



**Calgary, Alberta  
June 30, 2010**

**Laricina and partners awarded \$16.5 million funding grant by Climate Change and Emissions Management Corporation for ESEIEH *in situ* extraction technology**

A new *in situ* oil sands extraction process – the ESEIEH (Enhanced Solvent Extraction Incorporating Electromagnetic Heating) project – has been accepted for funding in the amount of \$16.5 million by the Climate Change and Emissions Management Corporation (CCEMC). ESEIEH, pronounced “easy,” is a collaborative initiative aimed at mitigating emissions and environmental impact. ESEIEH is a conceptual technology that displaces steam in the *in situ* recovery process, reducing the need for water sourcing and handling as well as field site burning of fossil fuels to generate steam. Burning natural gas to produce steam is currently the major source of emissions for oil sands recovery.

As project spokesman, Laricina Energy Ltd. (Laricina) announced a multi-national consortium of four companies advancing a field test of the process, including along with Laricina, Harris Corporation of Melbourne, Florida; and Nexen Inc. and Suncor Energy Inc. of Alberta. This consortium brings together an exceptional depth of expertise and state-of-the-art technology essential to the development of ESEIEH.

“The Alberta government, through the CCEMC, is to be commended for providing meaningful business leadership toward the mandates of emissions management and working collaboratively with industry,” said Glen Schmidt, President and CEO of Laricina. “In advancing ESEIEH, industry has responded with what we perceive as an effective new oil sands extraction process that will help to mitigate emissions and environmental impact. We thank CCEMC for recognizing the potential of this important project and funding research on promising technologies.”

**About ESEIEH**

The ESEIEH project constitutes a field demonstration pilot to evaluate the combination of electromagnetic heating for rapid horizontal well pair start-up and sustained formation heating with concurrent injection of a solvent. The project incorporates staged yard-scale testing, numerical modeling studies and a small scale field trial. Energy reductions potentially exceeding 40 percent over the steam-assisted gravity drainage (SAGD) recovery process are projected with commensurate reduction in greenhouse gas (GHG) emissions. Associated cost efficiencies and potential access to currently non-commercial reservoirs provide both economic benefits and positive returns for the Alberta economy.

In September 2009, the consortium submitted the expression of interest application, made it through first round of qualifications and submitted a second round full project proposal in February 2010. The project is expected to run for four years and will consist of two-phases with key interim milestones.

Phase 1 will consist of a technical feasibility study and will include a surface mine face test with a total funding of approximately \$6.0 million. The target start date of Phase 1 is September 2010 and will run for one year. Phase 2 will consist of an *in situ* field pilot test that uses a 200 metre horizontal well with a total funding of an additional \$27.0 million. The balance of funding is incremental to the CCEMC grant and will be provided by the partners in each of their respective percentage ownership.

The ESEIEH project is one of 16 projects chosen by the CCEMC from over 200 initial submissions.

#### **About CCEMC**

The CCEMC is a not-for-profit, independent organization with a mandate to expand climate change knowledge, develop new clean technologies and explore practical ways of implementing them. Its focus is to enhance the value of energy resources, conserve and use energy efficiently and support green energy production. Funding for the CCEMC comes from the Government of Alberta who collects it from industry.

#### **About Laricina**

Laricina is a privately-held, Calgary-based company concentrating on capturing opportunities in the oil sands areas of western Canada. The Company is creating value through developing a diverse portfolio of oil sands assets using current and future innovations of *in situ* technology. Laricina has identified five core areas that present production potential in excess of 500,000 gross barrels of bitumen per day from a large concentrated resource base with approximately 4.6 billion barrels net recoverable bitumen. These assets range from the familiar oil sands in the McMurray formation to less developed and less mature Grand Rapids and Grosmont and Winterburn carbonate plays, all of which offer significant resource potential.

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