

## **Building a stronger Alberta**

March 20, 2007

### **Province supports three innovative energy projects**

Edmonton... Three innovative energy projects may generate new ways to recover previously untapped energy resources, thanks to support from the Alberta government.

The projects focus on developing new energy supplies from existing oil and natural gas reserves, as well as from in situ bitumen and heavy oil deposits. The projects will receive royalty adjustments totaling about \$8 million under the second round of Alberta Energy's *Innovative Energy Technologies Program (IETP)*. This is in addition to the 13 projects previously announced in 2005.

"These projects will maintain Alberta's reputation as a leader in innovation and environmentally responsible energy development," says Energy Minister Mel Knight. "Developing leading-edge technologies and expanding our knowledge base will support our vision of a sustainable energy industry."

The IETP offers royalty adjustments of up to \$10 million per pilot project that demonstrates the use of new or innovative technologies to increase environmentally sound recoveries of existing reserves and encourages responsible development of new oil, natural gas and in situ bitumen reserves. The total program value in terms of royalty adjustments is \$200 million over five years.

Approved projects were submitted by Canadian Natural Resources Limited, EnCana Oil and Gas Partnership, and Petro-Canada.

This funding supports Premier Ed Stelmach's plan to build a stronger Alberta. Other priorities for the government are to govern with integrity and transparency, manage growth pressures, improve Albertans' quality of life and promote safe and secure communities.

For additional information on the IETP see attached backgrounder or go to:  
<http://www.energy.gov.ab.ca/2858.asp>

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### **Backgrounders:**

details on the IETP and successful round two projects.

Media enquiries may be directed to:

Tim Markle  
Communications  
Alberta Energy  
(780) 427-0479

To call toll-free within Alberta, dial 310-0000.

### **Backgrounder**

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## **Innovative strategies benefit generations of Albertans**

The Energy Innovation Strategy is designed to respond to the future energy needs of Alberta by investing in research, technology and innovation that create commercial value and achieve high environmental standards. The Innovative Energy Technologies Program (IETP) is the major component of this strategy.

The IETP represents a \$200-million commitment over five years by Alberta Energy to provide royalty adjustments to a number of specific pilot and demonstration projects that use innovative technologies to increase recoveries from existing reserves and encourage responsible, development of oil, natural gas and in situ oil sands reserves.

The program objectives are:

- increasing the recovery from oil and gas deposits resulting in incremental production and royalties;
- finding a flexible commercial technical solution to the gas over bitumen issue that will allow efficient and orderly production of both resources ([www.energy.gov.ab.ca/191.asp](http://www.energy.gov.ab.ca/191.asp));
- improving the recovery of bitumen resources by in situ technologies;
- improving recovery of natural gas from coal seams; and,
- disseminating technology and information developed through the projects supported by this program.

Successful applicants in the program will be provided with a royalty adjustment of up to 30 per cent of approved project costs. Industry must provide the remaining 70 per cent or more of total project costs. This brings the total industry and government commitment to important new technologies, assuming full subscription of the program, to at least \$667 million. It is anticipated that successful technologies supported by this program will enhance resource recovery and increase royalties to fully recover, over time, the program costs.

In 2005, a total of almost \$55 million in royalty credits was approved for 13 projects submitted by:

- Canadian Natural Resources
- MGV Energy Inc. (2 projects)
- ConocoPhillips
- Paramount Resources (2 projects)
- Deer Creek Energy
- Paramount Resources and ConocoPhillips
- Encana Corporation (3 projects)
- Suncor Energy
- Husky Energy

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## Background

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### Innovative Energy Technologies Program

#### Successful Round Two Projects and Applicant Contacts

Canadian Natural Resources Limited (CNRL)

Project Title: Brintnell Field Horsetail Polymer Flood Pilot

**Location:** Brintnell, 25km NE of Wabasca-Desmarais

**Amount Approved under IETP:** \$1,143,000

#### Project Summary:

This pilot will evaluate the technical and economic feasibility of polymer flooding in the Wabiskaw zone of the Brintnell Field. Polymer flooding is an enhanced oil recovery process in which polymer is added to injection water in what would otherwise be a conventional water flood. The polymer increases the viscosity of the injection water, making it closer to that of the oil, reducing the tendency for water to move preferentially through the reservoir. This provides more even pressure throughout the reservoir and improved efficiency of the displacement of oil towards producing wells. This should lead to more oil produced from the reservoir. This project received \$1,084,200 in IETP support in Round One. This additional approval is for additional capital costs and to support the operating costs of the pilot.

#### Contact

: Rob Richardson, Canadian Natural Resources Ltd

#### Phone

: 403-386-5383

#### EnCana Oil and Gas Partnership

#### Project Title:

Air Re-pressuring at Christina Lake for production of SAGD bitumen

**Location:** Christina Lake, 20km east of Conklin, Alberta

**Amount Approved under IETP:** \$5,250,000

#### Project Summary:

Alberta has deposits of high-quality bitumen that are overlaid by valuable gas zones. In some leases, these gas zones are depleted and at pressures well below that required for bitumen recovery using steam assisted gravity drainage (SAGD). EnCana's pilot aims to provide technical and economic solutions to allow for the timely production of McMurray bitumen deposit reserves, while optimizing top gas production. Re-pressuring of depleted associated gas over bitumen pools is one of the solutions being investigated for recovery of both bitumen and gas resources. Successful results from this project could lead to the production of large gas reserves that are currently shut-in while still maintaining optimum bitumen recovery.

**Contact:**

Sandeep Solanki, EnCana Oil and Gas Partnership

**Phone:**

403-645-2189

**Petro-Canada****Project Title:**

Steam and Gas Push (SAGP) Process for Bitumen Production using Produced Gases and an Ejector

**Location:** MacKay River SAGD Oil Sands Project

**Amount Approved under IETP:** \$1,440,000

**Project Summary:**

Currently, less than half of the thermal energy in produced vapour is recovered during normal steam assisted gravity drainage (SAGD) operation. Therefore a steam ejector system has been designed to re-compress the produced vapour for re-injection into the steam injection wells. The operation and efficiency of this innovative ejector system will be field-tested at Petro-Canada's MacKay River facility to evaluate the efficacy of this Steam and Gas Push (SAGP) process. The objectives of this project are reduced energy consumption, improved steam-to-oil ratio, improved bitumen recovery, and reduced environmental impact. Reduced energy and water use while increasing bitumen recovery addresses concerns related to greenhouse gases and the environment.

**Contact:**

Derek Lee, Petro-Canada

**Phone:**

403-296-8242

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For more information about the IETP, please call:

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Communications  
Alberta Energy  
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