Hackett—Anadarko	12/28/11	Orrin Hatch	\$2,500	



Contributor	Date	Recipient	Amount	Oil shale connection
Chair				
Robert Weidner	6/27/07	James Matheson	\$1,000	See full note below*
Timothy Stewart: American Capitol Group	7/17/09	Orrin Hatch	\$1,000	Managing partner at Bennett Consulting, partner at American Capitol Group, and founding partner of EnergyNorthAmerica - all of which have ties to the oil shale industry
T. Stewart: American Capitol Group	10/14/10	Rob Bishop	\$500	
T. Stewart: American Capitol Group	6/16/10	Rob Bishop	\$500	
T. Stewart: American Capitol Group	6/18/09	Rob Bishop	\$500	
T. Stewart: American Capitol Group	4/2/08	Rob Bishop	\$500	
T. Stewart: Bennett Consulting Group	12/15/11	Rob Bishop	\$500	
T. Stewart: Bennett Consulting Group	9/14/11	Rob Bishop	\$1,000	
T. Stewart	3/31/07	James D. Matheson	\$1,000	
Ambre Energy: Jonathon Reid	5/27/10	Mike Lee	\$2,400	
Ambre Energy: Jonathon Reid:	1/6/10	Mike Lee	\$2,400	
Total			\$45,550	

\*Weidner used to lobby for James W. Bunger and Associates which “has been active in shale ... development for more than 40 years and serve as consultants in this field to both government and industry.”

#### *State Contributions*

- Three companies supporting oil shale development and lobbyist Timothy Stewart who is closely tied to the oil shale industry, have contributed a total of \$43,600 to statewide elected officials since 2007.
- Anadarko contributed \$26,500 to statewide elections; \$25,000 of which was a single contribution to Gov. Herbert in Jan. 2012 for his current campaign.
- Red Leaf Resources executives contributed \$16,000 to Governor Herbert.
- Lobbyist Timothy Stewart contributed \$500 to Gov. Herbert. The University of Utah is a client of Timothy Stewart’s firm, American Capitol Group. The firm is compensated \$120,000 per year to secure “federal funding for priority University programs in research and development in DOE fossil energy and energy efficiency programs” (2011 Lobbying Report, 4th quarter). Researchers at the University of Utah recently secured funding through the DOE to study oil shale

on the upper Green River Formation in the eastern Uinta Basin  
(<http://www.heavyoil.utah.edu/>).

Table: Oil Shale Contributions to Statewide Elected Officials in Utah

Contributor	Date	Name	Amount	Oil shale connection
Anadarko Petroleum Corporation	4/5/07	Curt Bramble	\$500	Anadarko, under an agreement with General Synfuels Int'l, launched an oil shale research program in WY (Casper Star Tribune, June 2, 2009)
Anadarko Petroleum Corporation	3/5/07	Greg J. Curtis	\$500	
Anadarko Petroleum Corporation	3/7/07	Sheldon L. Killpack	\$500	
Chris Castilian/Anadarko Petroleum	1/11/12	Gary Herbert	\$25,000	CR invented oil shale surface process (February, 2007) and is seeking corporations and investors
Douglas Smoot: Combustion Resources	8/18/08	Gary Herbert	\$100	
Douglas Smoot: Combustion Resources	10/22/11	Gary Herbert	\$100	
Douglas Smoot: Combustion Resources	9/20/10	Gary Herbert	\$400	
Red Leaf Resources	10/8/10	Gary Herbert	\$5,000	Local Utah oil shale company
James Patten, Red Leaf Resources	11/3/11	Gary Herbert	\$5,000	
Todd Dana, Uintah Resources	12/9/11	Gary Herbert	\$1,000	Todd Dana founded Red Leaf Resources
Todd Dana, Uintah Resources	10/27/11	Gary Herbert	\$5,000	
Timothy Stewart	9/13/11	Gary Herbert	\$500	Managing partner at Bennett Consulting, partner at American Capitol Group, and founding partner of EnergyNorthAmerica
Red Leaf Resources	6/17/08	Utah House Republican Comm.	\$1,000	Local Utah oil shale company
Red Leaf Resources	7/7/08	Utah House Republican Comm.	\$1,000	Local Utah oil shale company
<b>Total</b>			\$45,600	

*Local Contributions*

- Oil shale lobbyist Allen Freemyer contributed \$250 to Commissioner Darlene Burns and \$250 to Commissioner Michael McKee.
- Oil Shale Exploration, now owned by Enefit, contributed \$1,000 to Commissioner Mark Raymond in 2008.
- Bob Williams is the largest contributor to all three commissioners, contributing a total of \$5,000. He donated the land for the USU Bingham Entrepreneurship and

Energy Research Center, which houses a large laboratory where Idaho National Laboratory, and “expects to demonstrate the integration of hybrid energy systems related to oil shale development with USU and industry collaborators.”

Table: Significant Percentages of Campaign Funds Are From Oil Shale Interests

Commissioner	Year	Amount raised that year	Total oil shale \$	Percentage of oil shale \$
Burns	2006	\$8,502.75	\$3,450.00	28%
	2010	\$3,893.24		
	Total for all years	\$12,395.99		
McKee	2006	\$-	\$2,250.00	54%
	2010	\$4,179.00		
	Total for all years	\$4,179.00		
Raymond	2008	\$9,038.55	\$2,600.00	29%
	Total for all years	\$9,038.55		

Table: Oil shale contributions to Commissioner Darlene R. Burns

Contributor	Amount	Report date	Notes
Lexco	\$500	July 2006	Lexco Inc. President James M. Lekas sits on the board of the Utah Land Trust and his background is listed as “research and development background in oil shale.” Lexco produces Gilsonite which is a form of natural asphalt. <a href="http://trustlands.utah.gov/board/board_members.html">http://trustlands.utah.gov/board/board_members.html</a>
Byron Merrell	\$100	July 2006	In an NPR profile, Byron Merrell was described as an “oil shale entrepreneur” who built his six story “retort” a building to extract oil from pulverized rock. <a href="http://www.npr.org/templates/story/story.php?storyId=5424033">http://www.npr.org/templates/story/story.php?storyId=5424033</a>
Larry Allred	\$100	July 2006	According to Bloomberg Businessweek, Larry Allred is the Senior VP of Mining Operations at American Resources Petroleum Corporation which “engages in the development [of] oil sands and oil shale deposits in the United States. It develops, produces, and distributes oil and oil products derived from tar sands.” <a href="http://investing.businessweek.com/research/stocks/private/sn_apshot.asp?privcapId=51055157">http://investing.businessweek.com/research/stocks/private/sn_apshot.asp?privcapId=51055157</a>

Contributor	Amount	Report date	Notes
Jim Lekas	\$500	July 2006	<p>Jim Lekas of Geokinetics said in this paper from Open University (undated) that “This shale oil that we’re producing here today represents a number of firsts in the history of the state of Utah. Geokinetics is the first company ever to produce significant quantities of shale oil; we’re the first company ever to sell that shale oil to a refinery and pay royalties to the state of Utah; and this oil is the first synthetic fuel produced, refined, and marketed within the state. At present, this is the only significant production of shale oil in the United States.” <a href="http://media-podcast.open.ac.uk.s3.amazonaws.com/feeds/s278-extracting-coal-and-oil/transcript/s278geology3.pdf">http://media-podcast.open.ac.uk.s3.amazonaws.com/feeds/s278-extracting-coal-and-oil/transcript/s278geology3.pdf</a></p> <p>Jim Lekas was/is also the co-chairman of the Uintah County Public Lands Committee. <a href="http://www.co.uintah.ut.us/publandsdept/minutes/2005/06-13-05.pdf">http://www.co.uintah.ut.us/publandsdept/minutes/2005/06-13-05.pdf</a></p> <p>Geokinetics according to this 1981 EPA report is involved with oil shale: <a href="http://nepis.epa.gov">http://nepis.epa.gov</a>.</p>
Allen Freemyer	\$250	Oct 2010	<p>Freemeyer is a Washington DC lobbyist for Enefit. <a href="http://soprweb.senate.gov/index.cfm?event=submitSearchRequest">http://soprweb.senate.gov/index.cfm?event=submitSearchRequest</a></p>
Bob Williams	\$2,000	Oct 2010	<p>Robert H. Williams donated a land grant to Utah State University valued at \$5.3 million. The land is now the site of the Bingham Center, which houses a large laboratory where INL expects to demonstrate the integration of hybrid energy systems related to oil shale development with USU and industry collaborators. <a href="http://www.usu.edu/campaign/news/Bob_Williams.cfm">http://www.usu.edu/campaign/news/Bob_Williams.cfm</a> Andn <a href="https://inlportal.inl.gov/portal/server.pt?open=514&amp;objID=1269&amp;mode=2&amp;featurestory=DA_562251">https://inlportal.inl.gov/portal/server.pt?open=514&amp;objID=1269&amp;mode=2&amp;featurestory=DA_562251</a></p>
Total	\$3,450		

Table: Oil shale contributions to Commissioner Michael McKee

Contributor	Amount	Report date	Notes
Allen Freemyer	\$250	Nov 2010	<p>Freemeyer is a Washington DC lobbyist for Enefit. <a href="http://soprweb.senate.gov/index.cfm?event=submitSearchRequest">http://soprweb.senate.gov/index.cfm?event=submitSearchRequest</a></p>
Bob Williams	\$2,000	Nov 2010	<p>Robert H. Williams donated a land grant to Utah State University valued at \$5.3 million. The land is now the site of the Bingham Center which houses a large laboratory where INL expects to demonstrate the integration of hybrid energy systems related to oil shale development with USU and industry collaborators. <a href="http://www.usu.edu/campaign/news/Bob_Williams.cfm">http://www.usu.edu/campaign/news/Bob_Williams.cfm</a> and <a href="https://inlportal.inl.gov/portal/server.pt?open=514&amp;objID=1269&amp;mode=2&amp;featurestory=DA_562251">https://inlportal.inl.gov/portal/server.pt?open=514&amp;objID=1269&amp;mode=2&amp;featurestory=DA_562251</a></p>
Total	\$2,250		

Table: Oil shale contributions to Commissioner Mark Raymond

Contributor	Amount	Report date	Notes
Oil Shale Exploration	\$1,000	June 2008	Now known as Enefit American Oil. <a href="http://en.wikipedia.org/wiki/Enefit_American_Oil">http://en.wikipedia.org/wiki/Enefit_American_Oil</a>
Utah Rural Electric PAC	\$500	June 2008	The Utah Rural Electric Association is part of the "Utah Public Lands Multiple Use Coalition" that is opposing "Salazar [when] earlier this year [he] rescinded 77 parcels of BLM land that had been bid on for possible oil and gas development and also yanked from consideration multiple parcels up for oil shale research and development." Deseret News, April 21, 2009 <a href="http://www.deseretnews.com/article/705298685/Public-lands-coalition-plans-to-Take-Back-Utah.html">http://www.deseretnews.com/article/705298685/Public-lands-coalition-plans-to-Take-Back-Utah.html</a>
Larry Allred	\$100	June 2008	According to Bloomberg Businessweek, Larry Allred is the Senior VP of Mining Operations at American Resources Petroleum Corporation which "engages in the development [of] oil sands and oil shale deposits in the United States. It develops, produces, and distributes oil and oil products derived from tar sands." <a href="http://investing.businessweek.com/research/stocks/private/sn_aphot.a_sp?privcapId=51055157">http://investing.businessweek.com/research/stocks/private/sn_aphot.a_sp?privcapId=51055157</a>
Robert H. William	\$1,000	Sep 2008	Robert H. Williams donated a land grant to Utah State University valued at \$5.3 million. The land is now the site of the Bingham Center which houses a large laboratory where INL expects to demonstrate the integration of hybrid energy systems related to oil shale development with USU and industry collaborators. <a href="http://www.usu.edu/campaign/news/Bob_Williams.cfm">http://www.usu.edu/campaign/news/Bob_Williams.cfm</a> and <a href="https://inlportal.inl.gov/portal/server.pt?open=514&amp;objID=1269&amp;mode=2&amp;featurestory=DA_562251">https://inlportal.inl.gov/portal/server.pt?open=514&amp;objID=1269&amp;mode=2&amp;featurestory=DA_562251</a>
Total	\$2,600		

## **Seep Ridge Road – Oil shale subsidies in action**

- Seep Ridge Road will service Red Leaf Resource's Seep Ridge oil shale facility, which has been put on indefinite hold. Despite that, this project was one of the only highway appropriations made but the Utah legislature.

The Utah Legislature began its 2008 session hoping to fund many new roads out of a large budget surplus. But when that surplus dried up, so did funding for most road projects. The final budget included little cash for new roads. Seep [sic] Ridge Road was one of the few exceptions. [...]

Sen. Kevin VanTassell, R-Vernal, who represents much of northeast Utah, got a \$2 million appropriation for seep Ridge Road via his seat on an appropriations committee. The money will be added to about \$2 million put up by Uintah County and a \$1 million pledge from industry to make up the estimated cost of preparing an environmental-impact statement and preliminary engineering drawings for an improved road.

*Salt Lake City Weekly*, April 3, 2008

Headline: Road to Nowhere

Byline: Ted McDonough

- The Seep Ridge Road is set to extend 44.5 miles and cost taxpayers a total of \$85.5 million.

According to Cheri McCurdy, director of the Uintah Transportation Special Services District the entire project funding has been set aside

“The UTSSD obligation is \$30.5 million to be combined in three (phases) of funding from CIB for a total of \$55 million,” she said. “It is anticipated to meet its Oct. 2014 project completion date.”

Speaking to the UTSSD board McCurdy said the district has been offered an option for “a \$10 million grant and \$10 million loan at 2% interest loan” by the Community Impact Board to complete the third phase of funding for the project.

Several segments of the roadway are under construction with the exception of Segment I, which was completed in Nov. 2011.

- Vernal Express

# **Red Leaf Resources – The force behind oil shale in Utah**



## **Red Leaf Resources Research Highlights**

- Red Leaf Resources executives claim to not need government, yet its lobbyist says the industry needs “a little tax relief.”
- Planned oil shale development by Red Leaf Resources will put a strain on the region’s limited water resources, and other local services.
- Red Leaf Resources executives cite inconsistent numbers and predictions.
- Productions costs vary from \$25 to \$45 per barrel
- The staff and executives of Red Leaf Resources are politically well connected. They contribute to federal and statewide officials and have engaged federal lobbyists and Sen. Mike Lee’s (R-UT) legal services.
- Red Leaf Resources contributed \$17,350 to federal campaigns and \$23,000 in Utah, including \$16,000 to Governor Gary Herbert.
- Red Leaf Resources does not report any spending on lobbying, at either the federal or state level. The company paid Dutko Worldwide \$110,000 in 2008. Although Red Leaf retains Jeff Hartley as its lobbyist in Utah, there are no financial disclosures reported.
- Red Leaf Resources has raised at least \$400 million from at least four sources. More than \$350 million has been raised since state regulators green-lighted a Red Leaf oil shale project in Utah.

### **Red Leaf Resources executives claim to not need government, yet its lobbyist says the industry needs “a little tax relief”**

- Red Leaf Resources Founder and Uintah Resources CEO Todd Dana said the domestic oil shale industry can compete with natural gas without subsidies.

“Unlike the Solar and Wind industries which cannot compete with electrical generation from natural gas without subsidies, the U.S. oil shale industry actually benefits from natural gas at low prices and without subsidies.”

Todd Dana, Red Leaf Resources Founder & CEO Uintah Resources, Testimony, November 15, 2011

- Red Leaf Resources VP Laura Nelson is on the board of Environmentally Conscious Consumers for Oil Shale (ECCOS). ECCOS claims the oil shale industry uses no government subsidies.

Oil shale is a market-driven industry, operating under strict environmental regulations and no government subsidies.

www.eccos.us

- However, Red Leaf Resources consultant and lobbyist Jeff Hartley says it makes sense to give a “little tax relief” to the oil shale industry.

“Oil shale is in its infancy. It would make sense to give it a little tax relief until its [sic] fully developed.”

Jeff Hartley, Red Leaf Resources Lobbyist, The Salt Lake Tribune, September 23, 2008

- Red Leaf Resources is the beneficiary of millions in state and local money being used to build a “road to nowhere” that’s only purpose is to provide all-weather access to their Seep Ridge facility – where work has been indefinitely postponed.
  - Uintah County has committed \$2 million to the road’s construction.
  - The Utah legislature approved a \$1 million appropriation for the road.
  - Construction of the road has already begun, even though Red Leaf’s Seep Ridge project has been put on hold.
- Red Leaf Resources was present at the meeting of state officials, county commissioners and oil shale lobbyists that occurred behind closed doors in Vernal, Utah on March 27. That meeting has been widely criticized by editorial pages and good government groups as violating the state’s open meetings laws.
  - At the meeting, language and strategy were discussed regarding resolutions subsequently passed that call on the BLM to reactivate the Bush-era oil shale plan.
  - This plan would give 2 million acres of public land to oil shale companies for speculation, and drop royalties to bargain-basement rates.
  - Those lower royalties would deprive Utah communities of the funds needed to expand infrastructure in the event that oil shale ever becomes a valid energy source, services including police, fire and schools.

### **Red Leaf Resources activities could “out-strip” local water supplies**

According to Laura Nelson, Red Leaf VP of Economic and Environmental Development, the EcoShale process uses almost no water (Utah *Business*, August 2011).

As for Red Leaf’s “EcoShale” project development in Utah, company VP Laura Nelson said that their novel scheme uses even less water than Shell’s - just one barrel of water for every five barrels of oil equivalent produced

*Energy Washington Week*, March 4, 2009

Uintah Water Conservancy District GM says oil shale

development could out-strip the amount of water available to users in the region.

Scott Ruppe, general manager of the Uintah Water Conservancy District, said Tuesday that if oil shale and tar-sands development increases steadily over the next decade to 20 years [near Vernal], then it could potentially out-strip the amount of water that would be available to users in the region.

If those companies were to eventually expand their operations and bring in thousands more workers and their families, then the resulting growth would put a strain on the area's water resources, Ruppe said.

Deseret Morning News, December 3, 2008

### **Red leaf gives inconsistent numbers and predictions**

- Production costs vary from \$25 to \$40 per barrel

Production cost is now estimated at less-than \$25/barrel, which looks attractive given a likely rebound in global crude-oil prices once the economic crisis passes.

Diesel Fuel News, March 30, 2009

Not including nitrogen removal costs, "our cost [of production] is around \$30 per barrel."

Red Leaf CEO Jim Patten at DEER conference Diesel Fuel News, September 1, 2008

EcoShale has been found to produce two-thirds lower carbon emissions than traditional retorts and, critically, can produce oil at a competitive \$40 a barrel.

Investors Chronicle, September 8, 2011

- Red Leaf Resources has placed their Utah operation on hold indefinitely due to insufficient research on the project's effect on the region's groundwater supply.

Red Leaf Resources officials have said they anticipate they will be ready for commercial production of 9,500 barrels a day by sometime this year.

Deseret Morning News, March 7, 2012

Red Leaf said it could be producing oil by 2014.

The Salt Lake Tribune, February 17, 2012

Red Leaf has recently successfully completed a pilot project in Utah and plans to expand this pilot utilizing the proceeds from its proposed equity offering and direct participation by a super major. Red Leaf anticipates commercial production from this project could commence in 2015.

**One barrel of oil equivalent is required to produce 7.5, 8 or 10 barrels of energy**

- 1 to 7.5:  
"[F]or us, it only takes about 1 barrel of oil equivalent to get 7.5 barrels of energy out," he said.  
Red Leaf CEO Jim Patten at DEER conference Diesel Fuel News, September 1, 2008
- 1 to 8:  
The Red Leaf Resources spokesperson says the company has largely answered these questions, arguing that the process uses no water, uses one unit of energy (natural gas) for extracting eight units of energy, and can largely reclaim the impacted land.  
Energy Washington Week, March 4, 2009
- 1 to 10:  
What's more, it only takes 1 barrel oil equivalent of energy input (natural gas) to yield 10 BOE output, she [Red Leaf Resources VP Laura Nelson] said.  
Diesel Fuel News, March 30, 2009

**The staff and executives of Red Leaf Resources are politically well connected**

**James Patten** is Red Leaf Resources CEO and has extensive experience working with the Department of Energy and lobbying. Experience includes:

- Served as Vice President of Non-Conventional Hydrocarbon Fuels at the Ohio-based Battelle Corporation where he was responsible for building the non-conventional petroleum, propulsion energy and automotive research portfolios for Battelle and the Battelle-managed Department of Energy (DOE) National Laboratories.
- While at Battelle, Patten served as a core member of the steering committee for the United States Department of Energy Office of Petroleum Reserves, which developed an actionable plan to revive oil shale development efforts in the United States."
- Former Executive Director at the Cummins Engine Company in Indiana, where he lobbied on technology issues and led Cooperative Research and Development Agreements with the United States Department of Energy's national laboratories. ([http://www.redleafinc.com/index.php?option=com\\_content&view=article&id=10&Itemid=20](http://www.redleafinc.com/index.php?option=com_content&view=article&id=10&Itemid=20))

**Laura Nelson** is VP of Red Leaf Resources Economic and Environmental Development and serves as primary spokesperson for the company. Experience includes:

- Sits on the board of Environmentally Conscious Consumers for Oil Shale (ECCOS 990 Tax Return, 2010)
- Former energy advisor to former Utah Governor Jon Huntsman
- Former chair of the U.S. Unconventional Fuels Task Force
- PhD in Economics from the University of Utah

**Tony Dammer**, recently retired, was Red Leaf Resources Senior Vice President. Experience includes:

- Served as the Director of the Naval Petroleum and Oil Shale Reserves within the Department of Energy. The office was “responsible for the implementation and management of Sections 369 (h) and (i) of the Energy Policy Act of 2005 and produced all of the studies and analyses found at [www.unconventionalfuels.org](http://www.unconventionalfuels.org).” (Testimony by Anton Dammer, House Energy and Commerce Subcommittee on Energy and Power Hearing, March 20, 2012)

**James Bunger** is Senior Technology Consultant at Red Leaf Resources and is also CEO of James W. Bunger & Associates (“JWBA”). Experience includes:

- Conducted a wide range of projects for government and industry in oil shale, tar sands, coal and petroleum.
- Was a petroleum chemist at the U.S. Bureau of Mines Energy Research & Development Administration, where he worked in Utah and Wyoming in the late 1960s and 1970s on several projects attempting to commercialize oil shale production ([http://www.redleafinc.com/index.php?option=com\\_content&view=category&id=1&layout=blog&Itemid=10](http://www.redleafinc.com/index.php?option=com_content&view=category&id=1&layout=blog&Itemid=10)).
- Note that Robert Weidner was a registered lobbyist for James W. Bunger and Associates in 1999 and 2000 although no activity is reported.

### **Federal and State Lobbying**

Red Leaf Resources retained Dutko Worldwide as its DC lobbyist in 2008. Red Leaf paid Dutko \$110,000 for “[m]onitoring legislation related to energy and mining issues. Assisting client with legislative issues related to the commercial [sic] development of oil shale.” Dutko lobbyist, William Simmons lobbied the U.S. Senate, the House and the Department of the Interior. Prior to joining Dutko, Simmons was the Staff Director for

the House Resources' Subcommittee on Forests and Forest Health. Dutko Worldwide no longer lobbies for Red Leaf according to lobbying reports. (Dutko Worldwide Lobbying Reports, 2008 and <http://us.grayling.com/OurPeople/>)

Jeff Hartley is a registered lobbyist in Utah for Red Leaf Resources. Hartley is the former Executive Director to the Utah Republican Party. His energy clients currently include Uintah Resources, Bill Barrett Corporation, Blue Castle Energy Holdings, Bill Barrett Corporation, Responsible Energy Developers Forum, and Rocky Mountain Power. (<https://secure.utah.gov/lobbyist/lobbysearch>)

### **Red Leaf retained the services of Senator Mike Lee**

Red Leaf Resources is a former legal client of Senator Mike Lee. The company paid Senator Lee more than \$5,000 in compensation in 2009 for legal services, according to his financial disclosures.

Lee maintains a relationship with the company. He met with Red Leaf Resources executives on November 17, 2011. The same month, he submitted a letter of support on behalf of the company to the State of Utah. In the letter, he commended the company and wrote: "Red Leaf Resources is not only poised to deliver the benefits of new oil production, but also to deliver significant revenues to Utah schools" (Letter from Senator Mike Lee to Dana Dean, Utah Associate Director of Mining, November 28, 2011).

### **Red Leaf Resources has raised \$365 million since the end of March 2012**

According to our analysis of public domain sources, Red Leaf has raised at least \$400 million from at least four sources.

In May 2010, Red Leaf Resources raised \$46.31 million of an anticipated \$50 million private offering through undisclosed investors (*Financial Deals Tracker*, May 13, 2010). TomCo Energy Plc invested \$5 million in Red Leaf's Utah project as part of Red Leaf Resources' attempt to raise \$100 million to fund "its joint venture agreement with a major international oil company" (TomCo Press Release, March 30, 2012). TomCo Energy Plc is a London based, public company with oil shale assets in the State of Utah ([www.tomcoenergy.com](http://www.tomcoenergy.com)).

Questerre has a joint venture agreement to participate as a 20% working interest partner in Red Leaf's Wyoming project. Questerre invested \$40 million in Red Leaf, representing 6% of the common equity. Questerre received a board seat on Red Leaf and appointed Michael Binnion, Chief Executive Officer of Questerre, to fill the seat (Questerre Press Release, April 4, 2012).

A Questerre press release confirmed that Red Leaf has entered into a joint venture agreement with a supermajor that "contemplates initially investing up to \$300 million"

(Questerre Press Release, April 4, 2012). Speculation of a supermajor investment in Red Leaf Resources began in November 2011 in an online article in the *UK Daily Mail*. A recent spike in the TomCo share price has been prompted by speculation that Red Leaf, which is mining the nearby Seep Ridge area using the same technology, is talking to one of the oil industry's majors, possibly Total.

<http://www.dailymail.co.uk/money/investing/article - 2057739/INVESTMENT-EX>

According to the ADVFN Stock Wiki, “Red Leaf Resources are rumored to have signed a Joint Venture Agreement with supermajor Total SA of France [2] who are investing up to \$320 million” ([http://wiki.advfn.com/en/TomCo\\_Energy](http://wiki.advfn.com/en/TomCo_Energy)).

Table: Red Leaf Resources Sources of Funding

Date	Amount raised	Funding sources	Notes
May 2010	\$46.31 million	“undisclosed investors”	Financial Deal Tracker, May 13, 2010
March 2012	\$5 million	TomCo	Part of \$100 million fund raising drive/TomCo Press Release, March 30, 2012
April 2012	\$40 million	Questerre	Questerre received 6% equity; and a 20% working interest in RL’s Wyoming Project/Questerre Press Release, April 4, 2012
Spring 2012	\$320 million	Total S.A.*	Numerous sources (see below) have reported that RL is in a joint venture with a “major international oil company” and a “supermajor” to raise \$300 million

\*See the next section titled, “Total S.A. – Red Leaf Resources financial partner” for more information on this company.

“In 2003, the United States Securities and Exchange Commission (SEC) followed by the Department of Justice (DoJ) issued a formal order directing an investigation in connection with the pursuit of business in Iran, by certain oil companies including, among others, TOTAL. The inquiry concerns an agreement concluded by the Company with a consultant concerning a gas field in Iran and aims to verify whether certain payments made under this agreement would have benefited Iranian officials in violation of the Foreign Corrupt Practices Act (FCPA) and the Company’s accounting obligations. Investigations are still pending and the Company is cooperating with the SEC and the DoJ. In 2010, the Company opened talks with U.S. authorities, without any acknowledgement of facts, to consider an out-of-court settlement as it is often the case in this kind of proceeding. Late in 2011, the SEC and the DoJ proposed to TOTAL out-of-court settlements that would close their inquiries, in exchange for TOTAL’s committing to a number of obligations and paying fines. As TOTAL was unable to agree to several substantial elements of the proposal, the Company is continuing discussions with the U.S. authorities. The Company is free not to accept an out-of-court settlement solution, in which case it would be exposed to the risk of prosecution in the United States.”

<http://www.fcpaprofessor.com/category/iran>

- In May 2010, the Wall Street Journal reported that **Total attempted to hide business dealings with Iran** by turning tracking transponder of oil tanker off throughout visit to Iran (*Wall Street Journal*, May 10, 2010).  
Link: <http://online.wsj.com/article/SB10001424052748703691804575254554231664686.html>
- **Total CEO Christophe de Margerie calls oil sanctions against Iran a mistake:** “I maintain this is a mistake. The embargo affects the population; too many things are politicized these days” (*FrenchTribune.com*, July 4, 2010).  
Link: <http://frenchtribune.com/teneur/1058-total-ceo-rebuked-iran-sanctions>
- In August 2009, **Total CEO Christophe de Margerie told *Newsweek* “we need Iran's gas”** (*Newsweek*, August 3, 2009).
- In April 2009, **Total signed technical services contract with the National Iranian Offshore Oil Company worth 32 million dollars** (BBC Monitoring Middle East, Text of report by Iranian official government news agency, April 25, 2009 and Total SEC Form 20-F, Year ending December 31, 2011).  
Link to Form 20-F: <http://www.sec.gov/Archives/edgar/data/879764/000119312512134298/d278816d20fa.htm>



- According to SEC filings, “**We [Total] have activities in certain countries which are subject to U.S. and EU sanctions and our activities in Iran and Syria could lead to sanctions** under relevant U.S. and EU legislation” (Total SEC Form 20-F, Year ending December 31, 2011).  
Link to Form 20-F:  
<http://www.sec.gov/Archives/edgar/data/879764/000119312512134298/d278816d20fa.htm>

Total S.A. has also been linked to slave labor and human rights violations in Burma.

- The Yadana pipeline was constructed by Total through the 1990s in partnership with the U.S. petroleum company Unocal (which merged with the Chevron Corporation in 2005 and ended operations as an independent company), along with the wholly state-owned Myanmar Oil and Gas Enterprise (MOGE) and Thailand's PTT Exploration and Production Public Company Limited. (IPS (Latin America), October 5, 2007)
- U.S. media coverage focused on the involvement of an American company, Unocal, although the New York Times reported, “**Unocal said, it is not even the biggest participant in the project, which is led by Total S.A. of France**” (The New York Times, May 22, 1997).
- The pipeline was reportedly built with slave labor and displaced villages. In 2006, Earth Rights began screening Total Denial, a film directed by Milena Kaneva, which chronicles fifteen Karen villagers from the jungles of Burma who “go up against oil giants UNOCAL and TOTAL in an inspiring David and Goliath story” (<http://www.imdb.com/title/tt0976178/>). The documentary is available to view at <http://www.earthrights.org/legal/total-denial>.

