



### NOVEMBER 2012

[Oil Sands News](#)

[East Coast News](#)

[West Coast News](#)

[Canadian Arctic News](#)

[Alternative Energy News](#)

[On the Horizon](#)

[Abbreviations](#)

[Contact Us](#)

### Oil Sands News

**1** The North West Redwater Partnership (“NWR”), with partners Canadian Natural Resources Limited (“CNRL”) and North West Upgrading Inc. (“NWU”), has announced that it is proceeding with the construction of the Redwater bitumen refinery located near Edmonton. Ground construction on the first phase of the \$5.7 billion Sturgeon Refinery, planned to be completed within three years, will commence in the spring of 2013. Refining capacity of the first phase is expected to be 50,000 bpd, of which 12,500 bpd will come from CNRL’s in-situ production. The remaining 37,500 bpd of processing will come from the Alberta Petroleum Marketing Commission under a 30-year fee-for-service tolling agreement. Successive phases of the project are expected to increase total bitumen processing capacity at the will be the first refinery in the world to incorporate CO2 capture into its initial design.

**1** TransCanada has entered into an agreement with BP to acquire from BP its 40% interest in the assets of the Crossfield Gas Storage Facility. As part of the agreement, TransCanada will also acquire BP's interest in CrossAlta Gas Storage & Services, an affiliated marketing joint venture between BP and TransCanada. The \$210 million transaction will give TransCanada 100% ownership over the facility located in Crossfield, Alberta, as well as add 27 bcf of natural gas storage capacity to TransCanada's existing Alberta portfolio.

**1** Enbridge Pipelines ("Enbridge") will be making a \$1.8 billion expansion to its mainline system between Edmonton and Hardisty, Alberta. With a targeted in-service date of mid-2015, the expansion will include a new 36-inch diameter line, plus additional tankage and terminal facilities at both Edmonton and Hardisty. The initial capacity of the new line will be 570,000 bpd with expansion potential of up to 800,000 bpd.

### East Coast News

**2** Husky has signed a 5-year contract with Seadrill, a Norwegian company, to use a semi-submersible rig, the West Mira, to operate in harsh environments. Husky is a major investor in Newfoundland and Labrador's offshore oil industry, where the West Mira will be used. Husky is the main operator at the White Rose Oilfield on the grand banks off the east coast of Newfoundland, and it also has large holdings of oil and gas reserves in the nearby Jeanne D'Arc Basin. The West Mira is under construction scheduled for completion by 2015, at which point the 5-year agreement between Husky and Seadrill will begin.

**3** Shell Canada Limited has won exploration rights in five areas of the Laurentian Basin, 350 km southwest off the shore of Newfoundland and Labrador. Shell has made a \$97 million commitment to secure the properties, which total more than 13,000 square kilometres. There is currently no oil or gas production in the region

and Shell has yet to determine whether its new exploration blocks contain oil or natural gas. Shell is in the early stages and looking to complete seismic and other technical work to determine whether it will be investing in oil or gas production.

### West Coast News

**4** The wind turbines for the Knob Hill wind farm have begun to arrive in Port Hardy. Commercial operation at the wind farm is scheduled to begin in July of 2013. International Power has agreed to supply BC Hydro with the phase one power, which is anticipated to power 30,000 homes. Phase 2 is owned by Seabreeze Power, with the option for future development. Knob Hill will be the first such large scale wind farm on Vancouver Island and is currently contracted to provide power to BC Hydro for 20 years.

### Canadian Arctic News

**5** Advanced Explorations has received unanimous board approval to move ahead with engineering studies on powering Roche Bay, an iron mining project, with liquid natural gas. Engineering studies will determine how much money the company can save by a start-up scenario using liquid natural gas to produce its power. The power generated would be used on the billion tonnes of high grade iron ore for the large project. Advanced Explorations believes that the liquid natural gas option is an affordable and viable option for power generation in the area. Nunavut's Department of Economic Development and Transportation teamed up with Advanced Explorations last April to consider new energy sources and this collaboration will continue.

**6** Canada Coal's 2012 exploration program has shown extensive thermal coal deposits, with low sulphur and ash content, located on the Ellesmere's Forshein peninsula. Thermal coal can be used to produce electricity and heat, and Canada Coal is currently examining the potential for thermal coal on its arctic coal licences as a

solution for the current energy crisis in Nunavut. Canada Coal is actively evaluating various geo-power generation technologies including coal to liquids and coal water slurry (used in power stations). The next phase of exploration by Canada Coal in this region will include an upcoming drill program to further define the thermal coal deposits and to explore for metallurgical coal deposits at deeper levels. Metallurgical Ore is coveted for its use in steel-making and its global scarcity.

**7** MGM Energy, a northern exploration company based in Calgary, is raising \$11.8 million through an offering of rights that will increase its share total by 23.5%. The proceeds from this offering will allow additional cash flow for the corporation which is partnering with Shell on a well in the Canol Shale Oil Play in the Northwest Territories. MGM Energy announced in June of this year that Shell had agreed to fund the drilling and completion of up to two wells on MGM's Central MacKenzie Valley acreage to earn a 75% interest in its exploration licence.

## Alternative Energy

**8** Canadian Solar has been ranked on Deloitte's Technology Fast 500, a ranking of the 500 fastest growing technology, media, telecommunications, life sciences and clean technology companies in North America. Canadian Solar is one of the world's largest solar companies. Canadian Solar, an Ontario-based company, designs, manufactures and delivers solar products to customers worldwide.

**9** Newfoundland and Labrador's Crown-owned Nalcor Energy continues to recommend completion of the Muskrat Falls Hydro Electric Project. Despite a projected increase in capital costs from initial predictions, Nalcor Energy assures residents that the plan remains the best option to serve the province's long term power needs. The mega project is now expected to carry a price tag of \$7.4 billion. Currently, approximately 50% of the engineering work on the project is complete.

## On the Horizon

Bison Transports ("Bison") and Shell Canada Products ("Shell") have signed a 5-year fuels supply agreement to fuel up to 15 tractors from Bison's fleet with LNG from Shell's publically accessible LNG refueling installations. As part of launching its LNG refueling infrastructure in Alberta, Shell Flying J will provide LNG through its fueling facilities located in Calgary, Edmonton and Red Deer.

The Canadian Government approved two controversial takeovers of Canadian companies, the acquisition of oil and gas company Nexen by Chinese state-owned enterprise CNOOC, and the acquisition of natural gas producer Progress Energy by Malaysian state-owned enterprise, Petronas. More information [here](#).

## Abbreviations

In this newsletter, all dollar amounts are Canadian dollars unless otherwise stated. We have also used the following abbreviations: bpd - barrels per day; boepd - barrels of oil equivalent per day; mmcfpd - million cubic feet per day; bcfpd - billion cubic feet per day; tcf - trillion cubic feet; bbl - barrel; mbbl - thousand barrels; mmbbl - million barrels; bbbbl - billion barrels; boe - barrels of oil equivalent; MW - megawatts; kV - kilovolt; km - kilometer; KW - kilowatts; KWh - kilowatt hours; cmpd - cubic meters per day; GJ - gigajoule.

## KEY CONTACTS

CALGARY

[Doug Black Q.C.](#)

[doug.black@fmc-law.com](mailto:doug.black@fmc-law.com)

[Anne Calverley Q.C.](#)

[anne.calverley@fmc-law.com](mailto:anne.calverley@fmc-law.com)

[Douglas Crowther](#)

[douglas.crowther@fmc-law.com](mailto:douglas.crowther@fmc-law.com)

[Bill Gilliland](#)

[bill.gilliland@fmc-law.com](mailto:bill.gilliland@fmc-law.com)

Alex MacWilliam  
[alex.macwilliam@fmc-law.com](mailto:alex.macwilliam@fmc-law.com)

EDMONTON  
Leanne C. Krawchuck  
[leanne.krawchuck@fmc-law.com](mailto:leanne.krawchuck@fmc-law.com)

MONTREAL  
Claude Morency  
[claudemorency@fmc-law.com](mailto:claudemorency@fmc-law.com)

OTTAWA  
Cyrus Reporter  
[cyrus.reporter@fmc-law.com](mailto:cyrus.reporter@fmc-law.com)

VANCOUVER  
Ron Stuber  
[ron.stuber@fmc-law.com](mailto:ron.stuber@fmc-law.com)

TORONTO  
Helen T. Newland  
[helen.newland@fmc-law.com](mailto:helen.newland@fmc-law.com)

---