

**June 30, 2010, 9:00 a.m.**

**CCEMC Press conference**

**BC/Alberta Room, Westin Hotel, 10135 100 Street, Edmonton, Alberta**

**Announcement by Glen Schmidt following introduction by Eric Newell for ESEIEH**

Good morning ladies and gentlemen, and thank you, Eric, for the kind introduction. This is an important day for the long term sustainability of the Canadian oil sands industry. I would like to thank everyone in attendance for supporting and promoting new ideas around emissions management.

It is my pleasure to be here to launch the “Enhanced Solvent Extraction Incorporating Electromagnetic Heating” initiative, also known as “easy.” It’s a long name, but one that we believe describes a breakthrough *in situ* extraction process that may prove both “easy” on the environment and “easy” to sustain economically.

While I’m here as President and CEO of Laricina Energy, I’m also speaking on behalf of the four partners within the ESEIEH consortium: I’d also like to acknowledge Harris Corporation headquartered in Florida; and Nexen Inc. and Suncor Energy Inc. of Alberta. I’m pleased that representatives of each of the four partners could be here today.

Our joint venture brings together an exceptional depth of expertise, uniquely suited to integrating the state-of-the-art technology base essential to the development of ESEIEH. The strength and collaboration of the four partners will ensure a well-managed process for both the fundamental and applied research aspects of the project. The research will be conducted to understand both the physics of electromagnetic heating combined with solvent based extraction in bitumen-saturated reservoirs.

Each company has contributed creativity and innovation to the challenge of reducing carbon emissions and the advancement of this funding grant would not have been successful without the contribution of each. The fundamental technology for ESEIEH originates with Harris Corporation for electromagnetic heating. Laricina, Nexen and Suncor will provide industry knowledge of reservoir management, SAGD well applications, solvent expertise and field execution.

We would like to sincerely thank the CCEMC for supporting our vision to study a new, and we believe promising, direction for the future of oil sands recovery. A key element of the ESEIEH process is less reliance on the need for steam generation to mobilize bitumen. In current *in situ* processes, whether cyclic steam stimulation or steam-assisted gravity drainage, known as SAGD, steam generation is a necessary cost for transferring heat to reduce bitumen viscosity. Burning natural gas to produce steam is currently the major source of emissions for oil sands recovery.

In meeting the objective to reduce primary emissions from generating steam, ESEIEH optimizes two physical properties for viscosity reduction: heating and dilution with solvents. Simply described, ESEIEH operates with two horizontal well pairs as in a base SAGD configuration, with the addition of an antenna. The antenna distributes electrical

power, in the form of an electromagnetic field, which heats the bitumen and allows it to be drained. A solvent is then injected in a recipe that achieves the best balance between the combined effects of heating and dilution. With ESEIEH, our objective is to be able to manage the energy used in the extraction process with greater efficiency, control and flexibility.

Significant work has been done to date to understand the application of electromagnetic heating and solvent technologies in oil sands. ESEIEH has the potential to provide impressive emissions management metrics such as: a significant reduction in energy requirements during extraction with commensurate reduction in greenhouse gas emissions; and improved oil recovery from thin and shallower pay zones. A scoping design for ESEIEH has been completed, and the CCEMC funding of \$16.5 million will be applied toward a four-year field demonstration pilot. With talented technical individuals, dedicated partners and this investment support, we move forward with enthusiasm and confidence.

While ESEIEH has merged into a collaborative R&D effort between our four companies, the funding incentive provided by CCEMC has proven to be the catalyst to advancing this project to today's announcement. I would like to acknowledge and thank CCEMC for recognizing the potential of the important projects announced today and funding research on promising technologies. The Alberta government, through the CCEMC, is to be commended in providing meaningful business leadership toward the mandates of emissions management and working collaboratively with industry. In return, by advancing ESEIEH, industry has responded with what we perceive to be an effective new oil sands extraction process, greatly advantaged to mitigating emissions and environmental impact.

The ESEIEH consortium is eager to bring forward an industry-driven technology innovation and breakthrough project that could have a significant impact on reducing carbon emissions. We are also excited to demonstrate positive returns at a commercial scale that will provide a tremendous growth engine for the Alberta economy. We thank CCEMC for making this possible.

Thank you.

[END]