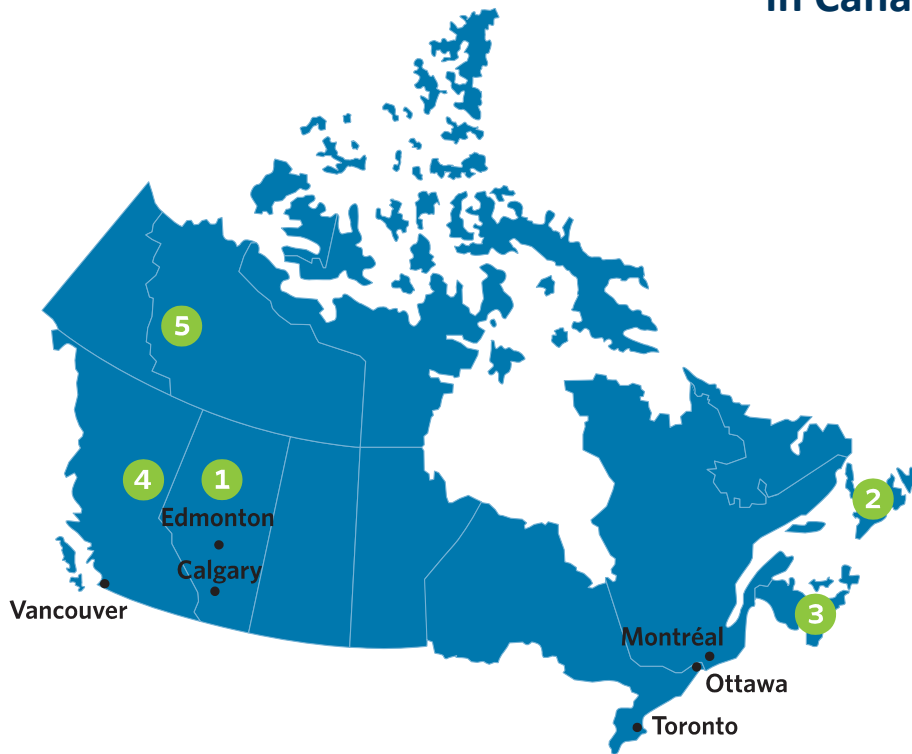


Oh Canada!

Significant Developments in Canadian Energy



NOVEMBER 2011

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Oil Sands News

- 1 Statoil has submitted an ERCB application for a solvent co-injection pilot project at its Leismer SAGD facility. The primary goal of the project is to simultaneously increase the recovery and production rates while reducing energy requirements and greenhouse gas emissions. Subject to regulatory approval and a long-term condensate-type diluent supply, the Leismer project is expected to start in the second quarter of 2012, and could be online commercially by 2017. The company noted that this process could also be applied at Corner, another of its SAGD projects, which is slated to commence in 2015.
- 1 SilverBirch has submitted a regulatory application for its Frontier Project (which includes the company's Equinox project), seeking approval for a 277,000 bpd oilsands mining and bitumen extraction project. Construction on the project, which is half-owned by each of SilverBirch and operator Teck Resources, is anticipated to start in

2016. The company expects the project to produce 2.8 bbl of bitumen over its life, with first production slated to commence in 2021.

1 Devon has received ERCB approval for phase 3 of its Jackfish in situ oilsands project. Subject to the receipt of the required approvals from Alberta Environment and Water, construction on the 35,000 bpd facility is anticipated to commence in the first quarter of next year, with start-up projected for late in 2014. Phase 3, which will use the same SAGD technologies currently in use at Jackfish and Jackfish 2, will bring combined facility production up to approximately 105,000 bpd. Each of the Jackfish facilities is expected to have a productive life of approximately 20 to 25 years.

East Coast News

2 Ptarmigan Energy acquired approximately 353,988 hectares of land offshore western Newfoundland and Labrador after the Canada-Newfoundland and Labrador Offshore Petroleum Board accepted Ptarmigan's total bid of \$2.1 million for two parcels of land. The bid amount represents Ptarmigan's financial commitment to explore the blocks, for which the effective date will be January 2012 for a nine-year period. The company has stated that industry opportunities exist offshore Newfoundland and Labrador, and the recently acquired parcels are situated near strong hydrocarbon indications.

3 The Nova Scotia Department of Energy and the Department of Environment have granted approval to Forent Energy to drill three wells on the Alton Block in Central Nova Scotia, which will cost the company \$4.5 million. The wells look promising for Forent, as interpretations of the gravity gradiometry data estimates that each of the 16 anomalies contains approximately 26 million bbls of original oil. The company intends to spud the first well in mid-December 2011 and complete the remainder by the end of January 2012.

2 Statoil Canada has partnered with Research & Development Corporation, a provincial Crown

corporation responsible for improving Newfoundland and Labrador's research and development performance, in making a \$2 million investment in petroleum reservoir engineering at Memorial University. Each partner will contribute a total of \$1 million over the next five years. The investment will assist Newfoundland and Labrador become a world-class leader in new technologies for severe environment exploration and development, as well as for the future growth of the province's offshore petroleum industry.

West Coast News

4 Harvest Operations Corp. has announced a \$770 million capital expenditure budget for 2012, \$650 million of which will be directed toward upstream oil and gas production, with the remainder aimed at downstream refining and marketing. With respect to upstream expenditures, \$215 million will be allocated to the BlackGold oilsands project, which funds will be focused on facility construction and drilling of the 30 SAGD wells (15 pairs) the company has planned. Harvest anticipates receiving regulatory approval for the 20,000 bpd second phase of that project next year, and expects production to follow in 2014.

Canadian Arctic News

5 The NEB published report entitled "Canada's Energy Future: Energy Supply and Demand Projections to 2023," estimates that there remains marketable natural gas within Northern Canada in the amount of 3,283 billion m³, of which 53 percent is in the Mackenzie-Beaufort area and 34 percent in the Arctic Islands. The report forecasts that the natural gas in the Mackenzie area will produce an average of 27 million m³/day in the first year of projected operation and it is estimated to reach 34 million m³/day over the remainder of the projection period. More information about the report can be found on the NEB website at:

<http://www.neb-one.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/nrgyftr/2011/nrgsppldm/ndprjctn2035-eng.html>

5 Imperial and the Federal government have resumed conversations over the financial support package for the Mackenzie gas pipeline, which won regulatory approval a year ago to carry 1.2 bcf of natural gas to markets on the Beaufort Sea Coast. The request for support would include funding for public roads, airstrips and other infrastructure requirements. The Mackenzie pipeline is currently owned by Imperial, ConocoPhillips, Exxon, Royal Dutch Shell and Aboriginal Pipeline Group. Royal Dutch Shell has put its share of the development on the auction block; however, the company has not announced a deal as of yet.

Alternative Energy

Biomass, a Canadian co-generation power plant developer, has secured a ten year contract to export an initial 250,000 tonnes of biopellets per year to the Asian power market. The torrefied pellets will be co-fired with coal resulting in 16 percent more energy per kilo than regular wood pellets, whilst simultaneously reducing carbon emissions in the region. The operations are scheduled to begin in the fall of 2012.

The National Energy Board (NEB) released a report this month entitled "Canada's Energy Future: Energy Supply and Demand Projections to 2023." Within the report, Canada is said to be a leader in hydroelectricity generation and such is said to remain a dominant source of electricity supply in Canada over the 2010 to 2023 period. The report also forecasts that the share of biofuels in the transportation sector energy consumption will triple over the period from 1.1 percent in 2010 to 3.3 percent in 2023. Renewable based electricity generation is also projected to increase from 62 percent to 67 percent over the 13 year period. More information about the report can be found on the NEB website at:

<http://www.neb-one.gc.ca/clf-nsi/rnrgynfmtn/nrgyrprt/nrgyftr/2011/nrgsppldm/ndprjctn2035-eng.html>

On the Horizon

Sunshine Oilsands has submitted regulatory applications for both its Legend Lake and Thickwood SAGD oilsands projects. The Legend Lake proposal contemplates a 10,000 bpd first phase which, subject to regulatory approval, is expected to be online by 2016. The company estimates that the project will be capable of producing 50,000 bpd of bitumen for a period of 23 years out of its projected 44 year productive life. At Thickwood, the first phase is anticipated to produce 10,000 bpd of bitumen for more than 75 years, and the entire project is expected to produce 50,000 bpd once phases two and three are online.

Abbreviations

In this newsletter, all dollar amounts are Canadian dollars unless otherwise stated. We have also used the following abbreviations: bpd - barrels per day; mmcfd - million cubic feet per day; bcfd - 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.

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