



Suncor Energy Inc.

Application for an Oil Sands Primary Extraction Facility
Fort McMurray Area

June 30, 2006

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2006-069: Suncor Energy Inc., Application for an Oil Sands Primary Extraction Facility,
Fort McMurray Area

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

SUNCOR ENERGY INC. APPLICATION FOR AN OIL SANDS PRIMARY EXTRACTION FACILITY FORT MCMURRAY AREA

Decision 2006-069
Application No. 1403323

1 DECISION

Having carefully considered the application, the statements of concern, and the related correspondence, the Alberta Energy and Utilities Board (EUB/Board) hereby approves Application No. 1403323 subject to the conditions set out in this report and subject to the approval of the Lieutenant Governor in Council.

2 INTRODUCTION

2.1 Application

Suncor Energy Inc. (Suncor) applied to the EUB for approval to construct, operate, and reclaim a primary bitumen extraction facility (Steepbank Extraction Plant/SEP) within its existing approved oil sands operation (see Figure 1) in the Fort McMurray area. Application No. 1403323, to amend Approval No. 8535, was made by Suncor pursuant to Sections 11 and 13 of the *Oil Sands Conservation Act*. Suncor also applied to Alberta Environment (AENV) to amend its approval under the *Environmental Protection and Enhancement Act*. The SEP would be located on the east side of the Athabasca River near the current Steepbank Mine in Township 92, Range 9, West of the 4th Meridian. The SEP would replace the current Base Plant primary extraction facility located on the west side of the Athabasca River. The SEP is designed to produce 28 500 cubic metres (m³) of bitumen per day, increasing Suncor's total capacity by 3600 m³ of bitumen per day. The SEP is scheduled to be fully operational by 2009.

2.2 Statements of Concern

The Board and AENV issued a Joint Notice of Application on July 5, 2005, and published it in local and major Alberta newspapers on July 12, 2005. The Board received statements of concern from the Athabasca Chipewyan First Nation (ACFN), the Mikisew Cree First Nation (MCFN), and the Oil Sands Environmental Coalition (OSEC). In a letter dated January 27, 2006, ACFN stated that it did not intend to object to the approval of the application.

MCFN stated that it had concerns about cumulative effects of oil sands development on the environment, culture, and traditional land uses. Specifically in relation to the application materials, MCFN was concerned about

- lack of clarity on socioeconomic impacts,
- lack of research and utilization of best demonstrated available technology,
- incorrect baseline conditions,

- lack of reclamation certainty and security, and
- lack of cumulative effects assessment and management.

OSEC stated that one of the organizations in its coalition had an interest in lands at the Settlement of Fort McKay, in close proximity to Suncor's operations in the form of a licence to occupy lands on the Muskeg and Athabasca Rivers for recreational purposes. OSEC maintained that Suncor's proposed project might adversely impact community services and local infrastructure, air quality, water quantity and quality, and recreational opportunities. OSEC added that based on its review, it had concerns about

- outdated project and assessment,
- reclamation uncertainty,
- substitution of environmental impacts,
- greenhouse gases,
- lack of research into new technologies,
- barriers to new technologies,
- baseline conditions, existing and approved,
- outdated and cursory stakeholder consultation, and
- masking socioeconomic impacts.

OSEC also stated that it would continue working with Suncor to further clarify and/or resolve these concerns.

Pursuant to Section 26 (2) of the *Energy Resources Conservation Act (ERCA)*, the Board will hear an application if it appears to the Board that its decision on an application may directly and adversely affect the rights of a person. The person seeking standing must demonstrate that he or she has a right or interest recognized in law that may be directly and adversely affected by the decision. The Board makes its decision on a case-by-case basis, taking into account the facts of each application.

The Board finds that the MCFN has not demonstrated that its members have a legally recognized right or interest with respect to the land on or adjacent to the SEP that may be directly and adversely affected by the Board's decision on the application. The SEP would not directly and adversely affect the MCFN's exercise of the rights it identified in its letter, as the project lands are disturbed lands within the present Suncor mine site. The SEP plant will replace an existing facility and, while marginally increasing Suncor's bitumen processing capacity, will in fact reduce overall processing plant emissions.

The Board also finds that OSEC has not demonstrated that its members have a legally recognized right or interest with respect to the land on or adjacent to the proposed project that may be directly and adversely affected by the Board's decision on the application. In this case, the Board does not need to decide whether the licences for recreational purposes that were identified by OSEC constitute "rights of a person" under Section 26(2) of the *ERCA*. The Board finds that the recreational activities described do not take place within sufficient proximity to the proposed expansion plant to be directly and adversely affected by the plant.

The Board has considered the statements of concern and for the reasons set out above does not believe that a hearing is required or necessary.

3 CONSIDERATION OF THE APPLICATION

The Board acknowledges that the SEP is a replacement of the existing Base Plant primary extraction facilities. The Board notes that the need for the SEP was identified in the 1998 Millennium Mine application. The Board accepts that the need for the SEP is directly related to locating the plant closer to the tailings disposal areas east of the Athabasca River when the west bank tailings ponds are filled to capacity. The Board also notes that the SEP would be located within Suncor's existing approved development area (see Figure 1), which is presently disturbed for mine development, and therefore would have no impact on traditional land uses. The Board accepts Suncor's position that the SEP will have no material adverse socioeconomic impacts because the construction workforce is small in comparison to other activities in the region and there would not be a significant change in the operating workforce. The Board notes that the SEP would not require any additional water allocation. Total air emissions and energy use would both be reduced from present levels.

The Board acknowledges that the SEP would allow Suncor to increase its bitumen processing capacity by a marginal 3600 m³ of bitumen per day. Also, there would be a commissioning period of about six to nine months during which both the SEP and the Base Plant might operate at the same time. However, the total production capacity of the two plants would be limited to the capacity of the existing Steepbank Ore Preparation facility, which is 14 000 tonnes of oil sands per hour. The Board accepts that the SEP will not operate at full efficiency during the commissioning period, during which water consumption may increase but still remain within Suncor's existing licence limits. To ensure that the Base Plant primary extraction facility does not operate after the SEP is fully commissioned, the Board will condition the approval to require Suncor to cease bitumen production from the Base Plant primary extraction facility on or before December 31, 2009, as outlined in the application.

The Board notes that the technology selection for the SEP is consistent with the schemes approved in *Decisions 99-07*¹ and *2004-113*.² The Board also notes Suncor's commitment to ensure the success of its consolidated tailings (CT) technology. The Board considers the success of CT technology a necessity to ensure that final reclamation goals are achieved. The Board notes that as a result of *Decisions 99-07* and *2004-113*, Suncor is required to report on its tailings research, development, and performance. The Board will continue to monitor Suncor's performance regarding tailings management. The Board is satisfied that the SEP is using the best available demonstrated technology and that the SEP will meet the requirements for bitumen recovery. The Board believes that having the primary extraction facilities near the tailings disposal areas would improve efficiencies in Suncor's operation and make for a better operation of its scheme.

¹ EUB *Decision 99-7: Suncor Energy Inc., Application for Amendment of Approval No. 8101 for the Proposed Project Millennium Development*, July 23, 1999.

² EUB *Decision 2004-113: Suncor Energy Inc., Application for an External Tailings Pond for the Millennium Mine*, December 30, 2004.

Dated in Calgary, Alberta, on June 30, 2006.

ALBERTA ENERGY AND UTILITIES BOARD

[original signed by]

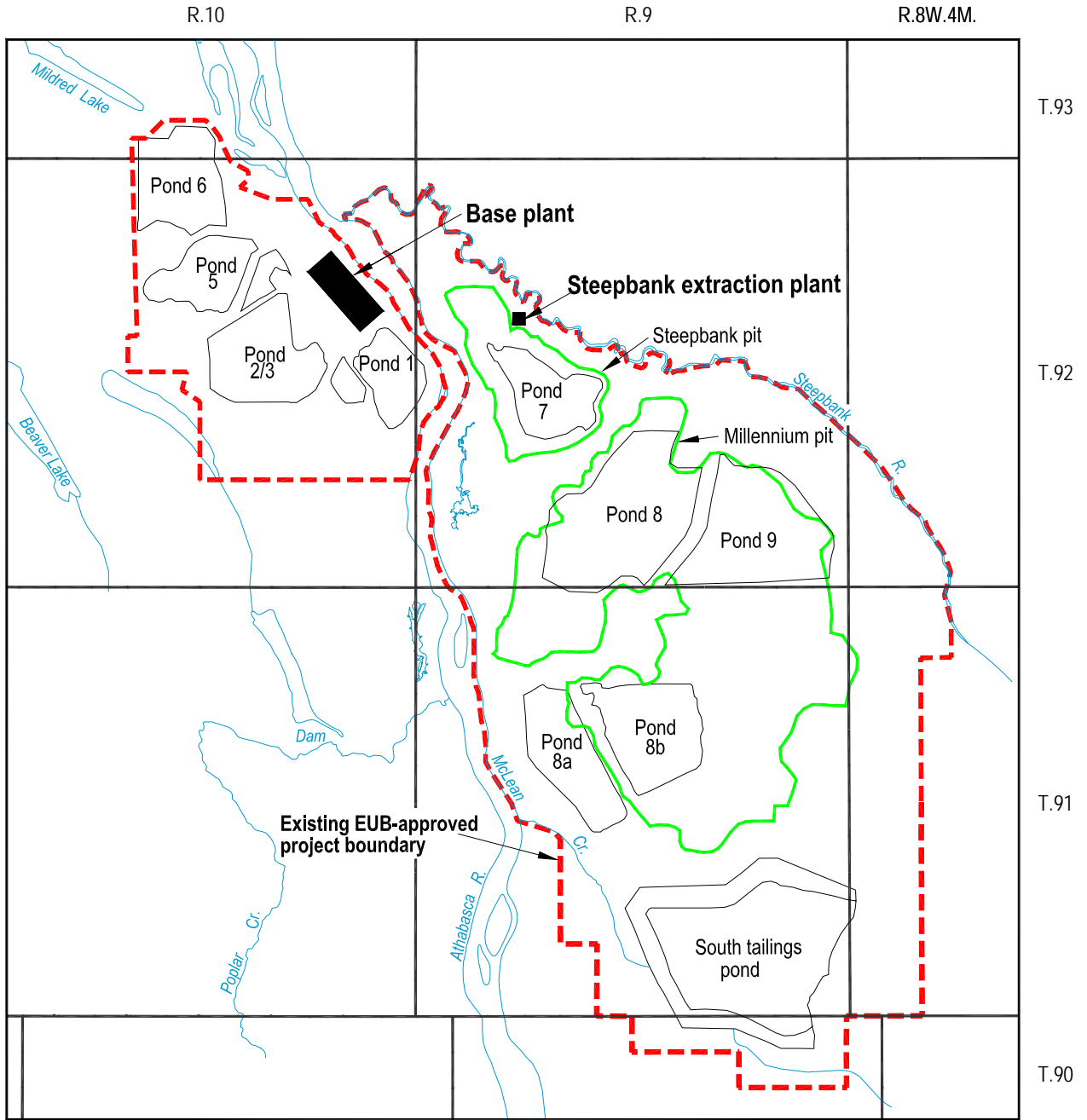
J. D. Dilay, P.Eng.
Presiding Member

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T. M. McGee
Board Member

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J. R. Nichol, P.Eng.
Board Member



Legend
 - - - Existing EUB-approved project boundary
 — Pit boundary

Figure 1. Suncor Energy Inc. Oil Sands Mine Project Map