



Oil Sands Update

Energy From Athabasca

October 2009

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These continue to be challenging times for the oil sands industry, but as you'll see in this issue of Oil Sands Update, the sector also continues to be a leading light in not just Canada's economy, but south of the border as well.

While some oil sands projects and expansions have been delayed, results from OSDG's annual member survey show that OSDG's member companies continue to directly create tens of thousands of jobs in the Regional Municipality of Wood Buffalo, and that the industry continues to make a significant contribution to Canada's energy supply.

Research done by the Canadian Energy Research Institute further highlights just how far the economic ripples from the oil sands travel across Canada. And research collected by OSDG as part of my outreach into the United States shows just how many jobs, and how much revenue, the oil sands create in states like Wisconsin, Illinois and Missouri.

This information, along with details about how our members are addressing environmental concerns about the oil sands, and basic knowledge about the oil sands is all available now at our enhanced website – profiled in this issue. The website is a key part of our effort to help Canadians engage in an effective dialogue about



Don Thompson
President, OSDG

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OSDG Blog

The website isn't the only place OSDG appears online. Don Thompson, OSDG's President, has created a blog to share his "thoughts on the oil sands and report on my current speaking tour of Canada, the US and Europe."

In addition to Don's posts, the site also contains links to recent oil sands news articles of note and provides a "recommended reading" section that links to recent research reports, media coverage and other oil sands-related material.

The blog can be found at www.settingtherecordstraight.ca and comments are welcome.

Pass it on

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

development of the oil sands.
I encourage you to visit our website,
www.oilsandsdevelopers.ca and to take a look at the
various reports recently released.

Don Thompson
President, OSDG

[copies](#) at once.

OSDG Surveys Demonstrate Continued Growth and Industry's Leadership in the Community

The OSDG recently released the results of its annual member surveys. Findings indicate that, although the oil sands industry has seen a recent slowdown, growth will continue, though at a more moderate pace. The urban population in the Regional Municipality of Wood Buffalo and the number of new jobs are expected to grow, and a significant camp population indicates continued construction activity in the region.



Image courtesy of Shell Energy Canada

In 2008, OSDG member companies demonstrated their commitment to the community by donating \$10 million to dozens of local organizations. Corporate generosity supported projects such as the Suncor Community Leisure Centre at MacDonald Island, which will be the largest of its kind in Western Canada when it opens to the public on October 30. Nick Sanders, Chair of the MacDonald Island Park Corporation, promises that the Centre will offer local residents "one of the premier recreational and leisure experiences in the nation." The giving spirit of both oil sands industry and their employees was on display throughout the United Way 2008 fundraising campaign. Fort McMurray collected the highest per-capita donations in Canada for the third consecutive year, raising nearly \$4.5 million.

The OSDG members continued to work closely with our Aboriginal neighbours. Aboriginal-owned companies obtained contracts for \$575 million worth of goods and services in 2008, and over the course of the previous decade Aboriginal companies have received some \$3 billion in oil sands-related business. More than 1,500 Aboriginal people are currently employed in permanent operations jobs in the oil sands industry, making it one of the largest employers of Aboriginal people in Canada.

OSDG members contributed \$2.4 million in 2008 to support local Aboriginal community initiatives such as literacy programs, cultural events and youth and elder services. A total of \$7 million was provided to the region's five First Nations Industry Relations Corporations by resource developers to support consultation and capacity building and for project-specific reviews.

The OSDG royalty and taxation survey forecasts that governments will continue to receive significant future benefits from oil sands activity. Government revenue for 2010 is estimated at \$832 million, which includes \$679 million in royalties, \$37 million in provincial tax revenues and \$116 million in federal tax revenues. Over the next five years provincial and federal governments are forecast to earn \$12.3 billion in oil sands royalty and tax revenues.

Several OSDG surveys were not updated this past year due to uncertainty surrounding project schedules. However, OSDG monitoring of data indicates that the industry will continue to grow at an adjusted pace.

In 2008 construction capital expenditures stood at \$12.9 billion, operating and sustaining capital expenditures were \$13.8 billion, and total average bitumen production for the year was 1.5 million barrels per day. Growth in these areas is being driven by six projects under construction which will provide more than 500,000 barrels per day of capacity when fully completed. The OSDG projects 2010 totals of \$12.8 billion for construction capital expenditures, \$18 billion for operating and sustaining capital expenditures, and total average bitumen production of two million barrels per day. "Our analysis shows oil sands production will continue to grow as recently completed projects continue to ramp-up to full production, existing facilities continue to improve and new facilities are built," says Don Thompson, President of The Oil Sands Developers Group.

The surveys also forecast growth in the regional population and workforce requirements. The number of new, permanent operations jobs is expected to rise to 829 in 2010, up from 813 in 2008. The cumulative number of new jobs from 2008-2010 is estimated at 2,967. The population of the Fort McMurray and Sapræe Creek area is projected to rise to 76,280 in 2010, up from 71,386 in 2008.

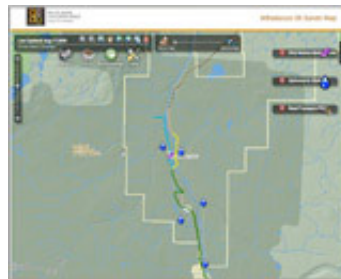
The OSDG survey of work camps found that in May 2009 there were 22,700 people living in work camps, and hotels and motels in the region, with 3,432 people housed in camps south of Fort McMurray. In 2008 the total number of camp residents was 27,800, with 2,615 in camps south of Fort McMurray. The new survey figures indicate that, despite the recent slowdown, significant activity continues

in the region. “We were all surprised by the results of this survey,” said Dianne Farkouh, Communications Coordinator for the OSDG. “Many expected there to be far less activity in the camps this year.”

- [Suncor Community Leisure Centre at MacDonald Island](#)
- [United Way of Fort McMurray](#)
- [Regional Municipality of Wood Buffalo](#)
- [OSDG Survey results](#)

OSDG Maps Oil Sands on Website

A new interactive oil sands map is the most significant enhancement added by OSDG as part of a major upgrade to the OSDG website.



The addition of this unique map, along with other new content and features makes the site an even more comprehensive source of information about oil sands development in the Athabasca oil sands region.

The map provides site visitors with the ability to quickly find the location of oil sands projects and details about those projects, see the extent of air and water quality monitoring stations in the region, and plot the location of key civic facilities in both map and satellite views.

“There was, and continues to be, a great deal of time and effort invested ensuring we have complete and up-to-date information linked into the map,” says Dianne Farkouh, OSDG’s Communications Coordinator.

“There hasn’t been a single-window source for this information before,” Farkouh adds, “and the cooperation and support of the large number of individuals and groups who contributed, which was critical to success, is greatly appreciated.”

Development of further website enhancements continues. Work is underway to add a new “Technology” section to the site – a one-stop source of information about the new technologies being developed and applied by in-situ and mining operators. There are some amazing new processes and equipment being developed to further mitigate the environmental effects of oil sands development and, in many cases, reduce operating costs associated with bitumen production.

- www.oilsandsdevelopers.ca

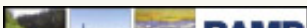
Recent Studies Provide Updated Snapshot of Oil Sands Economics; Emissions

The current high levels of public interest in the oil sands have led to a number of new reports being generated this year.

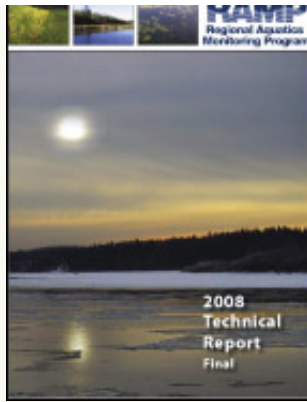
On the economic side, the Canadian Energy Research Institute (CERI) released a report entitled [*Economic Impacts of the Petroleum Industry in Canada*](#). The CERI report looks at the economic contributions the petroleum industry overall is expected to provide across Canada in the next 25 years. The report did break out the economic ripples from oil sands development specifically. The study quantifies the GDP, employment and tax benefits from the oil sands within Alberta as well as beyond Alberta's borders. CERI estimates, for example, the GDP contribution to Ontario will be \$45.5 billion between now and 2033. Quebec will gain \$23.3 billion while \$45.5 billion will accrue to British Columbia. Similarly significant numbers show up in CERI's estimate of jobs created in other provinces as a result of oil sands activity. Across Canada, over 456,000 jobs are directly or indirectly linked to the construction and operation of oil sand facilities over the next 25 years.

On the environment side, the Alberta Energy Research Institute (AERI) looked into comparative greenhouse gas emissions from oil sands crude versus other sources of crude used in North America. AERI's [*Life-Cycle Analysis of North American and Imported Crude Oils*](#) shows that on a full life-cycle, production through consumption basis (also referred to as wells-to-wheels), emissions from oil sands crude production are comparable to other crudes, such as the heavy oil produced in California or crude from Venezuela. The comparison is important, as supplies of light crude diminish worldwide meaning an ever-increasing reliance on sources of heavier crude such as the oil sands. The findings of the AERI studies are similar to those from a study conducted by Cambridge Energy Research Associates (CERA) in the United States earlier this year.

RAMP Releases 2008 Annual Technical Report



The Regional Aquatics Management Program's recently-released [2008 Annual Technical Report](#) shows water quality values on the Athabasca in 2008 were within historical ranges. RAMP did note some localized changes in water quality on some smaller tributaries, which it says is due in part to changes in flow, increased or decreased, on those smaller rivers and creeks. It attributes some of these changes to oil sands construction activity.



The report also tracks fish and invertebrate populations. RAMP says since 1997 there has been an increase in Walleye and a decrease in Longnose Sucker catches during sampling, but attributes those variations to natural fluctuations in population size or growth of fish in the river. RAMP has added a summer fish inventory to its annual sampling to better track fish populations.

RAMP reports no change in numbers of invertebrates (insects, snails, clams, etc.) and says those animals sensitive to pollution continue to be present at all monitoring stations, with some populations even larger than historical levels at some points.

RAMP also reports water quality is within historical ranges and similar to quality found upstream of Fort McMurray.

RAMP is an industry-funded, multi-stakeholder group which has been monitoring the aquatic ecosystem in the Athabasca oil sands region since 1997.

Why the Oil Sands Matter to the U.S.

The oil sands industry understands that the U.S. is an important audience because so much of our oil is processed there. But what is not as well known is that so much of the equipment that is used to extract and



transport that oil is manufactured by our neighbours to the south. This translates into jobs for construction workers, trades people, engineers, and a variety of manufacturers. Just a few examples of this symbiotic relationship are below:



Market Demand for Western Canadian Crude Oil; Actual 2008 vs. 2015 Potential*

*Source: Canadian Association of Petroleum Producers

- 797Bs (a 470-tonne truck) are used in oil sands mining and are manufactured in Decatur, Illinois. Each truck sells for about US\$5 million. In fact, Finning recently announced the delivery of the 200th 797 mining truck in Canada.
- Enbridge's Alberta Clipper pipeline will stretch 1,000 miles from Superior, Wisconsin, to the oil sands in Alberta. It has a projected capital cost of \$1 billion and is projected to generate economic activity of \$1.5 billion in 2009-2010.
- Suncor (which has recently merged with Petro-Canada) uses 127 Illinois vendors for contracts totaling over \$31 million. Services range from engineering, financial, control technology and turbine companies.
- Planned expansion at the ConocoPhillips-EnCana Wood River refinery in Illinois will create approximately 3,000 jobs during construction and 100 additional full-time refinery jobs.
- Ohio is a primary recipient of Canadian oil. In fact, nearly half the oil refined into the motor fuel that Ohioans use every day comes from Canada.
- ConocoPhillips & TransCanada's Keystone pipeline from Hardisty, Alberta, travels the entire length of the state of South Dakota and is expected to result in a capital investment of approximately US\$12 billion between 2008 and 2012.

The bottom line is that parts of the United States are the hub for much of the Canadian oil sands crude and this brings significant economic benefits to that country. In return, Alberta's oil sands will help ensure U.S. consumers enjoy a secure, reliable energy supply that meets or exceeds environmental requirements while providing badly needed jobs. Canada has come to play an ever increasing role in ensuring a secure supply of energy for America's future. A role that is forecast to grow.....

- [Oil Sands Developers Group U.S. Fact booklet](#)

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.

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