



Our Mission:
to provide networking opportunities in support of
the business interest of the energy industry in Ontario *



April 13th, 2011

Dr. Randy Gossen

President, World Petroleum Council
and
VP, Global Business Relations, Nexen Inc.



"THE GREENING OF THE OILSANDS"

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President, World Petroleum Council
Vice President, Global Business Relations, Nexen Inc.
Ontario Energy Network
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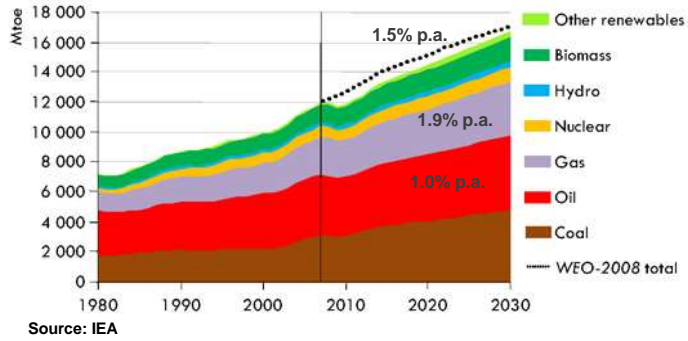
Canada's Oil Sands

- Canada has the second largest oil reserves in the world after Saudi Arabia. 97% of these reserves are found in the oil sands.
- Oil sands are a natural mixture of sand, water, clay and bitumen.
- Bitumen is oil that is too heavy or thick to flow or be pumped without being diluted or heated.
- Oil sands are recovered using 2 primary methods:
 - Mining: accounts for 20% of resource extraction.
 - Drilling (In Situ): accounts for 80% of resource extraction.
- Currently producing approximately 1 ½ million barrels a day (total Canada about 2 ½ million barrels a day)

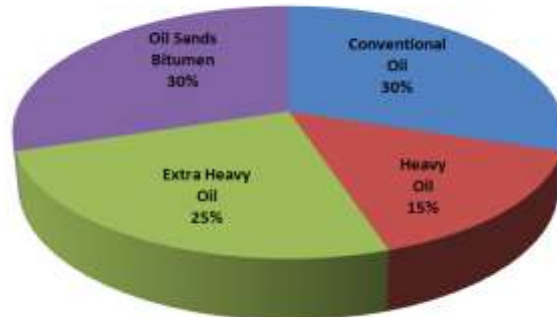
Economic Contribution

- **Contribute \$1.7 trillion to Canadian economy over next 25 years**
- **Stimulates job creation and economic activity throughout Canada**
- **Currently 144,000 jobs across Canada**
 - Growth to 590,000 over next 25 years
 - 103,000 sourced outside Alberta
 - 32% from Ontario
- **Many components produced in central and eastern Canada**
 - \$170 billion goods and services purchased outside Alberta over next 25 years
 - \$55 billion from Ontario

World Primary Energy Demand



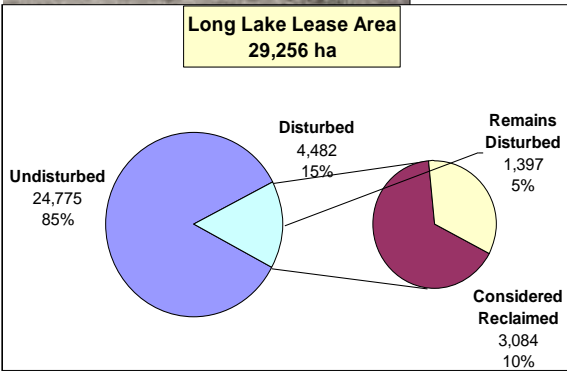
Total World Oil Reserves



Challenges to Development

- Land Use
- Water Use
- Air / greenhouse gas emissions
- Tailings

OIL SANDS COMPARISONS Land Disturbance



Boreal Forest Impacts:
 Current mine impact = 0.02%
 If all mineable cut at once = 0.15%
 If all in-situ impacted at once = 0.6 % (at max 15% disturbance)

Long Lake Tree Planting:
 37,000 seedlings this summer
 2/3 of Long Lake disturbance considered reclaimed

LONG LAKE vs SYNCRUDE FOOTPRINT

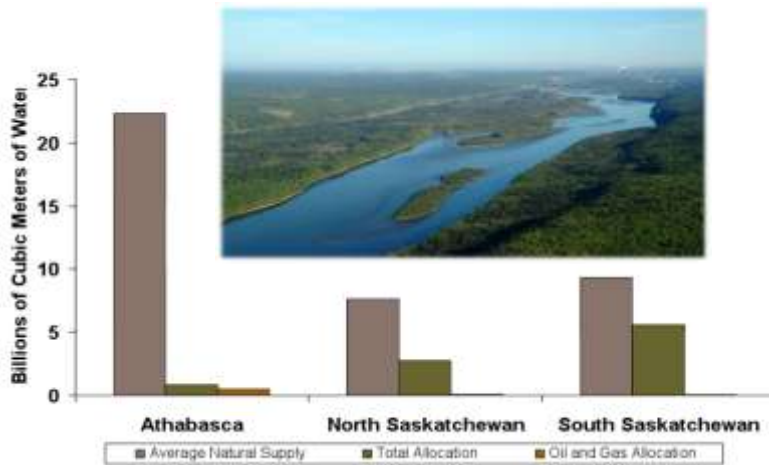




Bison – South Hills Reclamation

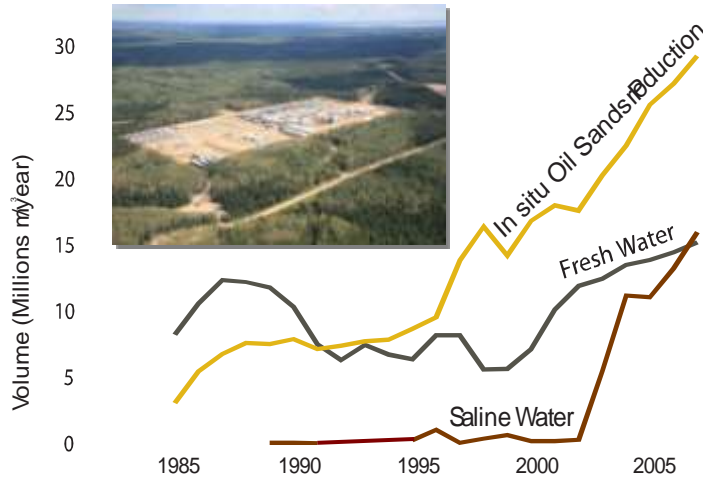


Water use from Alberta Rivers



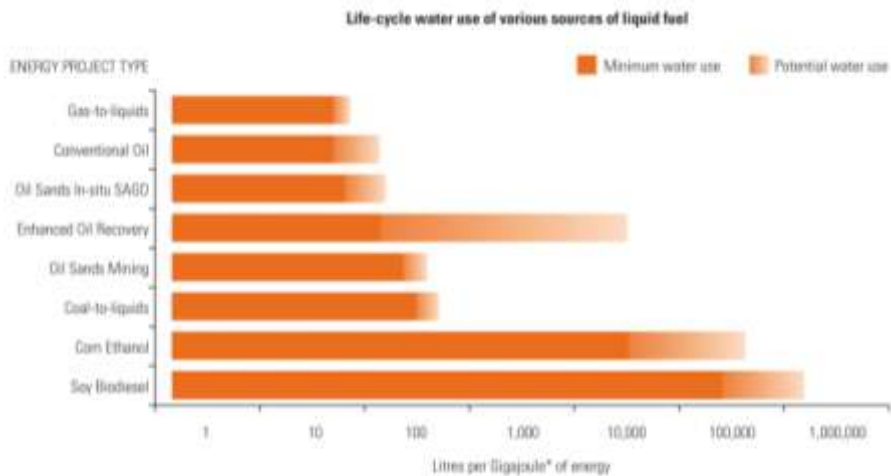
Source: Alberta Environment: state of the basin website

In Situ Oil Sands – Water use



Source: CERA 2009

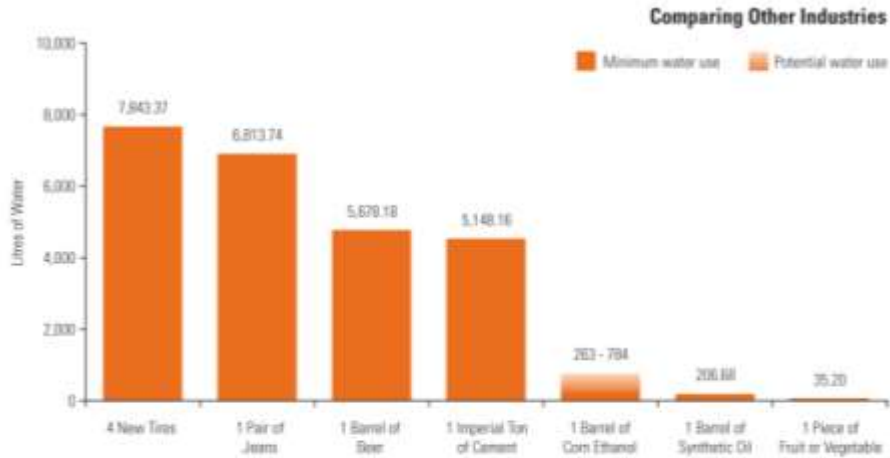
Water Use Oil Sands vs. Other Energy Types



Source: Cambridge Energy Research Associates, 2008.

* 1 Gigajoule = 25 litres (1 X gallon) of gasoline

Water Use Cont'd Industry Comparison



Source: Southwest Florida Water Management Districts and the Resource Conservation & Development Department, March 2006.

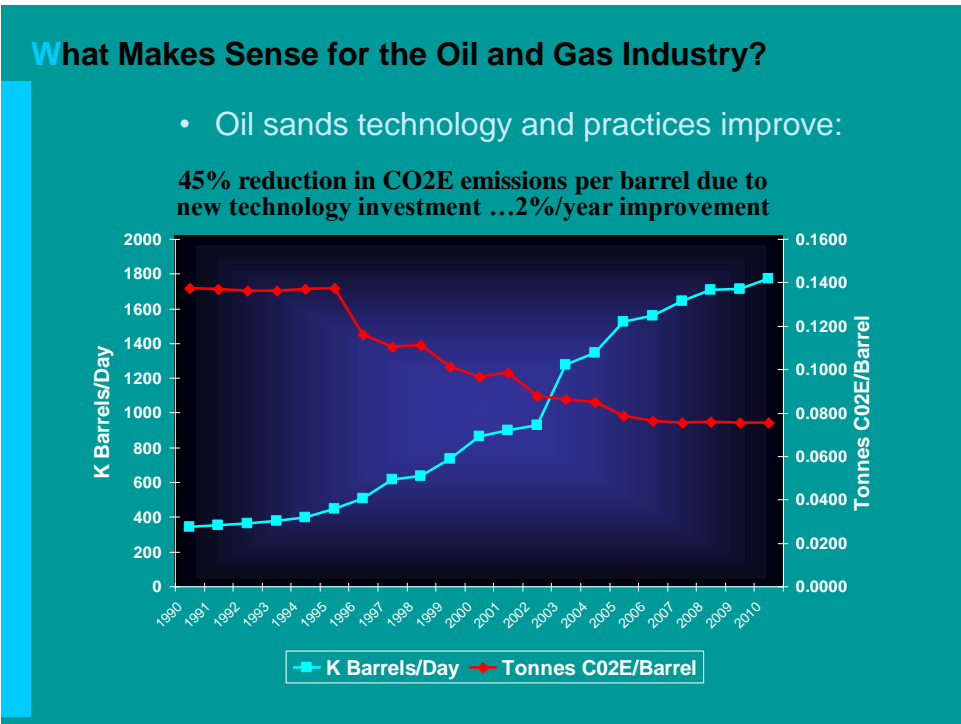
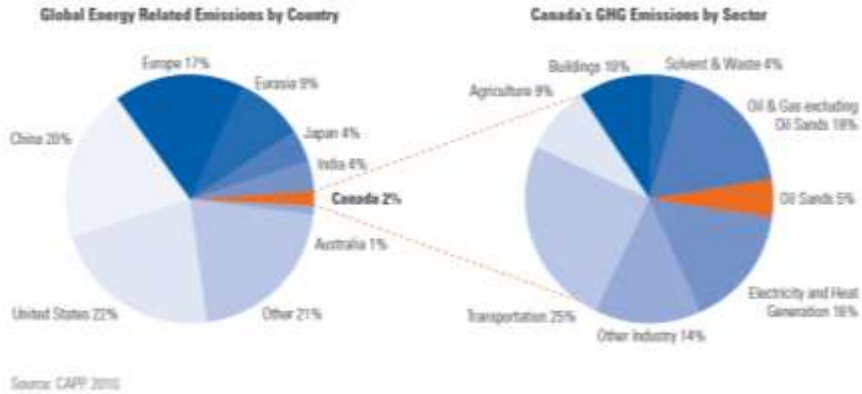
GHG Emissions in Context Oil Sands v. US Coal



Source: Natural Resources Canada, 2009

GHG Emissions in Context The Global Picture

- Less than 0.1% of global GHG emissions
- 5% of Canada's GHG emissions
- GHG intensity reduced by 33% from 1990 to 2007



Tailings Ponds

Regulated and Must be Reclaimed

Used by mining facilities, not SAGD

- Produced through bitumen extraction
- Allows for water to be stored and recycled in the mining process
- Comprised of water, clay, sand & residual bitumen

Regulated by the Alberta Government

- Plan and timeline for reclamation required to acquire project approval

First tailings pond will be reclaimed & ready for replanting in 2010.

Technology for dry tailings ponds is in development.

- Reduce water use
- Result in faster reclamation

Tailings reclamation research area before



Reclamation on top of consolidated tailings after



Suncor Energy will be the first oil sands company to transform a tailings pond into a surface solid enough to be actively re-vegetated and reclaimed. Once complete, Wapisiw Lookout (formerly Pond 1) will be a 540-acre area of mixed wood forest and a small wetland, supporting a variety of plants and wildlife. The picture on the right was recently taken following planting of over 600,000 trees.



Technology is Key – Innovation has no borders

Technological innovation will continue to create new solutions to improve energy efficiency in the oil sands.

Technology is expected to have positive impacts on:

- Water treatment / Recycle rates
 - Steam generation, pumping, greater use of non-potable water
- Tailings reduction / separation techniques
 - Settling of emulsions and material handling
- Green house gas emissions reductions
 - Cogeneration, energy efficiency/conservation, carbon capture
- Air quality
 - Monitoring, scrubbing, emissions abatement
- Land reclamation processes
 - Biodiversity, reclamation of wetlands, agriculture of native species

Oil Sands Technology Solutions Energy efficiency is driving new opportunities

Low energy extraction

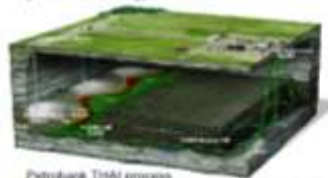
- 35°C instead of 80°C = 1/3 less energy us
- Oil sands producers are working on lowering temperatures

Underground combustion rather than steam

- Toe to Heal Air Injection (THAI) technology
- Working to develop additives that will reduce the need for both water and energy (steam) used in extracting oil sands.
- Utilize electricity rather than steam to warm the heavy oil underground.



Syncretic Low Energy Extraction – Aurora Mine



Petrobank THAI process



Solvent/steam processes (Lancora diagram)

The Keys to Moving Forward

- Invest
- Innovate
- Cooperate



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