



Oil Sands Update

Energy From Athabasca

June 2009

(Farewell) Letter from the Editor

Jacob Irving, OSDG's Executive Director recently left OSDG to take on an exciting new opportunity in Ottawa.

I was catching up with a former teacher recently, talking about all things Wood Buffalo and oil sands, as I often do. "It sounds like Fort McMurray is turning you into a better-rounded professional and human being," he said. It was a compliment from someone I greatly respect. I felt honoured and proud. And he is right – this region is a special place that does special things for those who live here.

The oil sands and the people who develop them have taught me a great deal, probably more than I fully realize. Chief among the lessons I've learned is that energy is a difference maker and we need to continuously expand all forms to improve human development locally, provincially, nationally and internationally. This is why I am sad to leave the position of executive director for the Oil Sands Developers Group in Fort McMurray but I am also quite excited to become the new president of the Canadian Hydropower Association in Ottawa.

When I started with the Oil Sands Developers Group in 2006, the world was beginning to ask more questions about the oil sands than ever before. The questions were also becoming quite pointed. Almost overnight the oil sands went from being a story mostly about technology and the economy to a story based more on society and the environment.

Some of the new media attention was fair and balanced, much of it wasn't. We know this all too well as the people who live and work here.

Regardless, the world was asking new questions and we needed to get better at answering. This sounds simple but given how dynamic and complex our industry can be, simple questions do not always lead to simple answers.

In this issue

- [\(Farewell\) Letter from the Editor](#)
- [Don Thompson -- on the road and on the record](#)
- [In-situ operations](#)
- [In-situ reclamation](#)
- [CIM Distinguished Lecturer award](#)
- [Transportation Update](#)

Subhead

Description

Pass it on

If you know someone who may be interested in receiving this newsletter, you can easily [forward up to five copies](#) at once.

With stronger collaboration from our member companies, governments, aboriginal communities and all stakeholders, we've begun to better understand and answer what is asked of us. We've turned our once regional organization into the Oil Sands Developers Group and opened ourselves to a wider audience.

Along the way, we've begun to set the record straight regarding some common misconceptions while committing ourselves to improved communication and performance as an industry. While challenges will crop up and unforeseen set backs might occur, we are in a much better place to meet this head on and persevere as we always have in this region and this industry.

The amazing staff in our office; Dianne, Nell and Kim, will always come top of mind for me whenever I hear the words "professional" and "dedicated". Our president Don Thompson, his board of directors, our committee chairs and members will continue to work together and with others, to answer questions and provide direction as the world maintains its interest in the oil sands.

Most of all, I will miss my adopted city, Fort McMurray. It is hard to leave a community where you know the best days are still to come for quite some time. Our family will always call this place home.

It has been an honour to be a part of this community, the oil sands industry and Canadian history. Thank you.

Don Thompson -- on the road and on the record

Don Thompson is debunking myths and disseminating facts through speaking engagements on his Setting the Record Straight tour.



“Development of the oil sands does have an environmental impact and, as a result, it is a subject that is not without controversy,” says Thompson, president of the Oil Sands Developers Group, who has spoken out on behalf of the industry at engagements from Geneva, Switzerland, to Springfield, Illinois. “Virtually everyone from politicians to certain actors in Hollywood have an opinion about this 173-billion barrel resource, in many cases based on incomplete data unfortunately.”

Thompson's Setting the Record Straight tour seeks to provide a more complete picture of the oil sands. His

presentation addresses the concerns that have been raised about the industry, informs people of the important role of the oil sands in supplying energy to the world now and in the years ahead and, overall, seeks to provide audiences with information to help them be better informed about the complicated issues around oil sands development.

Presented as the top 10 myths about Canada's oil sands, the presentation discusses the origin of the mythical two-jawed fish, presents images of the oil sands not portrayed in the recent National Geographic feature and provides facts on water use in the oil sands region.

Thompson gets frustrated reading the myths and misrepresentations about the effects of oil sands development given that the resource generates significant employment and tax revenue for the country, and will be responsible for providing a secure source of energy for the future.

Though Canada is the largest supplier of energy to the United States, many people do not understand the critical role of the oil sands to North American energy supplies. A recent poll commissioned by the Oil Sands Developers Group found that 70 per cent of Americans contacted incorrectly believed that Saudi Arabia was the largest supplier of energy to the U.S.

His message has received widespread attention from policy-makers and media alike.

Recent speaking engagements include the Alberta Economic Forum in Geneva, the Meet the North Conference in Edmonton, the Alberta Water Conference in Calgary and meetings with key legislators in Illinois.

Planning is also underway for presentations in other parts of both Canada and the U.S.

For more on Thompson's insight into the industry as well as his outreach efforts, visit his new blog at

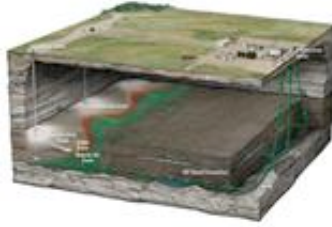
www.settingtherecordstraight.ca

Media and links

- Don Thompson interview with the [Sarnia Observer](#) as a result of the Setting the Record Straight tour
- Don Thompson's Setting the Record Straight interview on [BNN](#)
- [Alberta Oil Magazine](#) interview on the Greening of Alberta's Oil Industry.
- [Springfield Journal Register](#) interview with Don Thompson during his meetings with state legislators and
- [Illinois Channel](#) (content provider for local news stations) interviews Don Thompson

In-situ operations

There is more than one way to get the oil out of the oil sands, and while oil sands mining operations dig it out, in-situ operators rely on processes to coax the oil out, leaving the sand behind.



In-situ literally means “in place” and in-situ techniques can recover bitumen that is more than 200 feet deep where surface mining is not viable.

“Oil sands mining is much like other surface mining operations such as coal mining for example, while in-situ oil sands operations are much like conventional oil field operations,” says Bill Rennie, director of stakeholder relations at Japan Canada Oil Sands.

In 2007, about 45 per cent of the oil from the oil sands came from in-situ operations, and the potential for further development is enormous.

“Less than two per cent of the resource identified as requiring an in-situ recovery method is under active development today, while more than 50 per cent of the resource identified to be recovered by mining is already under active development,” says Brian Harrison, manager, Thermal Heavy Oil Engineering at Devon Energy Corporation.

The two in-situ techniques most commonly used in commercial projects today are cyclic steam stimulation (CSS) and steam assisted gravity drainage (SAGD). The characteristics of the reservoir determine which process is used.

CSS is a three-stage process in which high-pressure steam, which includes both vapour and hot water, is injected into the reservoir (stage one), allowed to soak (stage two) and then produced (stage three) -- all from the same wellbore. This cycle is repeated upwards of 15 times with the same well.

SAGD is a continuous process using two horizontal wells drilled about fifteen feet apart. “Dry” steam is injected via the top (injector) well, and bitumen is produced from the bottom (production) well. If “wet” steam were to be used for SAGD, the hot water left in the steam would fall via gravity directly to the lower production well, and impact the efficiency and effectiveness of the process.

In-situ projects use groundwater rather than surface water bodies for their make-up water requirements and do not require tailings ponds. The ground water sources can be fresh, brackish, and saline or a combination thereof.

“And because wells are drilled from pads, and horizontal wells are used for many of the in-situ projects including all SAGD projects, land disturbance is minimized,” says Rennie.

The industry’s in-situ operators also continue to experiment with less energy-intensive extraction processes.

“We must all do our part to reduce our energy consumption, the producer, the transporter, the refiner and the energy end user,” says Rennie.

Reducing water use is also a priority.

Petro-Canada, for example, is demonstrating a Zero Liquid Discharge (ZLD) system at its MacKay River facility.

“Through ZLD, produced water is treated on site to remove salts and is then recycled to produce more injection steam,” says Petro-Canada spokeswoman Kelli Stevens. “More than 90 per cent of the injection steam required to run MacKay River is recycled continuously in this manner.”

Rennie says industry is always researching technology to reduce its environmental footprint and will continue to do so as the number of in-situ projects grow.

[Canadian Centre for Energy](#)

[Petro-Canada](#) (McKay River overview)

[Devon Energy](#)

[Japan Canada Oil Sands](#)

In-situ reclamation

When a tree falls in the forest, it never goes unnoticed.

The oil sands industry is committed to returning the land it borrows to its natural condition.



Reclamation is rigorously regulated in Alberta. Oil sands operators that disturb land are required to submit detailed reclamation plans and even provide financial security to guarantee land will be reclaimed.

This is true for both mining and in-situ operations as both have surface impacts which require reclamation.

More than 80 per cent of Alberta's recoverable oil sands reserves will be extracted using in-situ technology, says Oil Sands Developers Group president Don Thompson.

"In-situ operations do not have mines or tailings ponds, and they do not take water from the river," says Thompson. "The industry is focusing on new in-situ technologies that could dramatically reduce energy use and reclaim land more quickly."

Faster Forests is an accelerated reclamation program led by ConocoPhillips that will exceed regulatory expectations by planting 30,000 trees on 30 different sites in 2009.

"Faster Forests is about more than planting trees – we plan to evolve the program to include other types of vegetation, involve local First Nations and leverage best practices to create healthy future forests," says Peter Zimmerman, ConocoPhillips Canada's manager, environment and stakeholder engagement, oil sands.

He says under current reclamation standards, producers are required to restore the land and plant native grasses. There is a lag time between site reclamation and when the trees start to grow, which is usually many years.

"Faster Forests gives forests a head start because we plant trees in the clearances, which accelerates how quickly the area is reforested," says Zimmerman.

Reclamation is a journey that requires much patience given the significant amount of time it takes for vegetation and trees to grow to maturity.

It also takes time to certify reclaimed land. Much of the land that has been reclaimed cannot be certified yet because it is adjacent to, or part of, on-going operations and is not accessible to the public, which is a condition of certification.

Uncertified reclaimed land, however, still attracts wildlife and the invasion of native species. With the help of programs such as Faster Forests, oil sands operators are producing results more quickly than in the past.

[Oil Sands Developers Group](#)

[ConocoPhillips](#)

Calgary Herald article

[Trees plant hope for greener oilsands](#)

[Canadian Association of Petroleum Producers](#)

CIM Distinguished Lecturer award

Oil Sands Developers Group president Don Thompson is tackling the tough topics armed with facts and a passion for the subject matter.



He was recently rewarded for his efforts as he was named a Distinguished Lecturer by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM).

“It’s an honour to be named a Distinguished Lecturer by an organization that is dedicated to keeping its members informed of current and emerging issues in the industries it represents,” says Thompson, who has taken his Setting the Record Straight tour across the country and to several international audiences as well. “I’m looking forward to the speaking engagements we are planning with CIM in the year ahead. Efficient and responsible oil sands development will be crucial in maintaining our future energy supplies and we are committed to educating people about our industry.”

Speakers earn the title of Distinguished Lecturer on the basis of their accomplishments in scientific, technical, management or educational activities related to their field.

Thompson will be giving his Setting the Record Straight speech at about 10 CIM branches in 2009 and 2010 beginning this fall.

The Distinguished Lecturers Program was established in 1967 by the CIM Council to recognize and organize public presentations by individuals on the basis of their distinguished service and accomplishments.

Thompson received the award in May in Toronto.

[Canadian Institute of Mining](#)

Transportation Update

Innovative ideas gathered momentum at an oil sands transportation summit in Edmonton last May as transportation initiatives remain a priority in the Athabasca region.



“We were really pleased with the quality and diversity of solutions presented by various organizations to address the freight and transit challenges in Fort McMurray and in the oil sands,” said Peter Wallis, CEO and president of the Van Horne Institute which hosted the event along with the Oil Sands Developers Group. “Delegates from government, academia and industry attended and many found the conference to be beneficial and expressed interest in pursuing and further developing the solutions presented.”

About 80 people attended and some presentations, including CN Railway’s “Pipeline on Rail” presentation, even captured the attention of the media.

Moving transportation projects forward remains a priority of the Oil Sands Developers Group transit and transportation committees as they remain very active in communicating the challenges and implementing solutions.

“Over the last several months, committee representatives have realigned transportation priorities with Alberta Transportation, have met with Minister of Transportation Luke Ouellette and have hosted a tour and presentations for the Western Transportation Advisory Committee,” says transportation committee chair Tim Hayward.

Now the committees are working on developing short- and long-term heavy load forecasts and are creating an online interactive transportation map which shows high-load corridors and project locations.

Major construction projects in the region are also moving ahead including the continued twinning of Highway 63 south, the construction of the five-lane Athabasca River bridge and the construction of the Thickwood Boulevard and Confederation Way interchange.

Article in Fort McMurray Today [Airships and hoverbarges touted at transportation summit](#) (May)

[Van Horne Institute](#)

[CN Rail](#)

[Ministry of Transportation](#)

Visit our website: www.oilsandsdevelopers.ca

©2009 The Oil Sands Developers Group is important in addressing the need for accurate, credible

information about Athabasca oil sands activity. On behalf of our members, we work closely with oil sands operators and developers, related industries, government, Aboriginal peoples, and other organizations active in the Athabasca region. Through communication and collaboration, we help define and address regional issues related to oil sands development.

You may unsubscribe from this email by [clicking here](#)