

**Final Mission Report
Travel to the United States Midwest
Honourable Mel Knight, Minister of Energy
June 19-20**

Executive Summary

In June 2008, the Minister of Energy was invited to attend and provide keynote addresses to two key audiences in the U.S. Midwest—the Metropolitan Milwaukee Association of Commerce and Wisconsin Manufacturers, and the Illinois Chamber of Commerce.

These events were scheduled during a two-day mission to the United States where the Minister promoted the province, provided an update on oil sands development, outlined Alberta's environmental protection and climate change efforts, and provided an overview of Alberta's role in securing North America's energy future.

Mission Objectives

- Long-term advocacy and promotion of Alberta's interests as a major energy supplier to the U.S.
- Strengthening the image of Alberta in the United States as one of the leaders in addressing environmental issues surrounding resource development.
- Networking with key energy industry representatives in the Midwest as well as manufacturers and suppliers that provide equipment for development in Alberta's oil sands.

June 18, 2008

Travel to Chicago, Illinois

June 19, 2008

Minister Knight was accompanied by Canadian Consul General Georges Rioux to Milwaukee for the Metropolitan Milwaukee Association of Commerce. Minister Knight spoke to a group of approximately 150 people, including representatives of heavy equipment manufacturers who produce oil sands mining equipment.

Prior to the luncheon address, Minister Knight met with several representatives of the Wisconsin Petroleum Council.

During his keynote address, the Minister spoke about Alberta's role as a reliable, secure source of energy for North America, and the province's commitment to ensuring that the oil sands are developed in an environmentally responsible manner. After the speech, he fielded a number of questions from the audience about the oil sands, the environment, climate change, and the province's New Royalty Framework.

Representatives from a local business magazine and radio station attended the speech and interviewed the Minister. Following the speech, the Minister attended a meeting with the Editorial Board of the Milwaukee Journal Sentinel where he once again discussed the oil sands, the environment and Alberta's position as an energy producing jurisdiction.

June 20, 2008

Minister Knight was asked to speak at the annual general meeting of the Illinois Chamber of Commerce. Approximately 300 guests were in attendance. At this event, the Minister once again spoke about the oil sands, addressing “key myths” about oil sands development, outlining the province’s climate change plan, commitment to carbon capture and storage and environmental responsibility (full speech attached below).

Following his speech, the Minister addressed questions from the audience for approximately 20 minutes on a wide range of topics, including future estimates for oil sands production, oil sands production costs, environmental issues, tailings ponds, oil prices, and the New Royalty Framework.

Representatives from the media, including Bloomberg News and the Chicago Tribune, attended the luncheon and sat down with the Minister to discuss oil sands issues.



Minister Knight speaks with reporters following the June 20, 2008 meeting of the Illinois Chamber of Commerce.

Related Links

News release: [Energy Minister travels to U.S. Midwest to speak about oil sands](#)

Minister’s speech— Illinois Chamber of Commerce, 2008 Annual Meeting

Introduction

- Good afternoon and thank you. It’s an honour to speak in a city that has such a tremendous business community.
- With the second largest central business district in the U.S., Chicago and the entire state of Illinois is an important trading partner with Alberta, Canada.
- On behalf of Premier Ed Stelmach and the Alberta government, I look forward to a continuing and expanding this relationship as our economies and our businesses continue to thrive.
- I’d like to thank Doug Whitley and the Illinois Chamber of Commerce for inviting me to attend your Annual Meeting.
- While I didn’t have the opportunity to speak here, I did visit Chicago last November on the tail end of my east coast visit to talk about some of our changes to Alberta’s royalty regime.
- Hopefully my remarks today will go over a bit better than the discussion of royalty increases at investment houses did...

- Energy—and the issues surrounding energy—have an enormous impact on our day-to-day business; and indeed, on our day-to-day lives.
- Today, I appreciate the opportunity to speak to you as energy reliability becomes a more pressing topic and the sustainable development of energy resources becomes an urgent priority.
- Statements coming out of the White House this week about ways to increase the supply of oil...such as through possibly lifting the ban on offshore drilling...shows how important this issue is on both sides of the border.
- I'm very pleased to be here to share Alberta's story. This is a story that goes back just over 100 years...when a handful of pioneers decided to make their home at a place that some called barren wasteland.
- In fact, in the late nineteenth century, one politician declared that Western Canada should be left to the trapper and trader. Forever.
- What a difference a century makes.
- Today Alberta is Canada's economic engine. Our province is home to more than three million people and continues to grow.
- Last year, our economy expanded by 3.3 per cent. We saw nearly 90,000 jobs created and our population grew by more than 100,000 people, or just over three percent.
- To put that in perspective, that's like taking in a population nearly the size of Springfield in one year.
- But I'm not just here to talk about growth in my province or Canada...I'd like to talk about how that growth is also benefitting Americans and businesses like yours, here in the mid-west.
- And how we remain well positioned to expand on our role as a major energy supplier to the United States.

Alberta's Oil Sands

- Much of the opportunity...on both sides of our border...is thanks to our abundance of natural resources, energy in particular.
- For more than half a century, the oil and gas sectors have been a pillar of Alberta's economic growth.
- That growth began decades ago with our conventional oil and natural gas reserves.

- I know many people might only know Alberta for its oil sands, but we are also the third largest producer of natural gas in the world. In fact, we produce about 12 per cent of the total gas consumed in the U.S.
- To put that into perspective, if all the Alberta gas exported to the U.S. were converted to electricity, it would light up more than 25 million homes for a year.
- All that said, we know that the oil sands hold the key for current and future growth. It is also the resource pool that has brought world-wide attention to our province.
- Obviously some good...some bad. That's one of the reasons why I'm glad to have the opportunity to meet with you face-to-face today.
- The emergence of the oil sands has required our government to keep pace with leading environmental protection measures.
- The economic growth spawned by the oil sands is not just limited to our province.
- Alberta's oil sands play a major role for both the Canadian economy and the economy right here in the Midwest.
- I'm referring to the potential for more jobs for Americans as refineries in the Midwest expand to accommodate oil from Alberta's oil sands.
- Many Americans are benefitting from the creation of well-paying and secure jobs that come with the growth of these facilities and in building the pipelines that will deliver our resources to them.
- And with gas prices rising too all-time highs on both sides of the border...we all know that with the principles of supply and demand in play...more refinery capacity is definitely a good thing.
- In fact the oil sands provide a safe, secure and stable energy supply for the North American energy market—for businesses and citizens here in Illinois and across the continent.
- Last year, Alberta exported about 1.35 million barrels per day of crude oil to the U.S., supplying 13 per cent of American crude oil imports.
- In fact, Canada is the largest crude oil supplier to the U.S.—ahead of Mexico, Saudi Arabia and Venezuela. And three-quarters of that comes from the province of Alberta.
- As home to the second-largest source of proven crude oil reserves in the world, our resources are critical to our future. It's no stretch to say that they're quite important to your future as well.

- With this abundance of natural resources comes the responsibility of developing these resources in an environmentally responsible, sustainable manner.
- We know the way we approach the development of our resources will have a significant impact on Alberta's future.
- And, as a global player, we also know the manner in which we develop our resources will be scrutinized by the countries we do business with.
- You can be confident that any hydrocarbon that is developed in Alberta is done so in a manner that is responsible, efficient, and effective for our environment and future generations.

Planning for Responsible Development

- There are groups out there who are doing their best to have you believe otherwise.
- Some environmental organizations have succeeded in grabbing headlines lately, and they've also succeeded in spreading misinformation.
- They are questioning Alberta's priorities: are we developing our oil sands at the risk of everything, including the health of our people and the environment?
- The answer is no.
- In fact, I'm very troubled by such remarks. My family and I live in Alberta. This is the place where we live and work, where our children live and work...and where our grandchildren are growing up.
- Why would we put all of this at risk? Simply put: we would not...we are not...and we will not.
- Albertans and Canadians understand the value the environment has, both personally and economically. It plays an important role in our quality of life, to tourism and to agriculture.
- In answer to the question: are we developing our oil sands at all costs? No.
- On the contrary, Alberta is a leader in establishing legislation and policies that protect our land, water and air.
- We have put in place stringent legislation and on-the-ground measures that involve land reclamation, water controls and air quality.
- I'd like to share some facts about Alberta's oil sands.

Resources

- As we look to the foreseeable future, people around the world will continue to rely on hydrocarbons to heat our homes, to keep the lights on and to run our cars.

- Alberta produces oil because the world needs oil.
- Global dependence on oil isn't going to change any time soon. In fact, demand is increasing.
- And Alberta's supply is not about to run out any time soon either.
- It's projected that it could take at least 100 years to fully develop Alberta's oil sands alone.
- Alternatives are a growing and important part of the resource pool, make no mistake. But alone...ethanol, wind power, hydro power, and other bio fuels...simply cannot get the job done.
- In North America, assuming no new major technical breakthroughs, oil sands production will be the only net add to the total regional crude oil supply over the next 25 years—meaning it will play an increasingly important role in the global energy mix.
- That's why Alberta strongly believes that we need to find a balance between environmentally responsible development and meeting the demand for our resource.

Land

- You might have heard that the oil sands lie beneath a region about the size of Florida—roughly 54,000 square miles.
- Now when I say that, I can guess where some people's minds go. Pit-mines...
- Some people think that the entire oil sands area will be strip-mined. Nothing could be further from the truth.
- In fact, only about 162 square miles have been disturbed by oil sands activity to date...less than one per cent of the total oil sands area.
- Under Alberta's strict reclamation standards, companies must remediate and reclaim every inch of land they disturb so it can be productive.
- And as we look to the future...thanks to advancing technology and the nature of the resource...over 80 per cent of the resource will ultimately be recoverable in situ...or in place...which leaves a much smaller environmental footprint than mining.
- And we are looking to the future...considering that oil sands development will occur over the extremely long-term.

Water

- Alberta also places strict limits on industry water use.

- Again, some individuals might have you believe that oil sands projects are using nothing but fresh, drinkable water to extract bitumen.
- In fact, oil sands developers have drastically reduced their need to draw fresh water.
- For example, some recycle more than 90 per cent of the water used in their operations and use saline water instead of fresh water wherever possible.
- The energy industry is also only using about one-third of the water it has been allocated to use.

Air

- And when it comes to air in the oil sands region, it's important for people to know that the air quality is monitored 24 hours a day, 365 days a year.
- It's tested for air quality pollutants including carbon monoxide, nitrogen dioxide, ozone, fine particulate matter, sulphur dioxide and hydrogen sulphide.
- In 2007, air quality near Fort McMurray was rated good or better 98 per cent of the time.
- In fact, the air quality in the region is consistently better than in major Canadian and American cities.

Reducing Greenhouse Gas Emissions

- I know another area where there have been some concerns raised about the oil sands is on the issue of greenhouse gases.
- In fact, the oil sands make up about only about four per cent of Canada's overall greenhouse gas emissions.
- As entire country, Canada is responsible for about two per cent of global emissions.
- So to put that in perspective, Alberta's oil sands contribute less than one tenth of one percent of all greenhouse gas emissions in the world.
- That's a slightly different message and some perspective that doesn't always make it to the newspapers.
- Yes, oil sands development is more carbon intensive than conventional oil...no one is saying otherwise.
- But the majority of the carbon footprint from a barrel of oil...80 per cent of it in fact...comes from a vehicle's tail pipe...where the fuel is burned...not during the extraction process.
- These facts, however, don't take away from Alberta's real action to address the challenge of climate change.

GHG Reduction Legislation

- Last year, Alberta became the first jurisdiction in North America to legislate greenhouse gas reductions of large industrial facilities.
- By law, the largest industrial facilities, including oil sands facilities, must reduce their emissions intensity by 12 per cent.
- There are three ways facilities can choose to reduce emissions.
- They can make operating improvements that will result in reductions.
- They can buy Alberta-based credits from other large emitters who've reduced their emissions.
- Or they can contribute \$15 per tonne to a fund that will direct money towards strategic projects or technology aimed at reducing greenhouse gas emissions.
- Results from this first year indicate that companies made 2.6 million tonnes of actual reductions.
- That reduction is equivalent to taking 550,000 vehicles off the road in a year.
- In addition, the climate change fund generated about \$40 million from these facilities.
- This is funding that will be invested in future research and technology, to reduce our greenhouse gas emissions even further.

Carbon Capture and Storage

- One of the new technologies we're exploring is carbon capture and storage or CCS. A lot of experts see CCS as the most practical way to reduce greenhouse gas emissions.
- Alberta is the first jurisdiction in North America to dedicate funding to implement carbon capture and storage technology across industrial sectors.
- In a nutshell, CCS involves capturing carbon dioxide and storing it underground, preventing it from getting into the atmosphere.
- This technology holds tremendous potential for Alberta, both as a way of reducing emissions, especially in the oil sands sector, and as a technology we can market to the world.

Conclusion

- The oil sands offer such promise for Alberta, Canada and North America...that's why we take the sustainable development of our oil sands very seriously.

- With decades worth of hydrocarbons still to be tapped, Alberta's future is tied to the development of the hydrocarbon chain.
- But we know that wishful thinking will not keep the lights on in the province or in the jurisdictions across North America that we supply oil to.
- It will not maintain the jobs of the thousands of those employed by the energy industry and on both sides of the border...and wishful thinking will not decrease our need for gasoline and oil.
- So while some people ask the question: is Alberta developing our oil sands at the risk of everything?
- I'm asking a different question here today: how can we continue developing energy resources in a sustainable and practical manner...in a way that will ensure the security of our supply, while also reducing our environmental footprint?
- With a continued focus on quality of life in the future and a commitment to finding real world strategies that work for Albertans, industry and our investors, we're discovering new answers to this question every single day.
- On behalf of all Albertans, I look forward to continuing to do business with you. Thank you.