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Black Sunday still reverberates 30 years later

Construction workers laid off in the Colony Project shutdown look at the layoff notices and final paychecks. More than 2,000 people lost their jobs at the oil shale project. Thousands more in support businesses were laid off.



By [Dennis Webb](#)
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Thirty years ago today, John Loschke was helping his cousin run one of the busiest bars in Colorado.

O'Leary's Pub in Parachute sat at the heart of the oil shale boom. It was an industry that Exxon predicted would produce 8 million barrels of oil a day by 2010. With the national economy in the doldrums, people were arriving by the thousands to western Colorado, thirsty for work and a drink. They could get both at O'Leary's, where some energy companies did their interviews and hiring.

"We were at one point in time the largest-selling Budweiser account in the state of Colorado," remembers Loschke, 62, who later became Parachute's mayor. "... We had to build another cooler on the outside of the building to hold all of the kegs."

Thirty years ago this Wednesday, on /Sunday, May 2, 1982, the party ended — for O'Leary's, for Parachute, for much of western Colorado. On what became known as Black Sunday, Exxon announced it was shutting down its Colony Project, putting its workforce of more than 2,000 people out of work, and spelling job losses for thousands more support workers.

O'Leary's eventually shut down. But the reverberations spread far beyond Parachute.

Gary and Monica Miller had gone into the clothing business in Rifle just a year before Black Sunday. "We had one year of incredible, very good, healthy business, and a complete, severe drop the day after Exxon left. You could tell the next day," said Gary Miller, 65. "... It was really an exodus. It was here one day and literally gone the next day."

The couple was in the process of buying a Rifle home that would end up losing two-thirds of its value. It took more than a decade to recover that value.

“That was a very, very difficult time,” said Herb Bacon, now 82, but at the time a senior vice president of United States Bank of Grand Junction, now part of Wells Fargo.

“... Overnight everything just stopped. We had 15,000 people move out of Grand Junction. Because of that we had all kinds of foreclosures and empty houses and people took a lot of stuff they weren’t supposed to. It was a tough deal. We survived, but it took several years to pull out of it.”

Thirty years later, the memories of Black Sunday are still sharp for those who went through it. Many still can describe where they were and what they were doing when they first got the news.

And 30 years later, some of those memories are worth revisiting, if for no other reason than the fact oil shale is back again as a resource of significant energy-company interest and a subject of public-policy debate. And those who went through Black Sunday believe it has lessons that should be kept in mind today (see related story).

“I’m suggesting that we be very, very cautious and be very sure of what we’re doing before we get into that,” Bacon said. “It looks good, sounds good on paper, but sometimes these things don’t gel.”

The boom before the bust

Anyone familiar with oil shale’s history shouldn’t be surprised at today’s renewed interest in the resource. The world’s richest deposits are in northwest Colorado, where potentially 1.5 trillion or more barrels of oil are at stake. As the BLM points out in its draft study of possible land allocations for potential oil shale and tar sands leasing, oil shale projects occurred in the 1950s and even in the early 1900s. But major attempts at development by multiple companies didn’t occur until the 1970s in the wake of the Middle East oil embargo.

Then Congress got into the act, approving tens of billions of dollars in incentives for synthetic fuels development.

The BLM study, drawing heavily from Andrew Gulliford’s 1989 book “Boomtown Blues: Colorado Oil Shale, 1885–1985,” tells how Exxon ended up pursuing the largest project and suggesting an eventual 80 plants in Garfield and Rio Blanco counties might be built to meet the industry’s needs. Exxon envisioned six massive strip mines each requiring 22,000 workers, and possibly a pipeline delivering water from the Missouri River.

The Colorado River Valley’s population was projected to reach 1.5 million people.

Exxon began building a new community, Battlement Mesa, to help accommodate the housing need. Regionally, entrepreneurs set up businesses such as O’Leary’s Bar and the Millers’ clothing store. Real estate speculation was rampant. Miller said gas stations were busy, lodging full, restaurants bustling.

Newly arrived workers found shelter however they could.

“We had people living in root cellars, under bridges, camping on the sidewalks,” Loschke said.

Glenn Vawter, 73, now executive director of the National Oil Shale Association, in 1982 was living in Denver and a senior vice president for TOSCO (The Oil Shale Co.).

“I don’t think anybody knew how big the industry was going to become, but there was a frenzy at that time,” said Vawter, who now lives in Glenwood Springs, where he grew up.

When the end for Exxon came, many never saw it coming.

“We were partners in the Exxon project, merrily going along,” Vawter said.

Two days before Black Sunday he was showing a reporter around the site, oblivious to the action Exxon was about to take.

Vawter and others at TOSCO then spent months trying to decide whether to proceed on the project alone before calling it quits, at which point he lost his job. It happened at the same time lower oil prices were causing a lot of energy workers in the Denver area to lose their jobs.

“It was a really bad time for a lot of people,” Vawter said.

The news breaks

On Black Sunday, Loschke was at a pig roast that a friend put on to celebrate getting a big gravel contract with Exxon. Then Peter Chronis, who was writing for the Denver Post, approached the group with the shocking development.

“He said, ‘How you guys doing? Have you heard?’ Peter was the bearer of bad news that day,” Loschke said. Bacon said he met with an Exxon official in charge of operations the previous Friday, and the executive said the project “was just going really well.”

That Sunday, Bacon was trimming his hedge after church.

“My wife came out and said, ‘You’re not going to believe what I just heard on the news.’ I said, ‘What?’ She said, ‘Exxon’s shutting down.’ I said, ‘They can’t do that.’ But they did.”

But some had expected the boom to come to an end. Miller said he had been dirt-biking with friends on Black Sunday, and they happened to be speculating about the industry’s future.

“We were split about 50-50. ... That evening I came home and saw it on the news that they were leaving.”

Miller had been one of those thinking the industry was here to stay.

“We were all hung up on the good aspects of what was going on, and it severely changed. It’s easy just to get caught up in it,” he said.

Said Vawter, “A lot of people lost their shirts in real estate investments that they’d hoped were going to make them a lot of money.”

Said Bacon, “The best thing to be in was the moving business, which wasn’t a pleasant thing.”

Bacon said some banks and savings-and-loans collapsed. His bank survived, but it had loaned a lot of money to people with boom-time dreams.

“We worked our way through it. It didn’t stop us, but it was a bumpy road,” Bacon said. “A lot of individuals, small operators, were just wiped out. It wasn’t a pleasant situation, and once it collapsed they just couldn’t get out fast enough.”

Grand Junction native Jim Spehar moved back to town a year after Black Sunday, was a Mesa County commissioner in the early 1990s and also ended up being a Grand Junction mayor. He said double-digit unemployment lingered in Mesa County for years after Black Sunday, and the repercussions continued even into the 1990s for the county, which struggled with a lot of debt carried over from the boom times.

Despite Exxon’s pullout, some oil shale activities continued in the region. Unocal continued for another decade before ending its project in 1991. That was the same year Mid-Continent Resources closed its coal mine near Redstone, and the two shutdowns marked the end of two major employers for people living in places such as Garfield County.

A modern-day reminder

The region boomed again as quality of life drew more people here, real estate values rose, and oil and gas drilling took off. While drilling slowed down sharply starting in late 2008, and the burst of the nation's housing bubble hit home, those familiar with Black Sunday say the consequences have been nowhere near as bad as in the 1980s.

"The oil shale thing was much more abrupt and total," said Spehar, who notes that some level of drilling has continued, and there also is work related to producing wells.

But he thinks the drilling boom and slowdown was a reminder of the energy industry's volatility, a lesson driven home earlier by Black Sunday.

"I think we get caught up in the rush and excitement and the good jobs and the high tax revenues and the great business opportunities that that brings and become convinced again and again that that is a new normal, when it's a peak. We forget that there's peaks and valleys," Spehar said.

Miller, who still owns Miller's Dry Goods in Rifle today, said he appreciates what natural gas development has done to help the local economy. But while the oil shale industry continues to try to succeed, he's not counting on it.

"I'm not going to plan for oil shale. ... I have a very bad taste in my mouth about it," he said.

Said Vawter, "I'm still optimistic about us ultimately making this huge resource we have a benefit to the citizens of this country, and I think really the technology is the key and how it's changed and improved over time. We weren't ready technologically in the '70s and '80s; I think that's certainly been borne out."