Interrogatories Submitted to Enbridge by Tom Pliura, attorney for intervenors
Submission date: 11-6-07

1. Some news agencies report that China has made, and is making, significant investments in Canadian tar sands reserves. (See Exhibit 1, Oct. 16, 2007, Alberta Seeks Chinese Investment). Will China's three oil giants, Sinopec, The China National Petroleum Corporation (CNPC) and China National Offshore Oil Corporation (CNOOC) transport any petroleum byproduct in the proposed pipeline?

2. Some news agencies report that China National Offshore Oil Corporation (CNOOC) holds a significant ownership in Canada's MEG Energy Corp. Other reports suggest China Petrochemical Corp. purchased a forty percent (40%) stake in Canada's Northern Lights tar sands project with Synenco Energy Inc. (Please see Exhibit 2) Will MEG Energy Corp. or Synenco Energy Inc. transport and petroleum byproduct in the proposed pipeline?

3. Some news reports suggest Enbridge, Inc. is encouraging Chinese investment in the Canadian petroleum industry. (Bloomberg report, Exhibit 3). Did Pat Daniel, Enbridge Inc. CEO travel to Beijing, China with Canadian Natural Resources department officials to discuss Chinese involvement in the Canadian petroleum industry?

4. What type of discussions has Enbridge, Inc. had with Chinese officials about Chinese investment in the Canadian petroleum industry? What type of discussions has Enbridge, Inc. had with Chinese officials about transportation of petroleum products and by-products through the proposed pipeline?

5. News reports suggest Enbridge and PetroChina had a confidential agreement to send Canadian petroleum to China via the Gateway project to the Canadian West Coast through British Columbia. Enbridge spokesperson Glenn Herchak has been quoted as saying that Enbridge and PetroChina had a confidential agreement (See Exhibit 4). Some news agencies reported allegations that Enbridge offered PetroChina a forty-nine percent (49%) stake in the Gateway project. Apparently the Gateway project failed to materialize for a variety of reasons, including failure to obtain appropriate permits as well as opposition from environmentalists and native indigenous tribes. Did PetroChina and Enbridge have a confidential agreement to send Canadian petroleum to China?

6. Does Enbridge support or encourage Chinese investment in Canadian petroleum investments? Now that the Gateway project has fallen through for the time being, will petroleum exports to China occur via the Southern Access project being proposed at the Illinois Commerce Commission?

7. News reports in the past alleged that China was offered a significant investment interest in a pipeline being developed by Enbridge. See Exhibit 4A. Does Enbridge have any plans to offer any foreign country or foreign investor an investment interest or equity stake in the proposed pipeline project now pending before the ICC? Will Enbridge stipulate and agree that it will not sell an

investment interest in the proposed pipeline (now pending before the ICC) to any foreign country or foreign investors at any time in the future?

8. The Enbridge website contains material regarding the proposed Southern Access expansion. The website material mentions the project will “increase crude oil capacity to Midwest refineries **and beyond**.” (emphasis added, Exhibit 5). Will the petroleum product be shipped to Gulf Coast refineries? What does the phrase “and beyond” refer to in the Enbridge web-site?

9. Will petroleum shipped via the Southern Access expansion through Central and Southern Illinois eventually be transported to Cushing, Oklahoma? Is Cushing, Oklahoma the delivery destination for petroleum products on the New York Mercantile Exchange (Nymex)? (See Exhibit 6, Wall Street Journal Article, Oct. 6 2007)

10. The Dow Jones Newswire (6-29-07) “China CNPC Wins Rights To Explore Oil Sands” reported that China National Petroleum Corp. secured rights to explore for petroleum sands in Alberta. Provincial officials are reported as stating that the exploration rights involve an estimated two billion barrels of bitumen. Will China National Petroleum be able transport petroleum byproduct through the proposed Enbridge pipeline, as a common carrier pipeline?

11. Husky Energy Inc. (Husky) is reported (Exhibit 8, Reuters, Oct. 18, 2007, “Husky Profits Climb”) to be Canada’s number 3 petroleum producer and refiner. Husky is owned by Hong Kong, China billionaire Li Ka-shing. News agency reports state Husky recently acquired a petroleum refinery in Lima, Ohio for approximately $1.9 Billion. Will the proposed Enbridge pipeline transport any Husky petroleum through Illinois to the Lima, Ohio refinery? Will any of the Husky petroleum or its byproducts be exported out of the United States, or traded to countries outside U.S. borders? If so, how much?

12. Synenco Energy Inc. and SinoCanada, a subsidiary of China-based Sinopec group have been reported as entering into an agreement whereby Sinopec will obtain a 40% stake in the Northern Lights oil sands project (Exhibit 2). The transaction apparently obtained all the necessary regulatory approvals required by Chinese and Canadian governments. Will any petroleum products or byproducts from the Northern Lights project be transported in the proposed Enbridge pipeline to Patoka, Illinois? If so, how much?

13. The Wall Street Journal reported (Exhibit 6, October 6, 2007, “Where Has All The Oil Gone”) that Enbridge Energy Partners owns large petroleum storage facilities in Cushing, Oklahoma. Will any petroleum products or byproducts from the proposed Enbridge pipeline be sent to Cushing, Oklahoma for storage in Enbridge storage facilities? If so, how much? If any petroleum products or byproducts from the proposed Enbridge pipeline will be sent to Cushing, Oklahoma, explain how Illinois citizens will benefit.

Interrogatories Submitted to Enbridge by Tom Pliura, attorney for intervenors
Submission date: 11-6-07

14. News reports (Exhibit 9 & 10, Market Watch, June 5, 2007, "Enbridge, Exxon Study Midwest Pipeline Project") suggest that Exxon and Enbridge are in tentative negotiations about studying a possible pipeline to be built between Patoka, Illinois and Beaumont, Texas and the U.S. Gulf Coast? The article mentions that the Gulf Coast is home to nearly half of all U.S. refining capacity, with many of those refineries well suited to run lower quality Canadian-crude. The article mentions that the northern tier of the U.S. refining market is already almost saturated with Canadian crude. Is the refining market in Illinois saturated with Canadian petroleum by-products? Is the refining market in PADD II saturated with Canadian petroleum by-products?

15. Will any petroleum products or byproducts from the proposed Enbridge pipeline be sent to the Gulf Coast, rather than being refined in PADD II refineries? Does Enbridge have plans or intentions to transport petroleum products or byproducts to the Gulf Coast from Patoka, Illinois?

16. A June 6, 2007, Market Wire story, "New Oil Pipeline to Supply US Refineries**"** mentions Enbridge and ExxonMobil plan a new pipeline to the Gulf Coast (Exhibit 10). If the proposed pipeline now pending before the Illinois Commerce Commission is approved and built, will any petroleum products and byproducts that are transported in the pipe to Patoka, Illinois then be shipped on to the Gulf Coast? Is the 400,000 bbd that is proposed to be transported in the Enbridge-Exxon pipeline the same 400,000 bbd that will be transported through the proposed Central and Southern Illinois pipeline now pending in the ICC?

17. A Wall Street Journal article from July 12, 2006 (Exhibit 11), *Canadian Sands Yield More Oil for U.S.*, alleges that increased production of Canadian "bitumen output from oil sands quickly saturated that limited regional market, pushing down bitumen prices to about half of the West Texas Intermediate crude price…" Has the increased output of Canadian bitumen resulted in downward pressure on the price of bitumen as compared to traditional crude oil? Will transporting the bitumen product down to the Gulf Coast relieve downward pressure on the price of Canadian oil sands product?

18. Please explain how increasing the availability of refining capacity for Canadian Oil sands product in the Gulf Coast will affect the price of the raw product in Canada and on the world market.

19. Please indicate the approximate dollar amount of 400,000 barrels of Canadian bitumen product and any necessary diluent that will be transported through the proposed pipeline on a daily basis (using world prices for Canadian heavy oil, as of Nov. 6, 2007). Please pick any respective Canadian heavy oil and simply cite the type and price when providing an answer.

20. The July 12, 2006 article (Exhibit 11) states that some energy analysts believe Chinese investment in Canadian tar sands fields that is occurring will stabilize the

overall energy security around the world. Will the fact that China is investing in the Canadian petroleum market have any effect on the planned Enbridge pipeline through Illinois? If so, please explain.

21. A San Francisco Chronicle article from May 22, 2005, FUELING AMERICA OIL'S DIRTY FUTURE, (Exhibit 12) alleges as follows: “These oil sands are the world's most expensive, most polluting source of oil under large-scale production. Wringing four barrels of crude oil from the sands requires burning the equivalent of a fifth barrel. The mines and refineries release huge amounts of greenhouse gases -- the equivalent each day to more than a third of California's daily car emissions.” Please describe the major environmental effects that the mining of Canadian tar sands has on the global environment.

22. Please describe the major environmental effects that are caused by the upgrading of bitumen to a less-viscous byproduct that can be shipped via pipeline. Please comment on the major environmental effects including global green house gas production.

23. What percent of the petroleum products planned for the Enbridge pipeline will come from mining of Canadian tar sands?

24. Upgrading of bitumen is alleged to produce significant amounts coke residue. Some coke residue is used to produce energy for the upgrading of bitumen to allow it to be broken down into a less-viscous byproduct of bitumen that can then be shipped via pipeline. Does the burning of coke residue in the upgrading process create green house gas emissions?

25. What happens to all the coke residue that is created during the upgrading of bitumen? If any of the coke residue is stored in mines, please explain how this might affect the environment for future generations.

26. A San Francisco Chronicle article from May 22, 2005, FUELING AMERICA OIL'S DIRTY FUTURE (Exhibit 12) quotes one oil industry executive regarding the mining of bitumen from the tar sands as follows: "This is not for the faint of heart or those short on capital," said Neil Camarta, senior vice president of Shell Canada Ltd., the lead partner in a consortium that has spent $5 billion in the last five years. Mr. Camarta is quoted as describing the Canadian oil sands project as “one of the world’s biggest projects.” Is the mining of Canadian oil sands one of the world’s biggest projects?

27. Does Enbridge plan to dig up and remove the old Texas Empire Pipeline that runs through Central and Southern Illinois and which has not been functional for many years? How does Enbridge plan to restore the environmental damage caused by the old Texas Empire Pipeline? Will landowners be compensated by Enbridge for the environmental damaged caused by the old Texas Empire Pipeline?

Interrogatories Submitted to Enbridge by Tom Pliura, attorney for intervenors
Submission date: 11-6-07

28. Enbridge apparently had a significant petroleum spill on or around April 15, 2007 involving a pipeline transporting Heavy oil sands by-product to Superior, Wisconsin. See Exhibit 13. If a similar spill were to occur in Illinois involving the proposed pipeline, please explain how Enbridge handles the environmental contamination related to the spill. Please explain in detail how landowners would be financially compensated if a spill were to occur on their property.

29. In its application with the ICC, Enbridge alleges it holds an easement for much of the proposed 170 miles of pipeline it plans to construct. Many landowners have disputed this alleged claim by Enbridge. Please provide copies of all documents and material that verify Enbridge holds a valid easement through central and southern Illinois involving the land now being proposed for the new pipeline.

20:54, October 16, 2007

Canada's oil province Alberta seeks Chinese investment

A senior official from Canada's Alberta Province said on Tuesday she hoped more Chinese investment would be made in Alberta, home to rich oil sand reserves.

"In all our meetings, we have been encouraging Chinese investment in Alberta," said Alberta's Minister of Employment, Immigration and Industry Iris Evans at a press conference at the Canadian Embassy in Beijing.

"We have been telling friends that we meet here in China that we have very large energy capacity. We have 173 billion barrels of established reserves ... we believe we can share technology with China," said Evans.

Evans met with officials and senior representatives of the Chinese Ministry of Commerce, the National Development and Reform Commission and Sinopec, discussing cooperation between China and Alberta on oil sands and other projects, and the issues of immigration and labor.

According to Evans, China has been investing in Alberta since 2004, led by companies including China's three oil giants, namely Sinopec, the China National Petroleum Corporation (CNPC) and China National Offshore Oil Corporation (CNOOC).

Source: Xinhua

China moves fast to claim oil sands

Although Chinese holdings in Alberta are still small, they are a foothold on the North American continent as the U.S. rival seeks to develop energy sources worldwide to boost its rapidly growing economy.

Robert Collier, Chronicle Staff Writer

Sunday, May 22, 2005

(05-22) 04:00 PDT Calgary, Alberta -- If Americans think the oil sands bonanza in their northern backyard will solely benefit the United States, they may be surprised. Chinese officials are making fast inroads into Alberta, snapping up petroleum deals with the skill of Texas oilmen.

While the deals involved are still relatively small, analysts say China's booming, oil-starved economy could eventually become a significant player in the oil sands.

Last month, two Chinese oil companies announced deals for Alberta oil sands.

China National Offshore Oil Corp. bought a $150 million share in oil sands producer MEG Energy Corp. And PetroChina Co. signed a memorandum of understanding with Enbridge Inc. for half of the supply on the proposed $2 billion Gateway pipeline, which will move 400,000 barrels per day from Alberta to the port at Prince Rupert in British Columbia.

Hou Hongbin, a vice president of Sinopec, predicted his company would soon announce a "much bigger" deal for oil sands.

China's interest in the oil sands comes only a few months after China National Offshore Oil lost a close bidding race with Chevron Corp. to acquire Unocal Corp.

"The Chinese have come to nearly every skyscraper in Calgary, and they ask very probing, intelligent questions," said Roland George, an analyst with Purvin & Gertz in Calgary. "They are in this for the long haul."

Hou, the Sinopec executive, said that Canada is a key link in China's attempts to diversify its oil supplies. "The more sources of import, the more safe" those supplies are, he said during a recent visit to Calgary, Canada's oil industry capital.

"We are looking for profitable projects," which could include everything from minority stakes to full ownership of oil sands companies, he added.

The Bush administration, which has tried to curb Chinese influence around the globe, is concerned about China's inroads in Canada.

"I've had a number of calls from U.S. officials, who assumed that the next 3 billion barrels per day will go to the United States," said Greg Stringham, vice president of the Canadian Association of Petroleum Producers.

"They ask me, 'What's going on? Should we be concerned?' And I tell them they shouldn't worry, but their concern is understandable."

Canadian officials play down China's potential role. "The market itself, not politics, will determine the future of the oil sands," said George Anderson, deputy minister of natural resources. "And market conditions -- including transportation costs and the proximity to the United States -- mean Canada will continue to be a major U.S. supplier."

Some analysts in Washington say the administration needs to act to prevent China from grabbing up the oil sands.

"The oil sands are a huge part of our energy future, but we can't take them for granted," said Frank Gaffney, president of the Center for Security Policy in Washington. "The Chinese are scouring the globe for oil, and we need to make sure that we don't lose the race in our own backyard."

The Canadian press has been somewhat gleefully saying that Americans may be getting their comeuppance for paying Canada insufficient attention.

"There is a chess game going on involving the oil sands between the Chinese and the Americans -- with the Americans yet to make a move beyond what they already have in place," Deborah Yedlin, a business columnist for the Globe and Mail, Canada's largest-circulation daily newspaper, wrote recently.

"The Chinese, on the other hand, appear to be methodically staking out their territory."

http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2005/05/22/CHINA.TMP

*This article appeared on page **A - 15** of the San Francisco Chronicle*

December 23, 2004

China Emerging as U.S. Rival for Canada's Oil

By SIMON ROMERO

CALGARY, Alberta, Dec. 21 - China's thirst for oil has brought it to the doorstep of the United States.

Chinese energy companies are on the verge of striking ambitious deals in Canada in efforts to win access to some of the most prized oil reserves in North America.

The deals may create unease for the first time since the 1970's in the traditionally smooth energy relationship between the United States and Canada.

Canada, the largest source of imported oil for the United States, has historically sent almost all its exports of oil south by pipeline to help quench America's thirst for energy. But that arrangement may be about to change as China, which has surpassed Japan as the second-largest market for oil, flexes its muscle in attempts to secure oil, even in places like the cold boreal forests of northern Alberta, where the oil has to be sucked out of the sticky, sandy soil.

"The China outlet would change our dynamic," said Murray Smith, a former Alberta energy minister who was appointed this month to be the province's representative in Washington, a new position. Mr. Smith said he estimated that Canada could eventually export as many as one million barrels a day to China out of potential exports of more than three million barrels a day.

"Our main link would still be with the U.S. but this would give us multiple markets and competition for a prized resource," Mr. Smith said. Delegations of senior executives from China's largest oil companies have been making frequent appearances in recent weeks here in Calgary, Canada's bustling energy capital, for talks on ventures that would send oil extracted from the oil sands in the northern reaches of the energy-rich province of Alberta to new ports in western Canada and onward by tanker to China.

Chinese companies are also said to be considering direct investments in the oil sands, by buying into existing producers or acquiring companies with leases to produce oil in the region. In all, there are nearly half a dozen deals in consideration, initially valued at $2 billion and potentially much more, according to senior executives at energy companies here.

One preliminary agreement could be signed in early January. A spokesman for the Department of Energy in Washington said officials were monitoring the talks but declined to comment further.

China's appetite for Canadian oil derives from its own insatiable domestic energy demand, which has sent oil imports soaring 40 percent in the first half of this year over the period a year ago. China's attempts to diversify its sources of oil have already led to several foreign exploration projects in places considered on the periphery of the global oil industry like Sudan, Peru and Syria.

In Calgary, however, the negotiations with China have focused on the oil sands, an unconventional but increasingly important source of energy for the United States. Higher oil prices have recently made oil sands projects profitable, justifying the expense of the untraditional methods of producing oil from the sands. Large-scale mining and drilling operations are required to suck a viscous substance called bitumen out of the soil.

"China's gone after the low-hanging fruit so far," said Gal Luft, a Washington-based authority on energy security issues who is writing a book on China's search for oil supplies around the world. "Now they're entering another level of ambition, in places such as Venezuela, Saudi Arabia and Canada that are well within the American sphere."

Canada's oil production from the sands surpassed one million barrels a day this year and was expected to reach three million barrels within a decade. The bulk of output is exported to the Midwestern United States. That flow pushed Canada ahead of Saudi Arabia, Mexico and Venezuela this year as the largest supplier of foreign oil to the United States, with average exports of 1.6 million barrels a day.

Even so, there is the perception among many in Alberta's oil patch that Canada's rapidly growing energy industry remains an afterthought for most Americans. That might change, industry analysts say, if Canada were to start exporting oil elsewhere.

"A China agreement might serve as a wake-up call for the U.S.," said Bob Dunbar, an independent energy consultant here who until recently followed oil issues at the Canadian Energy Research Institute.

Executives at energy companies and investment banks in Calgary say an agreement with the Chinese could materialize as early as next month. Ian La Couvee, a spokesman for Enbridge, a Canadian pipeline company, said it was in talks to offer a Chinese company a 49 percent stake in a 720-mile pipeline planned between northern Alberta and the northwest coast of British Columbia.

The pipeline project, which is expected to cost at least $2 billion, would send as much as 80 percent of its capacity of 400,000 barrels a day to China with the remainder going to California refineries. Sinopec, one of China's largest oil companies, was said by executives briefed on the talks to be the likeliest Chinese company in the project.

A rival Canadian pipeline company, Terasen, meanwhile, has held its own talks with Sinopec and the China National Petroleum Corporation about joining forces to increase the capacity of an existing pipeline to Vancouver. Richard Ballantyne, president of Terasen, said it had supplied almost a dozen tankers this year to help Chinese refineries determine their ability to process the Alberta crude oil blends.

"There's been significant interest so far, but the way I understand it, their refineries are still better suited to handling Middle Eastern crude than ours," Mr. Ballantyne said. "That has to change if they're intent on diversifying their sources of oil."

Separately, Marcel Coutu, the chief executive of the Canadian Oil Sands Trust, a company that owns part of one of the largest oil sands ventures in the tundralike region around the city of Fort McMurray in northern Alberta, said he had recently met with officials from PetroChina, one of China's several state-controlled energy concerns, and had agreed to send it trial shipments of oil.

In an interview, Mr. Coutu described PetroChina's interest in a deal as very serious, but he declined to say when one might materialize. "China can become one of our capital sources, enabling us to go a bit further afield than the New York market for our financing," Mr. Coutu said.

Additionally, Chinese companies are also said to be considering investments in smaller Calgary-based companies, like UTS Energy, that have approved leasing permits for parts of the oil sands. Officials from the Chinese companies said to be negotiating in Calgary - PetroChina, Sinopec and CNPC - did not respond to requests for comment.

Wilfred Gobert, vice chairman of Peters & Company, a Calgary investment bank, said Canada's main attractions for the Chinese are the stability of its political system and its sizable reserves. Canada ranks behind only Saudi Arabia in established petroleum reserves, now that its oil sands are included in international estimates of Canadian oil resources.

Before prices rose and the United States expanded its calculation for estimates of reserves, oil sands were often scoffed at as an uneconomical way to produce oil. They still involve risks not normally associated with conventional oil exploration.

Large amounts of capital are necessary to produce oil from the sands, with companies having to acquire large shovels, trucks, specialized drilling equipment or supplies of natural gas to make steam before producing one barrel of oil. So, the price of oil needs to remain elevated, at a level of $30 a barrel or so, for ventures to remain profitable.

[Oil prices for February delivery slumped 3.3 percent, to $44.24 a barrel, in New York on Wednesday, the biggest slide in two weeks.]

An entry into Canada would assure the Chinese of a steady flow of oil, even if the profit margins from the activities were to pale in comparison to what the international oil companies expect from their investments, said Kang Wu, a fellow at the East-West Center in Honolulu who follows China's energy industry. "For China it is foremost about securing supply and secondly about profits," he said. "That explains the incentive in going so far abroad."

China's growing demand for oil is responsible for much of the increase in worldwide prices in the last year. Mr. Kang of the East-West Center estimates that demand in China could grow from 6 million barrels a day to as much as 11.5 million barrels within a decade. China's domestic production is expected to remain nearly stagnant, Mr. Kang said, resulting in aggressive efforts to import more oil from sources like Canada.

"China needs oil resources and has a big market," Qiu Xianghua, a vice president at Sinopec, said in a speech in Toronto this month. "Canada needs markets."

Alberta, a province of 3.1 million people, is keenly aware of the potential for Chinese involvement even as American companies like Exxon Mobil, Burlington Resources and Devon Energy remain prominent in its energy industry. Ralph Klein, the premier of Alberta, traveled to Beijing in June to drum up investment in the tar sands.

And yet officials and authorities on Canadian energy supplies are cautious not to suggest that Canada will ever turn off the spigot to the United States. At a time of a highly competitive market for global oil, in fact, some analysts see greater interest in Alberta's oil reserves as a healthy avenue for China to explore, even if it were to push the United States to seek an even greater diversity for its own energy needs.

"The pipeline system that connects Alberta to the U.S. isn't going to be lifted out of the ground and put into the Pacific," said Daniel Yergin, chairman of Cambridge Energy Research Associates. "The flows to the U.S. will continue, but it should be expected and welcomed for China to meet the challenge of its growing dependence on imported oil."

Still, the prospect of dealing with China has many here pondering relations with the United States. The last time any significant oil-related friction arose between the nations was in the 1970's, when Ottawa became concerned over what it perceived as too much American control over Canadian oil, leading to greater federal involvement in the oil industry.

"Watch the Americans have a hissy fit if a Chinese incursion materializes," Claudia Cattaneo, a Calgary-based energy columnist for The National Post, recently wrote. "So far, the Americans have taken Canada's energy for granted."

oilvoice

OilVoice contains in depth profiles of **582 Oil and Gas Companies!**

Select a company from global list | go

Home | About | Latest News | Acquisitions & Mergers | Key Statistics | | State Owned | Contact Us

Press Release

Synenco and Sinopec to Develop Northern Lights Oil Sands Project

Tuesday, May 31, 2005

Synenco Energy Inc. and SinoCanada, a subsidiary of China-based Sinopec Group, today jointly announced that they have entered into a series of agreements under which Sinopec will pay approximately $105 million in return for a 40% interest in the Northern Lights oil sands project located in northeastern Alberta.

Under the terms of the Agreement, Sinopec has paid Synenco $38 million cash for an approximate 14.5% interest in the Northern Lights Project's assets. Synenco then contributed its remaining interest in the Northern Lights Project's assets into Northern Lights Partnership (NLP) in return for a 60% interest in NLP.

Sinopec contributed its acquired interest and

Latest Oilvoice Headlines

- Nordic Petroleum ASA Signs a Formal Agreement to Purchase of Oil Sand Rights in the Province of Alberta, Canada
- Horizon and Pan American Expand New Waverly - Wilcox Targets Identified
- Kenneth Dewey to Join Energen Board
- Transeuro Provides Update of Beaver River Drilling in British Columbia
- Penn Virginia Corporation Announces East Texas Acquisition
- UK Energy Minister Opens Landmark Aberdeen Building Following

Regional Focus

News By Country
- North Sea
- Gulf of Mexico
- West Europe
- East Europe
- Russia / FSU
- Asia / Far East
- North Africa
- Africa
- North America
- Central America
- South America
- Australasia
- Middle East

Featured Section

Have you tried OilVoice Earth yet?

Oilvoice Features

Company Key Data
- Free to View Companies
- CapEx Data
- Production & Reserves
- Areas of Operation
- Operational Highlights
- Key Statistics
- Global Company Overview

Focused News
- Alternative Investment Market
- Acquisitions & Mergers
- Discovery
- People on the Move
- New Companies
- New Kid on the Block
- Bulletin Board

Special Interest
New! **Gas Storage**
- Oil Sands
- Coalbed Methane
- Renewable Energy

Reference
New! **Job Marketplace**
- Oil Industry Features
- Oil Industry Directory
- University Directory
- Graduate Recruitment
- Reports & Commentary
- Company Archive

Login to Oilvoice

OilVoice Subscribers
Annual subscribers and users with a 10 day trial login here.
»» Get 10 day free trial
»» Log in

OilVoice Free Members
To manage your newsletter, and receive **free Oil Company Alerts** log into your free membership here.
»» **Join**
»» Log in

Free 10 Day Trial
No credit card, no obligation, no fuss.

Search Site

Google

oilvoice.com
Web
Search

Brent Oil Price

The current Brent Oil Price is $**88.43**

Subscribe

Bulletin Board

Add your own *free* listing

QSERV ANNOUNCES IMPRESSIVE FINANCIAL RESULTS

BJ SERVICES ANNOUNCES KEY APPOINTMENT IN LIBYA

TGS Announces New Project in the 181 South Area of the Gulf of Mexico cash of approximately $111.7 million into NLP in return for a 40% interest in NLP. Synenco retains a 60% share, will be the operator of the Northern Lights Project, and the managing partner of the Partnership.

The Northern Lights Project is an integrated oil sands mining, bitumen extraction and upgrading project, located northeast of Fort McMurray, Alberta, with design capacity of over 100,000 barrels per day of synthetic crude oil. Total project costs, to be incurred over a five-year period, are currently estimated at $4.5 billion.

This transaction has received all required Canadian and Chinese government approvals.

Synenco was formed in 1999 to evaluate lands in the Athabasca oil sands region. In 2003, the Company's focus evolved from exploration to development with the overriding goal of making the Northern Lights Project economically viable, technically feasible and capable of ultimately producing 100,000 barrels per day of high quality synthetic crude oil.

SIPC is a subsidiary of China Petrochemical Corporation (Sinopec Group) and sister company of internationally listed China Petroleum and Chemical Corporation (Sinopec Corp). Sinopec is China's second largest crude oil and natural gas producer, largest refiner and marketer of oil products, and largest petrochemicals company.

Relevant Company(s) and News

Sinopec (Company Profile)

Be notified by email every time we add a news item about Sinopec

Coordination Committee For Cooperation Between Rosneft and Sinopec Meets For the First Time
Sunday, February 11, 2007

OMV Starts Oil Production in Yemen and is Awarded a New Exploration Licence
Thursday, December 28, 2006

TNK-BP and Sinopec Reach Agreement on Udmurtneft Sale
Tuesday, June 20, 2006

Petrobras Reinforces its Project Portfolio in Angola
Wednesday, May 24, 2006

Sinopec Confirms Puguang Gas Field is the Largest Discovered so Far
Tuesday, April 04, 2006

Energy Institute - Oil and Gas Training Courses 2007

SYDNEY, AUSTRALIA: EXECUTIVE CARBON BRIEFING

AGR Group - Deepwater Riserless Mud Recovery field trial site confirmed – Malaysia 2008

Aberdeen Teenager Wins Prestigious Energy Industry Award

Subsea UK launches inaugural Best of British event in Houston

27 November Travel Safety Seminar; WAAG

JOBS ADVERTISED
PESGB - Executive Director, Central London

Subtech 07, Subsea UK Annual Technology Conference

RWE Dea - Fourth oil discovery in Libya

The Oxford Princeton Programme 2008

Emerson introduces Universal Control Unit for use with 4-20mA OR HART® compatible transmitters

Jean-Louis Etienne Unveils Total Pole Airship 150 Days Before North Pole Expedition

HB Rentals wins $1.46million deals with BP in the Gulf of Mexico

Bloomberg.com

Canadian Seeks New Chinese Investments in Oil Fields (Update1)

By Theophilos Argitis

Jan. 16 (Bloomberg) -- Canadian Prime Minister Stephen Harper, critical of China's human rights record, is seeking to assure Chinese officials the Asian country remains a welcome investor in Canada's energy industry.

Two of Harper's senior cabinet ministers -- Trade Minister David Emerson and Finance Minister Jim Flaherty -- are in China this week canvassing for more Chinese investments and seeking to ensure better business ties.

Canada believes it ``can move on with a relationship cold on the political side and warm economically,'' said Wenran Jiang, director of the China Institute at the University of Alberta. ``That has some risks in it. The Chinese are interested in Canadian energy and resource sectors, but not to the extent they are going to die for it.''

Flaherty is scheduled to meet China's Finance Minister Jin Renqing and central bank Governor Zhou Xiaochuan on Jan. 18. China is Canada's second-largest trading partner after the U.S., with a combined C$36.6 billion ($31 billion) of trade in 2005. Canada imported C$22.4 billion more Chinese goods than it exported to the country during the year.

Flaherty outlined plans in November to reduce barriers to foreign investment and said he will seek to develop a ``principle-based approach'' to reviewing acquisitions from abroad. He singled out large state-owned enterprises with ``non-commercial objectives'' as unwelcome investors.

Transparency

``The question is do you want non-democratic foreign governments buying your companies or your non-renewable resources in ways where the basic standards of openness and transparency are not respected,'' said John Kirton, a professor of international politics at the University of Toronto.

China's state-owned companies have largely stayed away from Canada's burgeoning oil sands developments, in part due to concerns investments will trigger a political backlash, Jiang said. The oil sands contain the largest pool of reserves outside the Middle East, with more than C$100 billion in capital spending planned over the next decade by firms such as Total SA.

Chinese companies hold two minority stakes in Canadian oil sands interests, with both acquisitions made before Harper defeated the Liberal Party in elections last January.

Cnooc Ltd., which is 71 percent-owned by state-controlled China National Offshore Oil Corp., holds a 17 percent stake in Canada's MEG Energy Corp. China Petrochemical Corp., parent of Asia's largest refiner, owns a 40 percent stake in Canada's Northern Lights oil sands project with Synenco Energy Inc. The two investments were worth less than C$300 million combined.

More Spending

Canada would welcome more investment, Emerson said today in Beijing.

``We are open to and encourage Chinese investment in the oil sands business or other industries of the Canadian economy,'' he said.

The visits this week will allow Chinese officials to outline their concerns about the relationship between the two countries, and consider future investments in industries including car manufacturing, said Paul Evans, chief executive of the Asia Pacific Foundation of Canada.

``This is partly about listening to the Chinese,'' Evans said in a telephone interview. ``We haven't had the kinds of high-level contacts with the Chinese now for almost a year.''

Harper is betting a more assertive stance on human rights won't get in the way. After meeting with Chinese President Hu Jintao at the Asia-Pacific Economic Cooperation summit in November, Harper noted the Chinese weren't accustomed to ``frank'' discussions with Canada.

`Sell-Out'

As Harper was boarding his plane Nov. 16 on his way to the summit, he said promoting trade shouldn't require the government to ``sell out'' Canadian values.

The Chinese have been ``very willing to listen to open, candid comments on issues relating to democracy, freedom and rights -- that's not an issue,'' Emerson told reporters later today in a telephone conference. ``So it's really us getting our act together as a country on trade and investment.''

Canadian Natural Resources Minister Gary Lunn held meetings in Beijing during the same week of Harper's comment to encourage Chinese energy officials to consider joint ventures with Canadian companies. The minister was accompanied by Pat Daniel, Chief Executive of Enbridge Inc., a Canadian company proposing a C$4 billion oil link between the oil sands and the country's Pacific coast.

``He encouraged joint partnerships,'' Philip Jennings, a ministry bureaucrat at the meetings in Beijing, said in a telephone interview.

Investment Laws

The previous Liberal Party government was also wary of investments from the Asian country. Efforts by China Minmetals Corp. to acquire Canadian miner Noranda Inc. in 2004 prompted Emerson, then a Liberal minister, to seek changes in the country's investment laws to make it easier for the government to review transactions deemed threats to national security.

The Conservatives are making more of an effort to attract foreign investments, Emerson said in a Nov. 28 interview.

``We are being more open, more transparent and more assertive (politically), but we are equally being more aggressive on the trade and investment side,'' Emerson said.

To contact the reporter on this story: Theophilos Argitis in Ottawa at **targitis@bloomberg.net** .

Last Updated: January 16, 2007 11:30 EST

Beijing quits pipeline, blasts Ottawa

Globe and Mail — Beijing issued a scathing rebuke Thursday of the Harper government's unwillingness to attract Chinese investment and help sell Canadian oil to the Far East, as the state oil company PetroChina [PTR-N] said it was withdrawing support for a major pipeline between Alberta's oil sands and a West Coast port.

A senior Chinese oil executive blamed Ottawa for not doing more to help start the $4-billion Gateway pipeline project, which has been delayed by a lack of support from Canadian firms and challenged by native land claims along the proposed route to the Pacific coast.

Yiwu Song, vice-president of China National Petroleum Corp., one of the world's largest oil companies and parent of PetroChina, said Beijing felt the delays reflected an unwillingness to allow Chinese firms into Canadian markets. He added that China could find similar crude supplies elsewhere, notably Venezuela.

"The environment is not comfortable. We tried to come here and we can't," Song said during an investment conference in Calgary.

"We sincerely wanted to do something and open up a new market for Canadian crude ... but Canada doesn't want to open up its own markets to us. So we cannot co-operate, and I really don't know how to help."

PetroChina had agreed in principle with Enbridge Inc., the Calgary-based pipeline company behind the Gateway project, to purchase half the crude from the pipeline's proposed flow of 400,000 barrels a day.

But Song said repeated delays in the project have cost Canada his company's confidence. Enbridge had already pushed back the pipeline's expected completion from 2009 to an unspecified date between 2012 and 2014. Last month, according to Song, Enbridge officials pressed PetroChina to commit itself more fully to the project, but the company refused.

In unusual public criticism by a Chinese official, Song also blamed Canadian oil producers for the lack of progress on Gateway, saying shippers weren't willing to open their domestic market for Chinese participation or commit enough supplies to the pipeline to make it viable. (Historically, a lack of pipeline and port infrastructure has meant that almost all Canadian oil exports are shipped to the U.S. Midwest.)

Other problems for the pipeline include local opposition and unresolved land claims between the federal government and aboriginal groups — the same thorny issue that has stalled development of Imperial Oil's Mackenzie Valley pipeline.

Environmental groups have raised concern over increased oil tanker traffic off the B.C. coast, while a coalition of native groups filed a federal court action against the project last year, alleging they haven't been properly consulted.

Enbridge has denied that these issues will delay the pipeline, but Song singled out the federal government for not resolving them, saying, "In my country, for a project this big, the government has to support it."

Asked whether the previous government of Paul Martin was more supportive to Chinese firms, Song replied, "That's for sure. They were more positive and understood our business."

He added that CNPC's experience of doing business in Canada was negative when compared to its involvement in Venezuela, noting that the company had been able to advance major projects more rapidly there.

Despite the rhetoric, CNPC isn't pulling out of Canada altogether. The company acquired 11 oil leases in Alberta this year, upon which it ultimately hopes to build an oil sands project. Song said that the acquisition is a change in CNPC's Canadian strategy that's fuelled by the Gateway delay.

While PetroChina has no interest in pursuing Gateway for now, the company did "still carry some hope that this might happen [in the future]," Song said, adding that he had no complaints about working with Enbridge, whose executives "tried very hard to get us set up with Canadian producers, but it didn't work."

Enbridge spokesman Glenn Herchak said it wouldn't be appropriate to comment on Song's remarks. He added that the terms of Enbridge's agreement with PetroChina were confidential.

"While China could be a market for Gateway volumes, other Asia-Pacific countries and California could be potential markets for the crude," Herchak said. "We are still looking at the Gateway pipeline in the 2012-2014 timeline."

BOOKMARK

posted 7/13/2007 12:13:00 PM | Discuss this post on CIV Forum |

Post Labels: Cda-China relation

Comments | Trackback

Links to this post

| Foreign investment minister rejects Beijing's criticism of Canada

Create a Link

Related posts by labels

Cda-China relation

- Chinese firm will only import 100+ miners, not 400 as previously reported
- Almost 2/3 Canadians want outright ban on Chinese goods
- Flawed toys not China's fault alone, Canadian report finds
- Chinese ambassador to Canada says importers share blame for unsafe products
- Canada's imports from China June 2007
- Canada's exports to China June 2007
- Canada gives up appeal of Lai Changxing's case
- Taiwan's Chen likes the anti-China policy of Canada
- Emerson talks about China's human rights, not Stephen Harper this round
- Tory strategist calls Games boycott 'silly talk'
- Harper blames public servants for failed China policy
- Beijing quits pipeline, blasts Ottawa
- Chinese have hesitation about entry into oilsands, expert says
- Emerson: China's listed state-owned companies welcome to take on oil sands
- China acquires Canadian oil project

*Widget by Hoctro_*

CIV archives

Newer Post ● Older Post ● Home

Subscribe to: Comment Feed (RSS)

more navigation

- Recent comments
- Canada-China relations
- China-Japan relations
- Chinese Canadian
- Fugitive: Lai Changxing
- Fugitive: Gao Shan et al
- Immigration policies, news
- STATS: immigration
- STATS: CC population
- STATS: Census 2006
- STATS: imm income, jobs
- STATS: real estate
- STATS: trade, tourism

Recent posts

- ▼ 2007 (1023)
  - ▼ Oct 2007 (12)
    - ▼ Oct 18 (1)
      - Vancouver Sep 2007 home prices surge another

10.4%...

- • Oct 17 (1)
- • Oct 16 (2)
- • Oct 15 (2)
- • Oct 12 (2)
- • Oct 11 (1)
- • Oct 07 (2)
- • Oct 02 (1)

- • Sep 2007 (52)
- • Aug 2007 (68)
- • Jul 2007 (57)
- • Jun 2007 (127)
- • May 2007 (95)
- • Apr 2007 (133)
- • Mar 2007 (147)
- • Feb 2007 (109)
- • Jan 2007 (223)

- • 2006 (551)

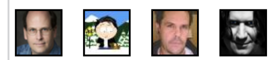
Post labels

Select label

My community

Recent Readers

You!
Join My Community

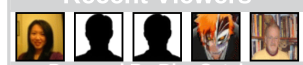


View Reader Community

Join this Community

(provided by MyBlogLog)

Recent Viewers



Powered By BlogCatalog

Badge farm

110 readers
BY FEEDBURNER

Energy Bulletin

Published on Wednesday, December 22, 2004 by Metro News

Enbridge May Offer China Oil-Sands Pipeline Stake

By Jeffrey Jones

CALGARY, Alberta (Reuters) - Enbridge Inc. may offer an equity stake in a Canadian oil sands pipeline to a Chinese investor, but is concentrating efforts on attracting shippers for the C$2.5 billion ($2 billion) proposal, a spokesman said on Thursday.

Enbridge, the country's second-largest pipeline company, has spent more than 2-1/2 years planning its Gateway pipeline to the West Coast from Alberta, a project aimed at opening Asian and California markets to the vast resource.

As the world's No. 2 oil consumer, China and its various energy interests have been showing keen interest in Canadian oil sands, reserves of which rival Saudi Arabia's conventional crude reserves.

There is potential for Enbridge to hive off a stake in the 400,000-barrel-a-day Gateway project, targeted for start-up after 2009, spokesman Ian La Couvee said.

But he would not confirm a New York Times report on Thursday that the company, best known as operator of the main crude oil export pipeline to the United States, was in talks to offer 49 percent of the pipeline to a Chinese energy company.

"Our initial priority is to get commitments for volumes," La Couvee said.

He said Enbridge has received strong interest from refiners in China, as well as Japan and South Korea, in gaining access to synthetic oil wrung from the oil sands, a complex process known for high capital and operating costs but low political risk.

"But we do not yet have concrete commitments (for shipping contracts). We're hoping to secure those early in 2005," he said.

The 1,200 km (750 mile) pipeline would extend across the Rocky Mountains to near Prince Rupert, British Columbia, from Edmonton, Alberta. The crude would be loaded on to tankers for shipment across the Pacific Ocean and down the U.S. West Coast.

Executives have said they were aiming for Asian and California markets only after it was clear that key U.S. regions, including the Midwest, were well served by supply from Alberta's oil sands developments, target of tens of billions of dollars of investments.

It is not the only such proposal on the drawing board.

Early this month, Terasen Inc. said it was aiming for Asian refiners with a planned expansion of its 250,000 bpd Trans Mountain pipeline system, and was looking for expressions of interest from potential shippers.

The long-term plan is boost capacity to as much as 850,000 bpd at a cost of about C$2.3 billion.

Chinese energy officials have also been examining the oil sands industry for possible development projects to help meet what is widely expected to be a huge growth in demand for oil imports into their country.

In addition, shares in oil producer and refiner Husky Energy Inc. surged in November on speculation that its majority owner, Hong Kong magnate Li Ka-shing, was in talks to sell out to a Chinese oil company.

Husky is planning two large Alberta oil sands projects, called Tucker and Sunrise.

($1=$1.24 Canadian)

Article found at :
http://www.energybulletin.net/newswire.php?id=3755

Original article :
http://www.metronews.ca/reuters_business.asp?id=47418

Enbridge: A North American solution to energy reliability and security of crude petroleum supply

Enbridge is proposing a number of expansion projects to help address current and future increases in refinery demand as supply from western Canada's vast oil sands increases. They include:

- Southern Access, an expansion and extension of Enbridge's existing pipeline system, including pump station modifications in Alberta, Saskatchewan and Manitoba and new pipeline in Wisconsin and Illinois, to increase crude oil capacity to Midwest refineries and beyond.
- Southern Lights, a liquid petroleum pipeline from Chicago through Wisconsin, Minnesota and North Dakota to transport light hydrocarbons, or "diluents" to the Canadian oil sands area of Alberta. The project also involves the construction of a 20-inch crude oil pipeline from Cromer, Manitoba, to Clearbrook, Minn., to replace the capacity of an existing Enbridge pipeline that will be reversed to transport diluent.
- Alberta Clipper, a new crude oil pipeline from Alberta to Superior, Wis. to increase capacity of the Enbridge system by 450,000 barrels per day (bpd) and later be expandable up to 800,000 bpd.

China CNPC Wins First Rights to Explore Canada's Oil Sands

by Renya Peng

Dow Jones Newswires 6/29/2007

URL: http://www.rigzone.com/news/article.asp?a_id=47152

BEIJING Jun 29, 2007 (Dow Jones Newswires)

China National Petroleum Corp. secured rights to explore oil sands in Canada's Alberta province, a breakthrough by the largest Chinese oil company in Canada, said a statement Friday on the Chinese Ministry of Commerce Web site.

The company's access to the oil sands comes after more than two years of talks with the Canadian government and local energy companies.

Alberta's energy authorities granted CNPC the exploration rights in January for 11 fields in a total area of 258.6 square kilometers, with estimated reserves of 2 billion barrels of bitumen, or heavy oil, an unidentified official from the international department of CNPC was quoted as saying.

CNPC became the first Chinese major oil company to win a majority stake in a Canadian oil sands project, it said.

The company was unavailable for comments.

China Petrochemical Corp., or Sinopec Group, the country's second largest oil company, took a 40% stake in Canada's Northern Lights project in 2005 with Calgary-based energy firm Synenco.

CNOOC Ltd. (CEO), the third largest oil company in China, acquired a 16.69% stake in privately-owned Canada-based MEG Energy Corp. in 2005.

Husky profit climbs on offshore ops, new refinery

Reuters - **Thursday, October 18, 2007**

CALGARY, Alberta, Oct 17 - Husky Energy Inc's third-quarter profit rose 13 percent on higher output from its offshore oil operations and a contribution from a newly acquired U.S. refinery, Canada's No. 3 oil producer and refiner said on Wednesday.

The company said net income rose to C$769 million, or 91 Canadian cents a share, from year-earlier C$682 million, or 80 Canadian cents a share.

The earnings beat the average profit forecast of analysts polled by Reuters Estimates by 9 Canadian cents.

Husky, controlled by Hong Kong billionaire Li Ka-shing, said cash flow, a key measure of the company's ability to pay for new projects and drilling, rose 16 percent to C$1.4 billion, or C$1.67 a share, from C$1.2 billion, or C$1.44 a share.

Husky, the first of Canada's major oil companies to report earnings for the quarter, is known for its extensive heavy oil production and processing operations in Western Canada, production off Newfoundland's Atlantic Coast and in the South China Sea, and its refinery in Lima, Ohio, acquired this summer for $1.9 billion.

The Lima refinery contributed C$54 million to earnings in the third quarter.

Husky bought the facility as part of its long-term plan to process its growing oil sands and heavy crude output. The company is also considering an expansion of its heavy oil upgrader in Lloydminster on the Alberta-Saskatchewan border and expects to make a decision before the end of this year.

The company said oil and gas production rose slightly more than 1 percent to 369,900 barrels of oil equivalent a day, held back by project delays in Western Canada after a long spring melt period, which delayed plans.

Oil production from the White Rose and Terra Nova oil fields off the Newfoundland coast rose nearly 20,000 barrels a day to 95,500 barrels a day.

Husky reduced its outlook for natural gas production in 2007 by 6 percent from the lower end of its 670 million-690 million cubic feet a day target range, due to low gas prices, high operating costs and the redeployment of capital.

In the quarter, gas output fell 7 percent to 620.1 million cubic feet a day.

Husky's revenue rose 27 percent to C$4.4 billion in the third quarter.

Its shares closed up C$1.68 at C$43.28 on the Toronto Stock Exchange on Wednesday. Husky released its results after the market closed.

Li-controlled firms, such as Hutchison Whampoa Ltd and Cheung Kong Ltd , own more than 70 percent of the stock.

THIS STORY HAS BEEN FORMATTED FOR EASY PRINTING

Valero Energy Corp. sells Ohio refinery

May 2, 2007

SAN ANTONIO --Refinery operator Valero Energy Corp. on Wednesday said it agreed to sell its Lima, Ohio refinery to Canadian energy producer Husky Energy Inc. for $1.9 billion.

The transaction is expected to close in the second quarter.

Valero had announced in February that it was considering selling the refinery, which it acquired in 2005 as part of the $8 billion purchase of Premcor Inc.

The company plans to use proceeds from the sale to repurchase stock.

Shares jumped $1.75, or 2.5 percent, to close at $72.90. Shares rose an additional 65 cents in aftermarket electronic trading.

(This version CORRECTS the location of the refinery to Lima, Ohio instead of Lima, Peru.) ■

China, Canada Agree on Oil, Uranium Development

Rob Delaney in Beijing and Ian McKinnon in Calgary

Jan. 20 (Bloomberg) -- China and Canada signed agreements in Beijing today to help develop uranium mines and oil reserves, including Canada's oil sand deposits in Alberta, to expand trade between the two countries.

The agreements followed meetings between Chinese Premier Wen Jiabao and Canada's Prime Minister Paul Martin. Canada's Martin and Trade Minister James Peterson are on a six-day visit to China with representatives of 250 Canadian companies to boost commercial ties with its second-largest trading partner.

"Canada and China have decided to work together to promote cooperation in the oil and gas sector, including Canada's oil sands, as well as in the uranium resources field," the two governments said in a statement. No specifics were given on companies that may be involved, and details of the agreement weren't available on a Web site for Canada's prime minister.

Companies including Exxon Mobil Corp., Royal Dutch/Shell Group and Canadian Natural Resources Ltd. plan to spend billions during the next decade to develop Alberta's unconventional oil deposits as demand for crude rises and output from existing fields decline. Oil-sands output in Alberta may double to 2 million barrels a day by 2013, according to a presentation last week by Enbridge Inc.

Feasibility

Economics, not today's agreements, will decide whether China becomes an investor in the oil-sands projects, said Mike Tims, chairman of Peters & Co., a Calgary brokerage specializing in oil stocks.

"I wouldn't say that anything in this agreement is likely to cause anyone to do anything that isn't fully sensible on a commercial basis,"' Tims said in a telephone interview.

Enbridge, Canada's second-biggest pipeline company after TransCanada Corp., said last week that PetroChina Co. or China Petroleum and Chemical, the country's two biggest oil companies, will agree by next month to buy oil from Alberta oil sands to meet growing energy demand in China. Calgary-based Enbridge is proposing a C$4 billion ($3.25 billion) pipeline to export Alberta's oil to California, China and other markets

Shares of Calgary-based Husky Energy Inc. rallied in November after Toronto's Globe and Mail said China was negotiating to take control of the producer through a state oil company. Chinese buyers may be attracted to Husky because it is developing two oil-sands projects, some analysts have said.

Chinese Oil Demand

China is scouring the world for oil to fuel its expanding economy, and the agreements could help Canada compete with countries in the Middle East, Central Asia and South America for Chinese investment, Peters's Tims said.

"Companies from countries like China like the whole notion that they have the blessing or imprimatur of the government when they go to negotiate a commercial arrangement," he said. "It puts investments in Canada in the same ballpark as investments in other countries which are similarly receptive to them."

Canadian exports to China totaled C$4.8 billion in 2003, about a quarter of the value of its C$18.6 billion in imports from the world's most-populous nation, the Canadian embassy in Beijing said.

Exports from Canada surged 55 percent in the 10 months ended Oct. 31, 2004, from the same period a year earlier, said Ian Burchett, public affairs counselor at the embassy.

Oil sands are deposits of bitumen, an extra-heavy oil that must be treated to convert it into crude oil for use in refineries to produce gasoline and diesel fuels, according to the Web site of the Alberta Department of Energy.

Canada has the world's largest oil reserves after Saudi Arabia since the U.S. Energy Department revised its global oil resource estimates to include oil sand deposits, Canada China Business Council President and former Canadian Ambassador to China Howard Balloch said in an interview last week.

Alberta's oil sands deposits contained around 174 billion barrels of proven reserves that can be recovered using current technology at the end of December 2003, the department said. Saudi Arabia has proven reserves of 262 billion barrels, according to the Energy Department.

To contact the reporters on this story:
Rob Delaney in Beijing at robdelaney@bloomberg.net; and
Ian McKinnon in Calgary at imckinnon1@bloomberg.net.

To contact the editor responsible for this story:
Peter Langan at plangan@bloomberg.net.

Enbridge, Exxon to study midwest pipeline project

By Kevin Kingsbury
Last Update: 12:54 PM ET Jun 5, 2007

In a move to expand the market for Canadian crude oil into the heart of the U.S. refining industry, Enbridge Inc. (ENB) and Exxon Mobil Corp. (XOM) said they will study whether to build a new pipeline from an Illinois transportation hub to the Gulf Coast.

The project would run from the Patoka, Ill., oil storage and pipeline hub to Beaumont, Texas, and then onward to Houston. It would allow growing crude supplies from Canada to reach the Gulf Coast, home to nearly half of all U.S. refining capacity, with many of those refineries well suited to run lower-quality Canadian crude.

Enbridge and Exxon said in a statement they have been in talks with potential shippers of Canadian crude oil about the project, whose comments will help finalize the project's size and scope. A new pipeline could enter service by 2011, the companies said.

The move comes as output is rising from Alberta's oil sands, even as much of the northern tier of the U.S. refining market is already almost saturated with Canadian crude.

Pipeline operators have already been rejiggering their networks to allow more Canadian crude oil to flow south. In April 2006, Exxon reversed an idle pipeline to have Canadian oil move from Patoka, Illinois, to Nederland, Texas. A month earlier, Calgary-based Enbridge reversed a pipeline acquired from BP PLC (BP) to transport Canadian crude to Cushing, Okla., from Chicago. BP is looking at reversing a separate pipeline between those two locales.

Cushing is the delivery point of the New York Mercantile Exchange light, sweet crude contract and receives U.S. domestic crude production from various pipelines.

Meanwhile, Teppco Partners is considering reversing the direction of its Seaway crude pipeline, which runs from Cushing to the Gulf Coast. No Canadian crude is currently sent directly to Gulf Coast refiners from Cushing.

Canada is the largest crude oil supplier to the U.S., and its prominence as a nearby, secure supplier of crude oil has many U.S. refiners considering modifications to better handle its higher-sulfur crude. ConocoPhillips (COP), one of the largest U.S. refiners, and EnCana Corp. (ECA) have forged joint ventures aimed at boosting use of Canadian crude, and Marathon Oil Corp. (MRO) has made clear its interest in partnering with a Canadian producer.

Enbridge has estimated that Canadian crude oil production, supplemented by oil sands crude, will nearly double by 2015, to more than 4 million barrels a day.

That output is displacing Gulf Coast crude at Midwestern refineries. The Midwest accepted 350,000 fewer barrels a day from the Gulf Coast in 2006 than it did five years earlier, according to U.S. energy officials. Canadian imports rose by 420,000 barrels a day over the same period, data show. The U.S. consumes more than 20 million barrels a day of oil.

Enbridge is looking at the other main U.S. refining markets, too. The company is working on a pipeline from Alberta to the West Coast - the Gateway Pipeline - envisioned as an export route terminating in British Columbia.

Rick Sandahl, senior vice president of market development, said in an interview with Dow Jones Newswires in March that the company also is mulling projects that would extend Enbridge's reach into markets east of Chicago, perhaps as far as New Jersey.

(Beth Heinsohn and Brian Baskin contributed to this article.)

-Contact: 201-938-5400

SOURCE: AXcess News

Jun 06, 2007 11:00 ET

AXcess News: New Oil Pipeline to Supply US Refineries

Highlighted Links

AXcess News

HOUSTON, TX--(Marketwire - June 6, 2007) - (OTCBB: PTCH) -- A new oil pipeline being planned by Enbridge and ExxonMobil to carry 400,000 barrels of oil per day to Gulf Coast refineries marks the second major project in a year to fill growing US demand thanks to Canada's Alberta oil sands supplies.

The pipeline marks the first major US oil company to venture into transporting oil from the vast Alberta oil sands reserves thanks to ExxonMobil's existing right of way, which stretches from Cushing, Oklahoma to Nederland, Texas. Enbridge owns the rights of way from Cushing to Patoka, Illinois. The two companies plan on transporting 400,000 barrels of oil per day to refineries in Texas and say the pipeline will be online by 2010, just one year after TransCanada's 400,000 barrel per day oil line will be pumping Canadian oil to Midwest refineries.

US demand in May grew by 2.4 percent, the Energy Department said last week which shows consumer appetites for energy remain high. Part of the supply strain has come from OPEC cutting back on production levels, which the group's secretary-general said Tuesday there wasn't enough evidence to support an increase in production. But even if it did, the US has already pushed Canada to expand oil exports from 1 million barrels per day to as much as five times that amount.

While the rush is on to fill demand, many oil companies within the oil sands arena are still working to prove up reserves before pursuing funding for production plants or more discovery work. Newer technologies now make it feasible to mine the oil-rich sands in the Alberta province but only a handful of companies, outside of the major companies, are far enough along to develop them.

Following a $20 million financing, Patch International, Inc. (OTCBB: PTCH) began beefing its management with the appointment of a new CFO and COO. Now, investors are waiting on the results of drilling reports on two vast fields the company acquired late last year to assess reserves. Patch had indicated earlier that it intends on building a 25,000 barrel per day SAGD plant, which utilizes steam assisted gravity drainage to separate the oil from the sands. SAGD, while a new technology, is one of the proven methods being utilized in the Alberta oil sands.

Patch's SAGD plant is scheduled to go online in 2010, according to information on the Company's website. That coincides with the Enbridge/ExxonMobil pipeline being completed.

Note to Editors: "News Features" are stories provided to publishers copyright-free for print or online display at no charge. All we ask is that publishers include our byline (AXcess News) as the source, and a link to our Web site: http://www.axcessnews.com/. If you are interested in displaying our news on a regular basis, please contact our editorial department at: 502-868-9007.

Contact:
Eric Stevenson
Editor
AXcess News
502-868-9007
Email Contact

China Institute: http://www.uofaweb.ualberta.ca/chinainstitute/

Close Window

Canada Sands Yield More Oil for U.S.

July 12, 2006
The Wall Street Journal
By Tamsin Carlisle

Recent expansion of the pipeline network linking Alberta's rich oil sands to the U.S. is fueling a big increase in cross-border exports of Canadian oil -- and easing any lingering U.S. concerns that much of Alberta's oil will flow to China.

According to U.S. government figures, the U.S. imported 205 million barrels of crude oil and petroleum products from Canada in the first quarter of 2006, up 10% from 187 million barrels in the first three months of 2005. Canada's share of total U.S. oil imports for that period rose to 17% from 16%. That offset almost all of a decline in U.S. oil imports from Persian Gulf countries -- which shrunk to 15% from 18% over the period -- making Canada for the first time a more important supplier of oil to U.S. markets than the Middle East.

This sea change represents the surest sign yet of the Canadian energy sector's determination to keep valued U.S. customers well-supplied both with crude oil and refined-petroleum products.

At the same time, some prominent U.S. energy analysts have developed the view that China's moves to secure international petroleum reserves, including recent investments in Canadian oil-sands and pipeline projects, will enhance rather than threaten energy security for other oil-importing countries.

"It is important to get China's situation into perspective," Cambridge Energy Research Associates Chairman Daniel Yergin recently told the U.S. House Committee on Energy and Commerce. "From the viewpoint of consumers in North America, Europe and Japan, Chinese and Indian investment in the development of new energy supplies around the world is not a threat but something to be desired, because it means there will be more energy available for everyone in the years ahead."

In the past few months, Canadian oil producers have thrown their support behind key U.S. pipeline projects that have opened the way for Canadian crude to be shipped all the way to oil refineries on the U.S. Gulf Coast. One project has reversed the direction of flow in an underused pipeline that used to carry oil from the Gulf Coast north, instead enabling Canadian oil to flow south. The payoff for oil-sands producers has been immediate: a sharp increase in the price of Canadian bitumen -- the sticky black crude found in oil sands -- relative to higher-price benchmark crudes such as West Texas Intermediate.

"Canadian heavy-oil producers have experienced a significant increase in profitability in the last two months," analysts at Calgary, Alberta, brokerage firm Peters & Co. note in a recent overview of North American energy.

Although the North American bitumen market typically strengthens in summer, because of seasonal demand for asphalt used in road construction, the Peters analysts and others argue that this year's larger-than-normal increase in heavy-oil prices marks a "fundamental shift" in the long-term economics of the heavy oil business that will likely make U.S. markets significantly more attractive to Canadian oil exporters.

Historically, most of Canada's heavy-crude exports have been sold to a handful of petroleum refineries in the U.S. Midwest equipped to process such intractable feedstock, but the recent rise in Canadian bitumen output from oil sands quickly saturated that limited regional market, pushing down bitumen prices to about half of the West Texas Intermediate crude price in this year's first quarter. Since April, the new pipeline links have relieved much of the downward price pressure on Canadian bitumen, while providing another supply option to U.S. Gulf Coast refiners that previously imported heavy oil feedstock from politically unstable markets such as Mexico and Venezuela.

Partly because of the prospect of further improvements in U.S. market access for Canadian heavy crude, Canada's National Energy Board, in its latest forecast, predicts that Canada will nearly triple oil production from its oil sands to three million barrels a day in 2015, an increase over the energy regulator's earlier projection. Other recent industry forecasts project an even bigger surge in Canadian production, with the Canadian Association of Petroleum producers predicting that Canada will pump 4.6 million barrels of crude a day in 2015, including 3.5 million barrels a day from oil sands.

Just last month, BP PLC and Marathon Oil Corp. each said they will invest about $3 billion to convert U.S. oil refineries so that they can process Canadian heavy crude, helping to ensure a sufficient market for the expanded oil-sands output.

Another strong signal that Canadian oil-sands producers are chiefly targeting the U.S. for exports comes from Canadian industry plans to invest heavily in specialized refining capacity for converting bitumen to synthetic light crude oil-an easily refined petroleum feedstock with a large and ready market in the U.S.

Despite concerns over rising construction costs, Canadian oil-sands producers have tabled 14 proposals to build new bitumen-upgrading capacity or expand existing capacity, according to the Canadian Association of Petroleum Producers. If all of those projects were to be built, Canada's bitumen-upgrading capacity would more than triple by 2015 to almost 2.9 million barrels a day from about 800,000 barrels a day currently. That wouldn't leave much unconverted bitumen production available for export anywhere -- let alone to China.

The backers of proposed new pipelines for moving Alberta heavy crude to Canada's west coast, whence it could be exported by tanker to Asian Pacific markets and U.S. refineries in California and the Pacific Northwest, still see strong potential for some Canadian oil exports to China, but the volumes wouldn't be large -- about 300,000 barrels a day, according to project proponent Enbridge Inc. "The interest from shippers is significant," said Glen Herchak, a spokesman for the Calgary pipeline company.

Meanwhile, U.S. oil companies may be plotting moves to secure future supplies of Canadian oil. During a recent presentation in Calgary, Standard & Poor's director of utilities, energy and project finance, Michelle Dathorne, said some larger U.S. oil concerns may be shopping for acquisitions in Canada's oil sands -- a resource that for them represents "a nice, stable, secure long-term source of oil."

Links on this page:

San Francisco Chronicle

FUELING AMERICA
OIL'S DIRTY FUTURE

Canadian oil sands: Vast reserves second to Saudi Arabia will keep America moving, but at a steep environmental cost

Robert Collier, Chronicle Staff Writer
Sunday, May 22, 2005

(05-22) 04:00 PDT Fort McMurray, Alberta -- At the end of a long northern highway, surrounded by a flat horizon of spruce forest and muskeg swamp, lies the energy future of the United States: the largest known petroleum deposit in the world outside Saudi Arabia.

This future isn't a pretty sight. Just north of the oil boomtown of Fort McMurray, the forest suddenly falls away into a series of enormous strip mines as deep as 250 feet and covering many square miles each. Viewed from the rim, 60-foot-tall shovel loaders look like toys as they claw ton after ton of tar- like sands from the ground.

Nearby, refineries burn natural gas to steam-cook the sands, separate the tarry residue and purify it into oil.

These oil sands are the world's most expensive, most polluting source of oil under large-scale production. Wringing four barrels of crude oil from the sands requires burning the equivalent of a fifth barrel. The mines and refineries release huge amounts of greenhouse gases -- the equivalent each day to more than a third of California's daily car emissions.

Yet Alberta's oil sands are destined to be the main supply of foreign oil to the United States for at least the next century. The sands hold proven reserves of 175 billion barrels, second only to Saudi Arabia's 262 billion, and far more than the Arctic National Wildlife Refuge's estimated 10 billion.

If Americans want to keep filling their gasoline tanks at a reasonable cost, they will need the oil sands industry to push ahead on its expected path of doubling, tripling and even quadrupling production in coming years.

Nowhere else is the conflict between energy use and ecological cost so stark.

"The oil sands are a big challenge," Canada's environment minister, Stephane Dion, who has fought publicly with other Cabinet officials for a tougher line on global warming, said in an interview. "They are sending out a lot of greenhouse gas emissions.

"But there is no minister of the environment on Earth who can stop this from going forward, because there is too much money in it," Dion said.

The sands make up three broad oil fields, the combined size of Florida, in northern Alberta 500 miles from the U.S. border. Up close, a visitor quickly enters a world of vast industrial scale, in which the tar-like scent of the sands permeates everything.

The largest of the pits is a 50-square-mile moonscape of slag heaps and tailings ponds owned by Syncrude, a consortium of Canadian and American companies. Next to the pit is a refinery -- or upgrader, in oil sands terminology -- whose towers, tanks, pressure chambers and spaghetti-like piping cover 1,000 acres.

Long white barracks house hundreds of workers, who have been recruited from as near as Alberta's farm country and as far away as Newfoundland province, Venezuela and even the Middle East.

In the pits, the sand sticks to the bottoms of shoes like new asphalt on a hot summer's day. In the cab of a shovel, an operator drinks coffee and makes locker-room jokes while he calmly tweaks the computerized controls and levers that rip apart a hillside, the shovel grabbing and dumping 100 tons of sands at a time as the huge platform bucks and sways.

The sands are carried in trucks with 400-ton payloads to a processing tower and mixed with warm water. The oily slurry that separates from the grains of sand is then sent on to the refining process.

About 20 percent of the oil-sand deposits lie close enough to the surface that they can be strip-mined, and nearly all current production uses this process.

But as these pits are depleted, companies will be forced to go after deeper deposits. Those are extracted by a process known as "in situ," or in position, in which steam is pumped into underground deposits to dissolve the thick oil and allow it to be piped to the surface.

In-situ work is much more expensive than open-pit mining, requiring about four times as much natural gas to create the steam.

In both methods, the extremely heavy oil that is produced, called bitumen, has to be further refined into lighter synthetic crude oil before it can be piped to customers, mostly in the U.S. West and Midwest, for further refining and distribution.

Even though costs have dropped, the oil sands process remains inefficient. Two tons of sand yield a single barrel -- 42 gallons -- of oil. On average, each barrel creates more greenhouse gas emissions than four cars do in a day.

Fort McMurray's boom time has been a long while coming. The first large mine began operations in the 1960s. But for the next few decades, as oil prices often sank below the $25-a-barrel cost of recovering crude from the sands, the deposits were viewed as a vast money hole, as an improbable long- term investment play by deep-pocketed oil majors.

But recently, as international prices have rocketed above $50 a barrel and technology advances have pushed production costs down to about $18 a barrel, the sands suddenly are stunningly attractive.

Nearly every major U.S. oil company has entered the market, despite initial investment costs that far surpass those of traditional drilling. By industry estimates, companies plan to spend more than $25 billion over the next decade on developing mines and upgraders.

"This is not for the faint of heart or those short on capital," said Neil Camarta, senior vice president of Shell Canada Ltd., the lead partner in a consortium that has spent $5 billion in the last five years.

The consortium, which includes Chevron and ConocoPhillips, is producing 155,000 barrels of high-quality synthetic crude a day. It plans to invest more than $1 billion a year for the next several years to increase its output to 500,000 barrels -- an output that, at current prices, would be worth more than $8 billion a year.

Camarta's project, like most in the area, has been plagued by delays and cost overruns as it applies new technologies at top speed under severe conditions. Winter temperatures stay at 30 degrees below zero for weeks on end.

A shortage of skilled labor adds to the problems. "Just getting people here, keeping them here and keeping them happy is a big part of the competitive edge," Camarta said. "We're out here in the Canadian north, where it's cold and dark half the time, and we're pulling off one of the world's biggest projects."

Camarta, like most oil sands executives, runs his operations from a skyscraper in Calgary, the nation's oil headquarters. The logistics hub is 300 miles north at Fort McMurray, a city of 56,000 on the Athabasca River, amid the pancake-flat boreal forest that covers thousands of miles of northern Canada.

Fort McMurray is deceptively suburban, with nondescript strip malls, subdivisions and equipment yards spreading for miles. But it is feeling the strain of rapid growth.

Downtown holds a modest red-light district, with a half-dozen bars, a casino, two strip clubs and a Salvation Army shelter that is full year-round with workers who cannot afford housing despite part-time wages of $30,000 a year. The elite workers who drive the shovels can earn $60,000.

The four-lane freeway to the oil sands is at a standstill three times a day, when shifts change at the 24-hour-a-day mines.

In the rapidly growing community -- the 2004 census reflects a 33 percent increase in population over four years -- builders of homes and apartments have not been able to keep pace with the dramatic influx. Just 24 percent of dwellings are rentals. The average two-bedroom house sells for $340, 000 Canadian, or about $300,000 American -- 40 percent more than a similar house in Calgary, and a large amount even for the unionized trade workers who operate the giant pit machines.

For those on government salaries or working lesser jobs, the boom can be a bust.

"If you're a schoolteacher, you're probably shacking up in an apartment with two or three others, and then the first job offer you get anywhere else in Alberta, you'll take it and leave town," said Melissa Blake, the mayor of the Regional Municipality of Wood Buffalo, which includes Fort McMurray and the oil sands.

Blake is calling on Alberta's provincial government to provide $1 billion during the next five years for transportation, schools, health care and other services.

"The oil sands industry brings in a huge amount of revenue, but this town has not gotten the attention it deserves," Blake said.

She has pledged to block regulatory approvals for oil sands expansions until the town gets more help. Provincial officials are preparing a counteroffer.

Canada is already the leading source of foreign oil for the United States, providing one-sixth of the 10 million barrels imported each day. But output from Canada's conventional drilling areas is in decline.

At the oil sands, in contrast, production is expected to soar from the current 1 million barrels a day to 2 million a day by 2010, rising to 3 million by 2020 and later to as much as 5 million for decades to come. And every rise in oil prices increases the amount of oil that can be profitably produced.

In 2001, as oil was doubling to $30 a barrel, the U.S. Energy Department quintupled its estimate of "proven" reserves in the oil sands -- the amount that is known to exist and that can be profitably extracted -- to 175 billion barrels.

Now, with $50-a-barrel oil making it profitable to extract even deeply buried or dispersed formations of oil sands, producers say the reserves could be as large as 314 billion barrels.

"Alaska is an important source, but the level of attention has been disproportionate to the importance of the tar sands," said Greg Stringham, vice president of the Canadian Association of Petroleum Producers, referring to the battle in the United States over drilling in the Arctic National Wildlife Refuge.

Most industry analysts agree that despite political attention focused elsewhere, the oil sands are North America's main energy gamble for the next century.

"Oil sands production is very expensive and complicated, but with prices as high as they are now, it finally is highly profitable," said Roland George, an analyst at Purvin & Gertz, a petroleum industry consulting firm in Calgary.

"In addition," he said, "it's so close to major markets, and it's in Canada, where you don't have to worry about a revolution or terrorism or getting your investment confiscated tomorrow. And finally, because the reserves are so huge, you know your investment will pay off for a very long time."

Dion, the environment minister, said that the federal government's plan for complying with the Kyoto Protocol includes a mandate for the oil sands industry to reduce its output of greenhouse gases by 12 percent a barrel over its expected 2010 level. The Canadian government and the oil industry note that efficiency improvements have reduced emissions in recent years, and they hope research in new extraction and refining technologies will enable dramatically greater reductions. As a possible solution, for example, companies are experimenting with production methods that turn the bitumen into a gas, which would allow greenhouse gases to be siphoned off and "sequestered" in depleted oil wells in southern Alberta.

But these techniques are many years from being ready for wide use. In addition, analysts say, efficiency improvements from new technologies are likely to be partly offset by a gradual switch to the more energy-intensive in- situ methods and by a shift in refining to higher-grade synthetic blends.

The oil sands industry now consumes about 400 billion cubic feet of natural gas per year, an amount that could triple by 2015 as oil production rises by the same amount.

Environmental groups remain highly doubtful.

"The fact remains that the oil sands are the most dirty, wasteful way of obtaining energy on the planet," said Elizabeth May, executive director of the Sierra Club of Canada. "At a time when global warming is an increasing problem, why should this industry be expanded willy-nilly to make the problem worse?"

Print | Close this window

Incident on Enbridge pipeline; line shut down at one of Enbridge's crude oil pipelines

Mon Apr 16, 2007 6:11pm EDT

Co reports that at 18:18 MST, April 15, 2007, the Enbridge Pipelines Control Centre automatically detected a pressure drop on one of Enbridge's crude oil pipelines downstream of Enbridge's Glenavon, Saskatchewan pumping station. **The line was immediately shut down and isolated and Enbridge emergency crews were dispatched to the site.** A release of heavy crude oil was discovered in a field ~2.5 kilometres downstream of Enbridge's Glenavon station. The oil has been contained in a low area at the site and ENB is working to minimize environmental impacts. The volume of the release is currently being assessed. ENB has notified and is working with the appropriate regulators and emergency officials. The cause of the release has not been determined, and is being investigated. Initial clean up is expected to be complete within two days and is being conducted in compliance with all government regulations and ENB's stringent standards for safety and the environment. **At this time, ENB does not have an estimated time for restart of the line**. ENB is continuing to inject Midale and Light Sour Blend volumes from its Cromer, Manitoba facility to service downstream customer requirements to the extent possible and maintain volumes on ENB's southeast Saskatchewan and Manitoba systems. The line is a 34-inch, 490,000 bpd line transporting heavy and medium crude oil from Edmonton, Alberta to Superior, Wisconsin.