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## Canada, Alberta Fund Shell's CCS Project for Oil Sands

By PHIL TAYLOR of [Greenwire](#)

The Canadian and Alberta governments yesterday announced they would spend a combined C\$865 million (\$822 million) to help Royal Dutch Shell PLC build commercial-scale carbon capture and storage for Alberta's oil sands.

The governments said they would cover about two-thirds the cost of Shell's Quest project, which is aimed at capturing and storing 1 million metric tons of carbon dioxide from the Athabasca Oil Sands Project. Shell's Canadian affiliate owns 60 percent of the 155,000-barrel-a-day operation, and Marathon Oil Corp. and Chevron Corp. each own 20 percent.

Canada is contributing \$120 million from its \$1 billion Clean Energy Fund, and Alberta is providing \$745 million from a \$2 billion carbon capture and storage fund.

"The most viable emission-reducing technology for fossil fuels is carbon capture and storage," said Lisa Raitt, Canada's minister of natural resources. "These projects will reduce greenhouse gas emissions while creating high-quality jobs for Canadians now and benefiting our environment for future generations."

The Quest project would capture about 40 percent of CO<sub>2</sub> emissions and transport them by pipeline to a nearby injection site for permanent storage nearly 1.5 miles underground. Some CO<sub>2</sub> might be sold to enhance oil production.

Enhanced oil extraction has been used commercially in Saskatchewan's Weyburn oil field since 2000 using CO<sub>2</sub> piped more than 200 miles north from the Great Plains Coal Gasification plant in North Dakota.

"Developing substantial CCS capability with governments and key stakeholders is one of our greatest priorities," said Graham Bojé, vice president of Shell.

Pending approval from Alberta Environment and the Energy Resources Conservation Board, the company said its goal is to begin operating Quest by 2015.

Canada's oil sands are believed to contain the second-largest petroleum reserves outside of Saudi Arabia but are targeted by environmentalists who say the production process emits large amounts of heat-trapping gases.

Shell was forced to briefly halt mining operations last month after Greenpeace activists locked down a massive dump truck and mining shovel as part of an effort to draw attention to the industry's environmental impacts ([Greenwire](#), Sept. 16).

A May study by IHS Cambridge Energy Research Associates found that "well to wheels" oil sands emissions -- including extraction, refinement and combustion -- are about 5 percent to 15 percent higher than those from crude most commonly used in the United States.

The Alberta-based environmental group Pembina Institute viewed the Quest funding with guarded optimism, saying it supports CSS to reduce greenhouse gas emissions from oil sands development as long as it is done a responsible manner and promotes energy-efficient operations.

"This is a very significant subsidy for one of the world's largest and most profitable oil companies," said Amy Taylor, director of the group's Alberta Energy Solutions.

Taylor urged the government to make equal funding available for renewable energy and energy efficiency programs, and recommended that the government "take steps to ensure that polluters soon start shouldering the full cost of CCS deployment."

Putting a price on carbon pollution through a federal cap-and-trade system would compel industry to invest more in the deployment of CCS technologies, Taylor said, adding that she expected the government to make an announcement regarding a national plan in the coming weeks.

The government has pledged to reduce greenhouse gas emissions 20 percent below 2006 levels by 2020 but is being asked to deepen cuts ahead of the U.N. climate summit in December in Copenhagen.

Rajendra Pachauri, head of the United Nations' Intergovernmental Panel on Climate Change, last month urged Canada to follow the European Union, which has pledged to cut its greenhouse gas emissions by 25 percent below 1990 levels by 2020 ([Greenwire](#), Sept. 22).

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