

Intellectual Property

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The REAL STORY in ALBERTA

Over the past several years, Canadian media has increased circulation, ratings, etc. by featuring a series of articles that overemphasize the problems that the oil industry may encounter in shipping western Canadian petroleum products to market. Negative news, whether based on fact or not, always "sells papers". The western oil "story" has the added feature that the anti-development fringe eats it up and points to it as validation of their "back to the caves" strategy.

The real story is that Alberta, in particular, is continuing to confirm ever increasing petroleum reserves. These now make it the largest developable petroleum reservoir in the world.

*a resource base
estimated at 1.7
trillion barrels*

As well, of all the major oil pools on the globe, Alberta's has the advantage of being located in a stable, democratic country where international capital can be deployed with a high level of security.

World oil consumption is increasing at a rate of 1.5% per year from a total of 88 million barrels per day in 2012. This ever increasing, in-

satiable demand means that more and more pressure is being brought to bear on the Canadian oil industry to deliver petroleum products by whatever means possible. THIS OIL WILL GET TO MARKET, as detailed later in this article.

The development of the oil sands in northern Alberta has been the main source of growth in the oil and gas industry in the northern part of the province in recent years. The City of Edmonton and surrounding communities have been major beneficiaries of this enhanced industrial activity. These petroleum resources are huge, with a resource base estimated at 1.7 trillion barrels and economically extractable reserves, at today's prices and using current technology, pegged at 315 bil-

lion barrels, largest in the world. This reserve figure for the oil sands is increasing all the time as more efficient, economic and environmentally friendly extraction methods are being developed.

Two additional jewels recently have been added to this storehouse of energy treasure in northern Alberta. A resource of 470 billion barrels of heavy oil, providing an estimated reserve of 130 billion barrels, has been established in carbonate rock formations to the west of the major Athabasca oil sands reservoirs. This resource has been known about for some time, but only recently has the technol-

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ogy been developed to begin to exploit it on a commercial basis. To this gem can be added the shale formations in western Alberta; the Duvernay, Montney and others. These are estimated to contain hundreds of billions of barrels of light, conventional oil and quadrillions of cubic feet of natural gas. These resources are contained in "tight" shale rock formations which only recently have become exploitable through developments in multi-stage hydraulic fracturing and horizontal, deep well drilling.

To put all these billions of barrels of oil in measurable perspective, in December of 2012, Canada produced over 4 million barrels of oil a day, a record, in spite of some short-term transportation issues. Most of this production was from Alberta. At this rate of daily production, it would take over 68 years to extract 100 billion barrels of oil, and there are many times that amount of oil in Alberta.

Our reliance on the U.S. political system for the timely approval of the Keystone XL 800,000 barrel per day pipeline to deliver oil sands bitumen to Gulf Coast refineries, and the consequent delays, has been a wakeup call to the oil and gas industry. We cannot rely on only one customer, the U.S., for Canada's major export product. Along with initiatives already in play, then, and partly as a result of the Keystone delay, the following projects to expand our oil transportation options are in various stages of development:

1. Reconfiguration of existing pipelines and additions thereto by both major pipeline companies, Trans Canada and Enbridge, to transport Alberta crude to eastern Canadian refineries and Atlantic tidewater for export at world prices.
2. Greatly increasing the capacity of the Kinder Morgan Trans Mountain pipeline to take advantage of their existing right-of-way from the Edmonton area to Burnaby, BC.
3. The Northern Gateway Pipeline from Bruderheim, AB to Kitimat, BC.
4. Enbridge is reconfiguring its existing pipeline system into and through the U.S. to supplement or replace the proposed Keystone pipeline.
5. Use of large, specialized rail tank cars. Nine, 150-car trains of these would have the same daily capacity as the Keystone pipeline. There are thousands of these cars on order by, or being delivered to, the

major railways. If you have been stopped lately at railway crossings by long, tank car trains, you will know that this already is happening.

There are many more proposed projects to move Alberta oil to tidewater or elsewhere, including rail or pipeline links to Churchill, MB and Valdez, AK. Others are being considered. The main conclusion is that Alberta petroleum products, whether refined, upgraded, or raw bitumen, will be moved to markets and the long-term economic prospects of Alberta, and particularly the Edmonton hub region, can be assured.



ALBERTA FACTS AND FIGURES

- » Alberta's population is projected to reach over 5 million in 20 years.
- » Alberta's economy grew briskly for the third straight year in 2012. Real GDP expanded by 3.8%.
- » RBC is predicting Alberta will lead the country in economic growth of 4.2% in 2014.
- » For the second straight year, Alberta led all provinces in employment growth in 2012.
- » Alberta has invested over \$72 billion in infrastructure over the past fifteen years.
- » During the next three years, the Government of Alberta will invest \$15 billion in public infrastructure.
- » From 2011 to 2012, retail sales were up 7.6%, more than triple the national increase.
- » Alberta workers have the highest average earnings of all the provinces, making about 20% more per week than the national average.
- » Calgary and Edmonton were Canada's fastest growing cities between 2006-2011, growing by 12.6% and 12.1% respectively.
- » 34,800 new jobs were created in Edmonton from December 2010 to December 2011, the fastest rate of job growth in Canada.



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