

PROJECTS & COMPANIES

Petrobank awaits approval for Athabasca oil sands facility

Calgary-based medium-sized company Petrobank Energy and Resources is expecting to receive regulatory approval by late 2012 or early 2013 from Alberta's Energy Resources Conservation Board (ERCB) to construct and operate an in-situ oil sands facility near Conklin in the Athabasca area, Petrobank's chief operating officer, Chris Bloomer, told *NorthAmOil*.

The facility – which is to be called May River – will be built in three phases, starting off with 10,000 barrels per day and increasing to 100,000 bpd at a later stage. The company aims to produce first oil in late 2014, from a resource base of 625 million barrels, Bloomer said.

"ERCB has [said] they will start hearings on our application on March 6 at Fort McMurray [northern Alberta]," Bloomer said, adding that the company

would start on-site construction work soon after receiving regulatory approval.

The facilities planned for construction include: four surface well pads, consisting of 18 horizontal production wells and 18 deviated air injection wells; a central processing facility (CPF) and a network of infrastructure facilities including roads, pipelines and power line. Calgary-based Vista Projects has carried out the front-end engineering design (FEED) work for the facilities.

"The project will utilise the THAI [toe to heel air] injection technology, instead of the SAGD [steam-assisted gravity drainage] and CCS [cyclic steam stimulation] methods to extract bitumen. The process uses a vertical air injection well which meets the toe of a horizontal well. When air is injected, it results in combustion partially upgrading and

causing oil to flow upwards to the production well," he said.

The new technology also offers substantial environmental and operational cost benefits, when compared to SAGD and CCS owing to minimal use of energy and water, Bloomer said.

"Petrobank has been working on the THAI process for a while through a pilot project," said a Calgary-based oil and gas analyst. "They started off with the 1,000 bpd Whitesands fire-flooding heavy facility in northern Alberta and will now be focusing on the May River facility." The analyst added: "Petrobank has deals with Canadian oil firm Baytex Energy Trust and Shell Canada for utilising the THAI extraction technology. It is also in talks with Chinese and Venezuelan firms to increase its customer base." ■

Encana to build more CNG stations

Calgary-based major Encana Corp. intends to add at least four and up to six compressed natural gas (CNG) stations in North America in 2012.

"Our focus is on converting our 1,400-fleet of trucks and rigs from the use of diesel to CNG," Encana's vice president for natural gas economy operations, David Hill, said. "Until now, 128 of our trucks and 15 rigs have operated on CNG."

He made these statements recently while inaugurating an Encana-operated CNG station at Strathmore, Alberta. The company owns and operates six CNG stations in North America, of which four are in the US and two in Canada. As well as a facility in Strathmore, it also operates a similar station in British Columbia. According to Hill, there are 80 CNG fuelling stations in Canada,

compared with 960 in the US.

"The average cost of building a CNG station in Canada is US\$1-1.5 million and we see this as the way forward. GTL [gas-to-liquids] is being talked about as an alternate transportation fuel, but the effort will be capital-intensive. CNG is already available in the market and is 20-40% cheaper [than petrol]. The pump price for CNG in Alberta is C\$0.64 per litre [US\$0.62]," he said.

Meanwhile, an ExxonMobil official said that the use of GTL (gas to liquids) as a transportation fuel in the US would take a while to become popular, even as mega new facilities are being planned in North America.

"Natural gas/GTL in vehicles is now a great discussion, but there will be a cost involved in the transition," ExxonMobil's manager for economics

and energy at the corporate strategic planning division, Robert Gardner, said.

His statement came in the wake of a mid-September announcement by South Africa's Sasol, which intends to build a GTL plant near Lake Charles, Louisiana. The facility would be built at an estimated cost of US\$8 billion and would use 28 million cubic metres per day of natural gas as feedstock.

"Climate change policies will shake the developed world and along with it policies around transportation fuels will also change. At the moment, the energy mix in the US is changing, with reduced volumes of crude oil imports and an increased focus on tight oil and shale gas resources. Technology is fast developing the way we produce energy and the industry will require time to monetise the assets," Gardner said. ■