

Major Industrial Projects Update - 1997

Prepared for the Northern Labour Market
Information Clearinghouse

December, 1997

MAJOR INDUSTRIAL PROJECTS UPDATE - 1997

Introduction

The Northern Alberta Major Projects Inventory report lists the major capital projects planned for northern Alberta in the next few years.

This inventory list is based largely on the Alberta Economic Development Inventory of Major Alberta Projects, October 1997 with additional information from the Internet, press releases, and project managers. This report contains the most recent information available, however projects regularly come under review in response to market conditions.

The Alberta Economic Development inventory lists the total value of projects at over \$37 billion. The northern Alberta portion is slightly more than \$20 billion. Only projects greater than \$2 million are listed. These projects are either already underway, announced, or scheduled pending approvals.

This large capital investment in the Alberta economy will cause a rapid increase in construction activity. Industry representatives fear a shortage of qualified workers in some key construction-related occupations. Many believe we have begun a period of unprecedented economic growth in northern Alberta. Already, the north's two cities, Grande Prairie and Ft. McMurray, have begun to experience the effects of a vibrant growing economy.

Global Factors

There are a number of global and domestic forces that will continue to support growth of the Alberta economy.

- strong markets for Alberta export products, particularly oil and gas
- low interest rates
- low inflation
- world economic growth
- government fiscal policies to reduce debt and deficits
- free trade agreements

Outlook by Industry

This is a cursory review of key industries. It is opinion-based research and should be considered accordingly.

Construction

Alberta will experience high levels of investment over the coming decade and, as a result, there

will be high levels of construction activity. The major resource sectors of oil and gas, forestry and agriculture will lead to increased levels of construction employment in the north. There are some areas that will be noticeably busier because of the number and size of projects in a particular region or community. Residential construction is expected to be strong, particularly in the two northern cities.

Oil and Gas

The oil and gas sector is expected to be the foundation of the Alberta economy in the next decade. Conventional oil production will stabilize, while heavy oil and oil sands will demonstrate strong growth. Fort McMurray area will account for nearly 1/3 of the total value of all projects in Alberta largely due to the massive investments in oil sands development. Natural gas sales look very optimistic as new markets continue to be found in the United States. The pipeline industry has a very ambitious construction program and even with deregulation and greater competition, the industry will create employment in the construction industry and new opportunities in related support services.

Forestry

Alberta is near full allocation of its coniferous wood supply. There will be some industry growth as the unallocated deciduous wood supply is utilized for the manufacture of oriented strand board. Most new projects will concentrate on secondary manufacturing such as fine papers and finished wood products. There will be a demand for trained workers as the sector begins to focus more on the development of export markets for its finished value-added products. It is expected that there will continue to be strong market demand for dimensional lumber and a stabilization of pulp prices.

Agriculture

There are two factors that will significantly impact this sector in the north. Firstly, is the end of the Western Grain Transportation Act, commonly referred to as the Crow Rate, which subsidized grain transportation costs. Secondly, is the closure or sale of unprofitable branch lines by both Canadian National and Canadian Pacific rail companies. There will be a consolidation of grain handling points by major grain companies. Agriculture will continue to diversify into more specialized crops and livestock. As a result there will be a need for skilled managers and entrepreneurs to take advantage of emerging export market opportunities. Overall, this sector is not expected to create large employment gains. Trucking services will increase rapidly in response to grain elevator consolidation and the north - south movement of product furthered by the North American Free Trade Agreement.

Professional Services

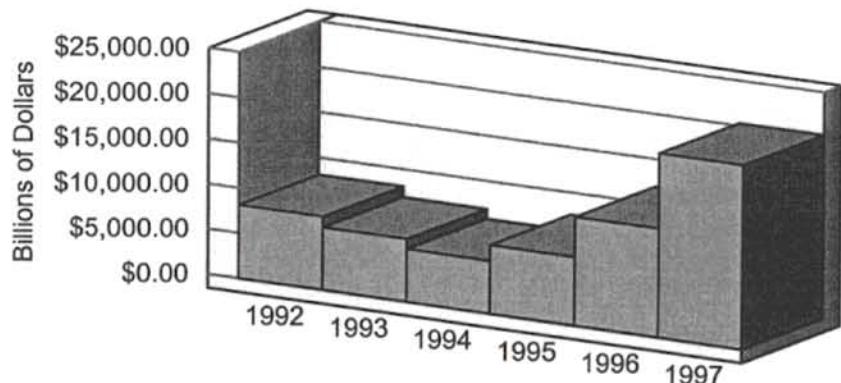
This sector includes a broad range of accounting, engineering, legal services, management, and computer services. Many of these business services will be in demand throughout the north. People with technical and business skills particularly engineering, computer services and management consulting are expected to be in high demand. Rapid advancements in computers and telecommunications will require specialized skills.

Major Industrial Projects.

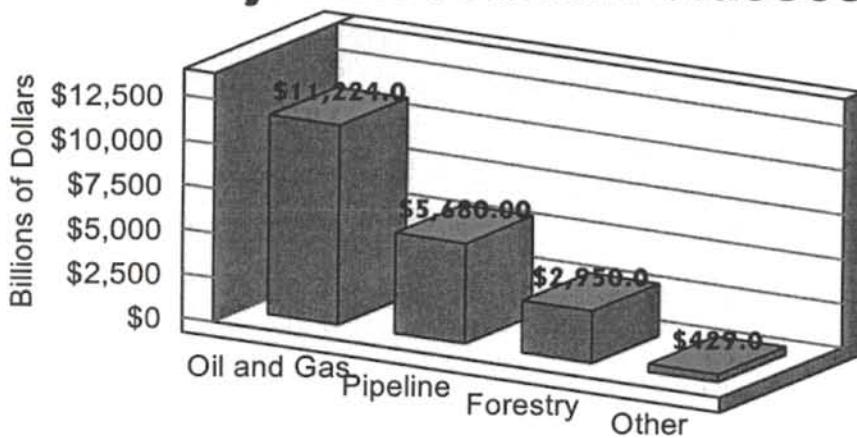
Much of the following information is based on the Inventory of Major Alberta Projects produced by Alberta Economic Development. Until July 1995, these reports included projects with a capital cost of \$20 million or more. The 1996 and 1997 reports have been expanded to include projects valued at \$2 million or more.

Dollar investment figures have been adjusted to align with the NADC area.

Annual Value of Major Projects in Northern Alberta



1997 Major Investment Classes



This chart shows the value of northern investments by class. For illustration purposes the other class includes the commercial / retail, infrastructure, agriculture, institutional, and mining.

Alberta growth is forecasted at more than \$37 billion. The NADC portion of that total is more than \$20 billion.

Northern Alberta Major Industrial Projects

Company	Project Description	Location	Cost In Millions	Construction Schedule	Remarks
Commercial / Retail					
Canadian Tire Corp. Ltd.	Retail Store	Grande Prairie	\$3.0	1997	Opened summer 97
Gateway Regional Centre	Commercial residential development	Grande Prairie	\$50.0	1997	Partially opened summer 97
Sentinel Self-Storage	High-Tech Storage Facility	Fort McMurray	\$2.0	1997	Under construction
Sub Total Commercial			\$55.0		
Infrastructure					
Alberta Transportation & Utilities	Highway #43 4-lane upgrade	Whitecourt	\$6.5	1997-1998	Highway - Highway #43 Edn. - Whitecourt
Alberta Transportation & Utilities	Highway #986 upgrade	Peace River	\$3.2	1997	Under construction
Alberta Transportation & Utilities	Highway #88 upgrade	Ft. Vermillion	\$2.8	1997	Underway
Alberta Transportation & Utilities	Highway #49 upgrade	Fairher	\$6.0	1998	Underway
Alberta Transportation & Utilities	Highway #2 upgrade	Grande Prairie	\$2.4	1997	Underway
Alberta Transportation & Utilities	Highway #2 upgrade	Peace River	\$2.4	1997	Underway
Alberta Transportation & Utilities	Highway #40 upgrade	Grande Cache	\$6.1	1997	Underway
Alberta Transportation & Utilities	Highway #2 A upgrade	McLennan	\$2.5	1997	Underway
Sub Total Infrastructure			\$31.9		
Institutional					
Central Peace Health Complex	Hospital renovations	Spirit River	\$4.2	1997	Announced
Northern Lights Health Authority	Renovations	Ft. McMurray	\$1.9		Announced
Peace Region Health Authority	Health complex	Peace River	\$27.0	1997-1998	Announced - site preparation September 1997
Northwestern Health Authority	Continuing care facility	La Crete	\$5.0	1997-1998	Announced
Sub Total Institutional			\$38.1		

Company	Project Description	Location	Cost in Millions	Construction Schedule	Remarks
Agriculture					
Alberta Wheat Pool	Inland Grain Terminal	Rycroft	\$10.0	1997-1998	Under construction open August 1998
Cargill Ltd.	Inland Grain Terminal	Rycroft	\$11.0	1997-1999	Under construction open January 1999
Canadian Agra Foods	Canola Crushing Plant Upgrade	Sexsmith	\$10.0	1997	Under construction Fall 97
Sub Total Agriculture			\$31.0		
Forestry & Related					
Agra-Fibre Industries	Fibreboard Plant	Wanham	\$40.0	1997-1998	Planned operations by December 1998
Ainsworth	I-Beam Project	Grande Prairie	\$8.5	1997	Under construction - December 1997
Alberta Newsprint Company	Deciduous Timber Project	Whitecourt			Proposed - two year extension provided
Alberta Pacific Forest Industries	Paper Mill	Athabasca	\$700.0		Proposed - subject to wood supply
Dalishowa-Marubeni	Light Weight Coated & Paper Mill	Peace River	\$900.0	2001	Announced - begin operations October 2001
Foothier Forest Products Ltd.	OSB Plant	High Level	\$150.0	1998	Announced - construction schedule 1998-2000
Grande Alberta Paper	Pulp & Light Weight Coated Paper Mill	Grande Prairie	\$900.0	1998-2001	Two year construction period & approvals
La Crete Sawmills Ltd.	Sawmill Expansion	La Crete	\$4.0	1998-1999	
Slave Lake Pulp/West Fraser	Chemi-Thermo Mechanical Pulp Mill	Slave Lake	\$200.0	1996-1998	Phase 1 nearing completion, phase 2 1998
Tolko Industries Ltd.	Hardwood Veneer Line & Plywood Mill	High Prairie	\$48.0	1998	Veneer plant & hardwood /plywood plant
Sub Total Forestry			\$2,950.5		
Other Industrial					
Anadime	Oilfield processing and disposal plant	Fox Creek	\$5.5	1996-1997	Fox Creek and Provost - Provost complete
Newalta Corporation	Oilfield waste processing plant	Elk Point	\$5.0	1997	
Ultasonic Industrial Services	Silica Sand Processing plant	Peace River	\$6.5		Proposed
Alberta Power	Transmission Facilities	Ft. McMurray	\$6.0	1997-1998	Supply lines for Suncor's Steepbank Mine
Sub Total Industrial			\$23.0		

Company	Project Description	Location	Cost in Millions	Construction Schedule	Remarks
Mining					
Luscar Ltd.	Coal mine	Grande Cache	\$250.0		Proposed
Sub Total Mining			\$250.0		
Pipelines					
Alliance Pipe Ltd.	Natural gas Pipeline (Sk. & Ab.)	Ft. St. John to Chicago	\$1,900.0	1997-1999	Ab. & Sk. \$1.9 billion of total \$3.4 billion project
Amber Energy	Heavy Oil Pipeline and Facilities	Wabasca	\$47.0	1997-1998	Proposed
Eilan Energy	Oil Pipeline	Elk Point to Hardisty	\$400.0	1997-1998	
Federated Pipelines Ltd.	NGL Pipeline	Dunvegan to Judy Creek	\$40.0	1997-1998	\$100 million overall project cost
Husky Oil & Energy Co. AB.	Lakeland Heavy Oil Pipeline	Ft. McMurray to Hardisty	\$400.0	1997-1998	Pending approval - scheduled Sept. 97
Imperial Oil & Amoco	Bitumen and Diluent Pipelines	Ft. McMurray to Hardisty	\$250.0	1999-2000	Proposed
IPL Energy Inc. & Suncor Energy	Heavy Oil Pipeline	Ft. McMurray to Hardisty	\$325.0	1997-1998	Pending approval - scheduled Fall 97
Peace Pipe Line Ltd.	Oil Pipeline expansion	La Glace to Valleyview	\$30.0	1997-1998	
Shell Canada Ltd.	Bitumen Pipeline	Ft. McMurray to Edm.	\$375.0	1998	Proposed application for regulatory approval in
Suncor	Oil Pipeline	Ft. McMurray to Hardisty	\$250.0	Proposed	
Sub Total Northern Pipelines			\$4,017.0		
Nova Gas Transmission	Pipeline System Expansion	Throughout Alberta	\$1,400.0	1997	Various projects
TransCanada Pipelines	Mainline improvements	Throughout Alberta	\$263.0	1997-1998	Various projects
Sub Total Alberta Pipelines			\$1,663.0		
Oil, Gas and Oilsands					
Alberta Energy Company	Commercial In Situ Oilsands plant	Cold Lake	\$200.0	1997-1999	Proposed
Alberta Energy Company	Drilling activities	Northern Alberta	\$400.0	1996-1997	290 wells expected
Amber Energy Inc.	In Situ Oilsands	Wabasca	\$136.0	1997-1998	Drilling 20 wells
Amoco Canada	In Situ Bitumen Production	Cold Lake	\$175.0	1996-1998	Horizontal well technologies

Company	Project Description	Location	Cost in Millions	Construction Schedule	Remarks
Black Rock Ventures	In Situ Oilsands plant	Cold Lake	\$8.0	1997-1998	Announced
Canada Oilsands Co. Ltd.	Experimental Oilsands plant	Ft. McMurray	\$69.0	1997-1998	Announced - restart of dormant facility
Canada Oilsands Co. Ltd.	Commercial In Situ Oilsands plant	Ft. McMurray	\$128.0	1999-2004	Proposed
CS Resources Ltd.	In Situ Oilsands development	Ft. McMurray	\$250.0	1997-2000	Announced
Elan Energy	In Situ Oilsands development	Lindbergh	\$225.0	1996-2000	Under construction
Elk Point Resources	Sour gas plant and Pipeline	Saddle Hills	\$8.0		Proposed
Gulf Canada Resources	SAGD bitumen pilot project	Ft. McMurray	\$15.0	1996-1997	Announced
Gulf Canada Resources	Commercial In Situ Oilsands plant	Ft. McMurray	\$200.0	1996-2000	Proposed
Imperial Oil Ltd.	Heavy oil expansion	Cold Lake	\$440.0	1997-2000	Phases 11 to 13
Imperial Oil Ltd.	Heavy oil expansion	Cold Lake	\$300.0	1997-2001	Phases 14 and 15
Imperial Oil Ltd.	In Situ Oilsands development	Cold Lake	\$40.0	1996-1997	
Koch Exploration Canada Ltd	In Situ Oilsands	Bonnyville	\$250.0	1996-1998	Under construction
Koch Exploration Canada Ltd	In Situ Bitumian production	Elk Point	\$12.0		Proposed
Mobil Oil Canada	Oilsands mine and extraction plant	Ft. McMurray	\$1,000.0	2000-2003	Proposed
Mobil Oil Canada	In Situ Bitumian production	Iron River	\$16.0	1996-1997	
Mobil Oil Canada	In Situ Oilsands plant	Cold Lake	\$100.0	1997-2005	Proposed
Murphy Oil	In Situ Oilsands development	Lindbergh	\$127.0	1996-1999	
Norcen Energy Resources	In Situ Oilsands development	Cold Lake	\$40.0	1996-1997	100 well drilling program
Novagas Clearinghouse Ltd.	Gas Processing Plant	Zama Lake	\$25.0	1997-1998	
Pan Canadian	Heavy oil development	Elk Point	\$100.0	1996-2000	
Shell Canada & BHP Resources	Oilsands mine and extraction plant	Ft. McMurray	\$1,000.0	1998-2002	Announced
Shell Canada Ltd.	In Situ Oilsands expansion	Peace River	\$43.0	1996-1997	Underway
Shell Canada Ltd.	In Situ Oilsands plant expansion	Peace River	\$120.0	1997-2002	Proposed
Solv-Ex Corp	Oilsands mine and extraction plant	Ft. McMurray	\$125.0	1996-2002	
Solv-Ex Corp	Tailings mineral extraction plant	Ft. McMurray	\$35.0		Proposed utilizing tailings from Suncor
Suncor Energy	Oilsands mine and extraction plant	Ft. McMurray	\$360.0	1997-1999	Conditional AEUB approval
Suncor Energy	Fixed plant expansion	Ft. McMurray	\$320.0	1997-2001	EIA review process
Suncor Energy	In Situ Oilsands pilot plant	Cold Lake	\$22.0	1996-1999	
Suncor Energy	Oilsands plant expansion	Ft. McMurray	\$2,290.0		Proposed
Suncor Energy	In Situ Oilsands Commercial plant	Cold Lake	\$100.0	1997-2000	

Company	Project Description	Location	Cost in Millions	Construction Schedule	Remarks
Syn crude Canada Ltd.	Aurora Mine - Train 1	Ft. McMurray	\$800.0	1998-2001	EIA assessment and review
Syn crude Canada Ltd.	Aurora Mine -Train 11	Ft. McMurray	\$800.0	2002-2005	Proposed
Texaco	In Situ Oilsands plant expansion	Cold Lake	\$35.0	1997	Announced
Sub Total Oil and Gas			\$10,224.0		
Sub Totals All Categories			\$17,597.5		
Sub Total Alberta Pipelines*			\$1,663.0		
Grand Total			\$19,260.5		

*These projects run throughout Alberta, with significant portions in the north.

Sources

- 1.) Alberta Economic Development and Trade, Inventory of Major Alberta Projects, October 1997
- 2.) Internet
- 3.) Press Releases
- 4.) Project Managers (contacted in confidence)