



Gaining ground in the sands 2013

Ten oil sands obstacles that are actually opportunities

Oil sands are a huge boon to the Canadian economy, with the Canadian Energy Research Institute (CERI) projecting big benefits from the next couple of decades of planned expansion, including:

- \$2.1 trillion in economic benefits, including \$783 billion in taxes to be paid over the next 25 years;
- Approximately 905,000 jobs by 2035 (almost 22,000 in Fort McMurray alone in 2011);
- Some \$5 billion per year in supplies and services spent outside Alberta, with concentrations in B.C., Ontario and Quebec.

But only if the associated projects go ahead, meaning only if there is a market for the product.

But market access is looking, at the moment, like an even bigger hurdle. Say we manage to devise ways to find and/or train the skilled labour needed to meet the demands of production expansion. What will we do with all the new oil those people help bring online if we otherwise have no market to send it to?

The heart of the matter seems to consist of the fact that entrenched and opposed interests right here at home are not coming together. Proponents of development argue in favour of the economic benefits while opponents argue those benefits aren't worth the environmental risk.

From our perspective, growth of oil sands is key to continued growth in Canadian prosperity but, in order to continue to grow, Canada has to take some dramatic and powerful actions in a number of areas.

1 The national interest **Whatever our politics, we're all Canadians**

The most extreme environmental opposition to oil sands development holds that that no development is worth the risk, but nor is there a credible replacement of oil sands' economic benefits anywhere on the horizon.

2 It's about fair market value **Let's not obscure the issue**

The Canadian economy loses millions of dollars every day to the differential at which oil sands trades against WTI. In order to reduce this spread, expanding oil sands production must be able to find its way to the U.S. and/or to Asia and other world markets. Both Keystone XL and Northern Gateway are critical to realizing this goal.

3 Oil sands for productivity **Narrowing the gap**

Canada is among the least productive of the OECD nations, and while our oil and gas sector has been more productive than other countries, productivity in the sector generally has nevertheless been negative. Much of that can be attributed to high levels of investment in recent years, which skews results downward. As the fruits of that investment ripen, productivity gains will be made.

4 Recipe for success The innovation of the nimble, and the courage to grow

Independents count on the juniors to be innovators. The juniors count on the independents to throw their weight into major projects. It's win-win.

5 Our own worst enemy Consumer energy literacy and national unity

Canadians have to meet the challenges of oil sands production, not the Americans or the Chinese or anyone else. This is our resource, and it should be bringing us together, not driving us apart. We need to be promoting better energy education and literacy, beginning in the public school system

6 Maximizing value Getting more gold from the black

Is it really optimal to ship diluted bitumen to the West Coast? Would a new refinery in Kitimat provide enough economic benefit to BC to gain its approval of Northern Gateway? Canada will benefit from this pipeline, but there remain many questions to answer.

7 Pipes v rail All aboard?

Rail is a short-term measure at best. We are simply going to need more pipelines

8 Ethics of oil and opposition Means and ends

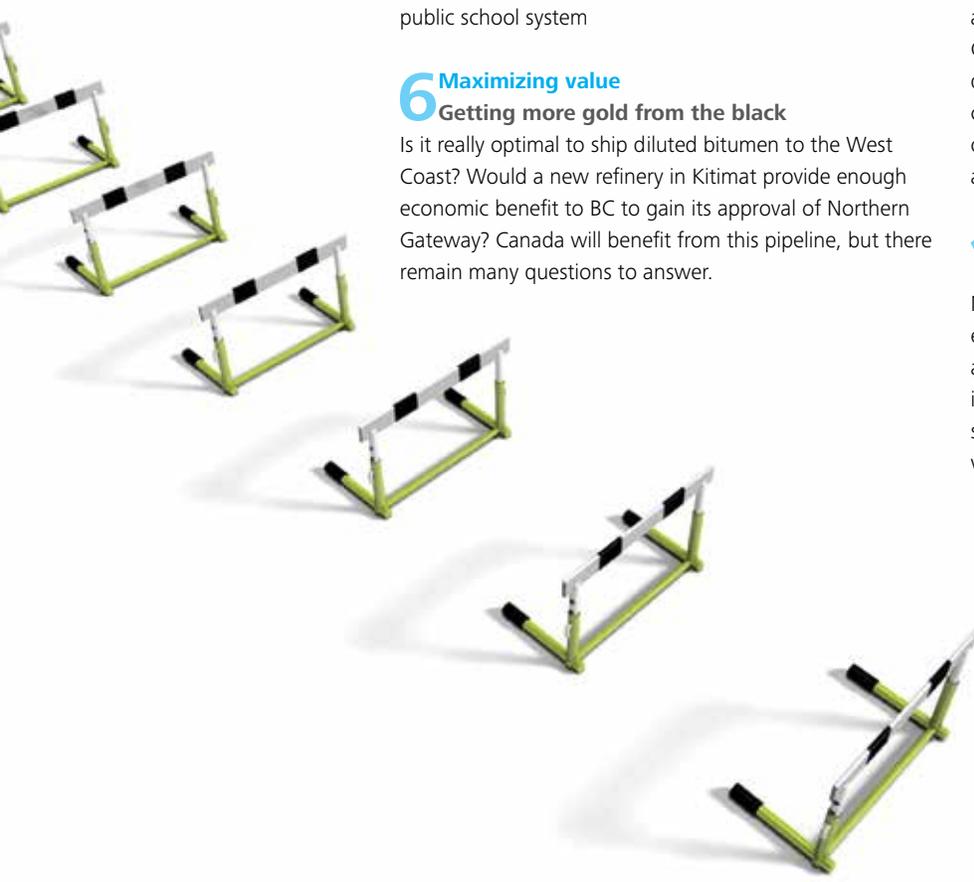
We agree that, of all the places in the world to source oil, Canada is far and away the most ethical. But getting Canadians themselves to agree is no easy task.

9 Collaboration The way forward is together

We've been advocating a range of collaborative approaches to shared challenges for several years. Groups like the Oil Sands Tailings Consortium and COSIA demonstrate that industry wants to get serious about collaboration. We've even devised a robust process for optimizing collaboration in areas such as logistics, R&D and process improvement.

10 National energy strategy Has the time come?

No one serious is talking about a return to Trudeau-era energy policies. It's time to get over those resentments and look in good faith for ways to overcome interprovincial disagreements and work together to support regional strengths. A national energy strategy would be one that builds our nation.



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Designed and produced by the Deloitte Design Studio, Canada. 12-2907