

The Next Big Oil Play

3 Billion barrels at Grosmont for OSUM

It is a largely overlooked resource with potential to transform the oil industry: bitumen in carbonate rocks. A massive bitumen-filled carbonate deposit can be found in the Alberta Energy Corridor's backyard. According to the Alberta Energy Resource Conservation Board, the province's carbonate bitumen resources stand at 536 billion barrels, of which more than 400 billion barrels are found in the Grosmont Formation. This enormous bitumen resource has led to a number of companies initiating exploration and projects in the region.

Osum, a private in-situ oilsands developer, has secured a large position in the carbonate play, acquiring 260 net sections of oilsands leases, including holdings near Wabasca. Steve Spence, Osum's president and CEO, says that "bitumen-bearing carbonates represent the next giant oil play, and it has the potential to transform the Canadian oil industry." The company says the Wabasca leases account for about three billion barrels of potential recoverable resources.



Osum employees with a bitumen sample.
Background: Bitumen oozing from a core from Osum's
Saleski East lands, March 2011.

What do carbonate deposits mean to AEC? Osum selected its leases to be close to existing infrastructure and have access to markets that would make commercial development more feasible.

“Whether it’s Athabasca, Boyle, Grassland, or Wandering River, these communities will receive an economic boost.”

With the AEC's established highways including Highway 813 and the AI-Pac industrial route, the potential economic benefit to the region is enormous. "Whether it's Athabasca, Boyle, Grassland, or Wandering River, these communities will receive an economic boost," says Jodie Pruden, AEC executive director.

According to Pruden, companies such as Osum are attracted to the region for its central location and access to urban and industrial markets. "Our extensive pipeline network, including eight major pipeline systems, moves oil, gas, and bitumen to processing and marketing hubs," she says.

The value of the carbonates cannot be understated. Several analysts and oilsands heavy hitters believe bitumen carbonates represent the oil industry's future in the region.

Here For You

Want to know what the AEC Region has to offer? Looking for a tour? We're available to answer any questions you have. Give us a call at **780-689-0002** or send us an email at abenergycorridor@mcsnet.ca.

The Queen of Aggregate

The story of JLG Ball Enterprises

Lisa Ball, president and CEO of JLG Ball Enterprises, is continuing her father's legacy of servicing the aggregate and heavy duty construction needs of the Athabasca region. John Ball, who founded the company in 1989, believed his two most important assets were people and equipment. As Ball tells it, "you can't run a successful company without great people and the latest equipment to meet the growing gravel needs throughout northern Alberta." Today, JLG Ball Enterprises is one of the largest employers in the area with more than 50 staff members.

John Ball had 32 years of experience working for Alberta Transportation before he and his family, including wife Lorina and children Lisa and Gordon, set up their new company. JLG Ball Enterprises became one of the first contractors to participate in the construction of the \$1.4 billion Al-Pac pulp mill in 1991. Since then, JLG Ball Enterprises has expanded its offerings to include industrial site services, aggregate supply, environmental cleanup, year-round maintenance, and even road building. The company continues working with Al-Pac; one of its largest and longest standing customers.

“There has been ten years of steady growth in the area, and future opportunity is endless.”

Aggregate is a non-renewable resource. Locating large deposits close to market is highly competitive. With its Gravel Exploration Division, Ball and her team are constantly searching and testing possible deposits. As she likes to joke, "he who has gravel is Queen." Currently, JLG Ball Enterprises has gravel pit operations in Caslan, Athabasca, and Long Lake. There was a time when JLG Ball Enterprises primarily served regional needs alone, but that is no longer the case. "We



don't stop at Boyle," says Ball. "We do business in Fort Saskatchewan, Edmonton, and Fort McMurray. Our products travel a large radius, and customers count on us for our aggregate and construction expertise."

Ball predicts a bright future for the Alberta Energy Corridor. "Whether it is the Industrial Heartland, work in Fort McMurray, or growth in the Lac La Biche area, there are plenty of opportunities for businesses to be successful." Specifically, she believes AEC's efforts to position itself as a central hub, providing shutdown, maintenance, and emergency services, will create the next generation of business and employment expansion.

After 22 years, one constant is that JLG Ball Enterprises remains family-owned. "Being family-owned means we care about my father's legacy. We care about our customers. This is more than just a business. It is a way of life for our family."



JLG Ball Enterprises is one of the region's largest employers. Despite its growth, the company remains family-owned.

Smart Resource Development Pelican Lake showcases Cenovus' innovation

Cenovus Energy traces its roots to the earliest days of the oil and gas industry in Western Canada. It has witnessed its share of booms and tough times in the oilpatch. Through it all, the company has relied heavily on innovation to fuel its growth. There may be no better example of Cenovus' smart resource development strategy than its operations at Pelican Lake near Wabasca.

Since 1997, Cenovus has been producing heavy grades of oil using horizontal drilling at Pelican Lake. This drilling technique has established the company as a leader in enhanced oil recovery. To gain even greater access to the reservoir, the company began waterflooding and polymer injection to double oil production. Polymer is a gel-like material that is added to water to increase its viscosity. Higher viscosity levels push the oil through the fine grain sands of the formation, increasing the oil recovery rates and the reservoir's lifespan. Currently, Cenovus is producing 22,000 barrels per day at Pelican Lake.

These results have encouraged major capital investments. Approximately \$110 million will be spent on drilling and facilities at Pelican Lake.

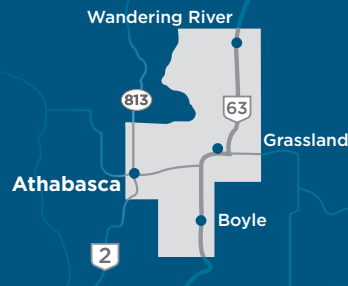


"We're encouraged by the strong operating results in Pelican Lake," says Brian Ferguson, Cenovus president and CEO.

The Pelican Lake Grand Rapids Project is expected to raise production capacity to 180,000 barrels of oil per day. Construction will be completed in phases over the estimated 40-year life of the project. A number of capital and infrastructure projects will be required.

The company recognizes it can't do everything alone. Its business model is based on established relationships with suppliers, contractors, consultants, and partners. In fact, Cenovus is committed to using local contractors and hiring local workers as much as possible.

As one of the lowest-cost oilsands producers, Cenovus is poised for growth. This growth will surely fuel business and economic development throughout the AEC region.



Interest Growing in Spruce Valley

The Spruce Valley Industrial Region has caught the attention of business and industry—and for good reason. According to Chris Davis of MMM Group Limited, Spruce Valley has the “ideal topography, resources, and transportation corridors for business success.”

Many factors are taken into account when a business sets up or expands its operations. Spruce Valley’s location and resources address many of these factors. “When you look at what Spruce Valley has to offer, it is clearly in the crosshairs of what businesses need to be successful,” notes Davis. “Plus, you have access to a diverse workforce in the region.”

Spruce Valley has access to key highways and rail lines to transport products to market. It also has access to the river to ensure industry has the water it needs for operations. And, with large businesses such as Al-Pac in the area, there are plenty of economic opportunities.

Great ways to view Spruce Valley include touring the area, or seeing it through the eyes of Google Earth. “On Google Earth, you can see how the area transitions from agricultural to boreal forest. There is a natural shift from agricultural to wood-based resources,” explains Davis. “Several businesses have requested information about Spruce Valley and taken tours,” says Jodie Pruden, AEC executive director. “We are always open to showcasing what Spruce Valley has to offer and to provide businesses with information on the region.”

