

November 10, 2011

Mr. Steve Thomas
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Energy Applications Branch
Energy Resources Conservation Board
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Ms. Corinne Kristensen
Team Lead
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Northern Region
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Dear Sirs & Madam:

**Re: Southern Pacific Resource Corp. – STP McKay Thermal Project – Phase 2
Application and Environmental Impact Assessment**

Southern Pacific Resource Corp. (STP) is proposing to expand its oil sands development located approximately 40 km northwest of Fort McMurray in the Athabasca Oil Sands area. The STP McKay Thermal Project – Phase 2 (Phase 2) is designed to be an expansion of the company's existing STP McKay Thermal Project – Phase 1 (Phase 1).

Phase 2 is designed to process an additional 3,816 m³/d (24,000 bpd) of bitumen for approximately 25 years. Over the life of the Phase 2 Project a number of well pads, borrow pits and access roads will be required to maintain production. The total combined design capacity of the STP McKay Thermal Project (Phase 1 and Phase 2) will be 5,724 m³/d (approximately 36,000 bpd).

STP hereby submits this integrated application to the Energy Resources Conservation Board (ERCB) and Alberta Environment and Water (AENV).

With this application STP is seeking the following from the ERCB:

- approval to amend the *Oil Sands Conservation Act* Approval No. 11461C to expand the Project Area and Development Area; approval to construct and operate Phase 2 of the Project which will include a central processing facility, well pads and associated well pairs with a production capacity of 3,816 m³/d of bitumen, all in accordance with the *Oil Sands Conservation Act* and the *Oil Sands Conservation Regulation*; and
- approval to construct and operate a distribution and gathering pipeline system within the Phase 2 Project development area in accordance with the *Pipeline Act*.

In accordance with the *Guide to Preparing Environmental Impacts Assessment Reports in Alberta* (AENV 2011) the approval applications have been provided as a separate stand-alone volume separate from the EIA. With this application STP is seeking the following from AENV:

- amendment to the existing EPEA Approval No. 255245-00-00, in accordance with the Alberta *Environmental Protection and Enhancement Act* to construct and operate Phase 2 including facilities to recover and treat bitumen and processed water;

- amendment to the existing EPEA Approval No. 255245-00-00, in accordance with the Alberta *Environmental Enhancement and Protection Act*, to construct and operate the cogeneration facility;
- amendment to the existing EPEA Approval No. 255245-00-00, as required under the *Conservation and Reclamation Regulations*, to develop, operate and reclaim the central processing facility, well pads and associated infrastructure of Phase 2; and
- a water diversion licence for the water supply pursuant to Part 4 of the *Water Act*.

Any correspondence regarding this submission should be directed to:

Southern Pacific Resource Corp.
Suite 1700, Bow Valley Square II
205 – 5th Avenue SW
Calgary, AB T2P 2V7

Name: Mr. Vince Parsons, Senior Environmental & Regulatory Advisor
Phone: (403) 984-5335
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E-Mail: info@shpacific.com

If you have any questions regarding this information please contact the undersigned at (403) 984-5335.

Sincerely,

Southern Pacific Resource Corp.



Vince Parsons
Senior Environmental & Regulatory Advisor

cc: Melissa Styba, AENV, EIA Coordinator