

**NEWS RELEASE
FOR IMMEDIATE RELEASE**

ERCB APPROVES FORT HILLS AND SYNCRUDE TAILINGS POND PLANS WITH CONDITIONS

Calgary, Alberta (April 23, 2010) The Energy Resources Conservation Board (ERCB) has given conditional approval for plans by the Fort Hills Oil Sands Project and Syncrude with dates for construction, use and closure of fluid tailings ponds under Directive 074: Tailings Performance Criteria and Requirements for Oil Sands Mining Schemes. The two tailings plans are the first of those submitted by six oil sands operators in September 2009 to be decided upon by the ERCB.

Fort Hills plans to operate one tailings pond with a tailings storage capacity of 322 million cubic metres, which will operate for approximately 22 years with a plan to dry tailings to a trafficable surface in compliance with Directive 074. The ERCB has imposed two conditions focusing on technology testing and tailings management in its approval of the Fort Hills tailings plan, which are included in the attached backgrounder. Suncor Energy Ltd, UTS Energy Corporation, Teck Limited and Fort Hills Energy Corporation are partners in the Fort Hills project. Located 90 km north of Fort McMurray, the project is in a pre-construction phase.

The ERCB has placed six conditions on its approval for Syncrude's Mildred Lake site, located about 40 km northwest of Fort McMurray. The site currently deposits tailings in five tailings areas. These areas have a fluid fine tailings inventory of 430 million cubic metres and are scheduled to be returned to a trafficable surface in 2016, 2020 and 2023, with the Mildred Lake Settling Basin scheduled for return to a trafficable surface in 2060.

The ERCB has placed six conditions on its approval for Syncrude's Aurora North site, located about 80 km northeast of Fort McMurray. The site currently operates a single tailings pond with a current fluid fine tailings inventory of 75 million cubic metres, which is scheduled to be returned to a trafficable surface in 2037. Syncrude is currently in the design stage of a Composite Tailings plant at Aurora and plans to have this plant operational and in compliance with the Directive in 2014. Syncrude currently utilizes Composite Tailings technology to convert fluid tailings to a solid deposit.

The Syncrude plans as originally filed on September 30, 2009, did not fully meet ERCB requirements. Subsequent consultations between Syncrude and the ERCB have seen significant improvements to the company's plans. The ERCB has imposed conditions (see backgrounder) on Syncrude's approval that will enable the company to meet and exceed Directive 074 requirements by 2014.

Syncrude has also proposed the addition of new technology to comply with Directive 074; to ensure its timely development, the ERCB requires that development and implementation milestones be adhered to, including a commercial demonstration plant for Mature Fine Tailings Centrifugation (which separates tailings to water, clay and silt) be in operation by August 2012. Syncrude must also construct and start up a full-scale supplemental tailings plant by June 2015.

ERCB staff are reviewing tailings plans submitted by Albian Sands Energy Inc., Canadian Natural Resources Limited, Imperial Oil Resources Ventures Limited, Shell Canada Inc. and Suncor.

The next tailings pond slated to be returned to a trafficable surface is Suncor's Pond 1; it is expected to be returned to a trafficable surface by the end of this year. ./2

Directive 074: Tailings Performance Criteria and Requirements for Oil Sands Mining Schemes requires operators to prepare tailings plans and report on tailings ponds annually, reduce fluid tailings through fines captured in dedicated disposal areas, and convert fines into trafficable deposits which are ready for reclamation five years after deposits have ceased.

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This news release is available on the ERCB website at www.ercb.ca

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BACKGROUND

Conditions on Fort Hills Approval

- 1) Fort Hills shall submit to the Board an application for pilot testing of any tailings technologies six months prior to the project start up.
- 2) Fort Hills must maintain zero inventory of Mature Fine Tailings (a fluid-like deposit left after most of the water is removed from tailings) at the end of mine life.

Conditions on Syncrude Mildred Lake Approval

- 1) Fines capture as defined in *Directive 074* for the Mildred Lake site shall meet or exceed: 9.3% for 2010/11, 14.6% for 2011/12, 14.8% for 2012/13 and 34.6% for 2013/14 unless otherwise approved by the Board.
- 2) Syncrude shall adhere to the schedule for the implementation of Supplemental Tailings Plants unless otherwise approved by the Board. Syncrude shall formally notify the ERCB of any schedule delays as soon as practical.
- 3) Syncrude shall design, construct and operate the Supplemental Tailings Plant (Commercial Demonstration) as described in Application No. 1595820. Syncrude shall:
 - (a) submit for approval detailed engineering designs by January 31, 2011.
 - (b) construct and operate the plant by August 31, 2012 unless otherwise approved by the Board.
 - (c) submit as part of the annual *Directive 074* Tailings Plan submission to the ERCB, annual updates that include
 - i) progress reports of construction and commissioning,
 - ii) a chronological description of all activities and operations conducted to date,
 - iii) detailed process flow diagrams and material balances,
 - iv) the measurement and sampling procedures – including location of the measurement and sampling devices,
 - v) results of the testing, including experimental data,
 - vi) a technical interpretation of the experimental data and the significance of the testing, including successes, failures and inconclusive results,
 - vii) for each run, the data regarding the sold and liquid materials produced, depositional methods and final destinations,
 - viii) geotechnical characteristics of the deposits,

- ix) a discussion of environmental effects, including air emissions monitoring and release water quality, and
 - x) any other information formally requested by the Board.
- 4) Syncrude shall design, construct and operate the Supplemental Tailings Plant (Full-Scale Commercial facility) as described in Application No. 1595820. Syncrude shall:
- (a) submit for approval detailed engineering designs by June 31, 2012.
 - (b) construct and operate the plant by June 30, 2015 unless otherwise approved by the Board.
 - (c) submit as part of the annual *Directive 074* Tailings Plan submission to the ERCB, annual updates that include
 - i) progress reports of construction and commissioning
 - ii) a chronological description of all activities and operations conducted to date,
 - iii) detailed process flow diagrams and material balances, and
 - iv) any other information formally requested by the Board.
- 5) Syncrude shall operate the Southwest In-Pit facility as described in *Directive 074*, including compliance with the strength requirements annually for the year 2011 and beyond unless otherwise approved by the Board.
- 6) Syncrude shall formally notify the ERCB of pilot plants, field pilot tests and/or demonstration plants for all tailings technology development at least 6 months prior to construction and update the test reports annually by February 28 or as specified by the ERCB.

Conditions on Syncrude Aurora North Approval

- 1) Fines capture as defined in *Directive 074* for the Aurora North site shall meet or exceed 10.9% for the year 2012/13 unless otherwise approved by the Board.
- 2) Syncrude shall submit for approval the Aurora North Composite Tailings Plant engineering, commissioning and construction schedules on or before May 31, 2010.
- 3) Syncrude shall submit details of the Composite Tailings Plant design to the ERCB by September 30, 2010. This shall include
 - i. detailed process flow diagrams,
 - ii. material balances,

- iii. sampling protocols,
 - iv. schedule updates, and
 - v. any other information formally requested by the Board.
- 4) Syncrude shall submit as part of the annual *Directive 074* Tailings Plan submission to the ERCB, updates to the Aurora North Composite Tailings Plant construction milestones schedule. Syncrude shall formally notify the ERCB of any milestone delays of six months or greater.
- 5) Syncrude shall adhere to the schedule for the Aurora North Supplementary Fines Management Implementation as set out in Attachment C unless otherwise approved by the Board. As part of the annual *Directive 074* Tailings Plan submission to the ERCB, Syncrude shall provide updates to this schedule. Syncrude shall formally notify the ERCB of any schedule delays greater than six months. The annual updates shall include
- i. progress reports of construction and commissioning,
 - ii. a chronological description of all activities and operations conducted to date,
 - iii. detailed process flow diagrams and material balances,
 - iv. the measurement and sampling procedures – including location of the measurement and sampling devices,
 - v. results of the testing, including experimental data,
 - vi. a technical interpretation of the experimental data and the significance of the testing, including successes, failures and inconclusive results,
 - vii. for each run, the data regarding the solid and liquid materials produced, depositional methods and final destinations,
 - viii. geotechnical characteristics of the deposits,
 - ix. a discussion of environmental effects, including air emissions monitoring and release water quality, and
 - x. any other information formally requested by the Board.
- 6) Syncrude shall formally notify the ERCB of pilot plants, field pilot tests and/or demonstration plants for all tailings technology development at least 6 months prior to construction and update the test reports annually by February 28 or as specified by the ERCB.

Supplemental Information Requests

ERCB staff are reviewing tailings plans submitted by Albian Sands Energy Inc., Canadian Natural Resources Limited, Imperial Oil Resources Ventures Limited, Shell Canada Inc. and Suncor and preparing draft Supplemental Information Requests (SIRs) to ask the companies for more information or changes to the plans to ensure they are in compliance with ERCB regulations.

The ERCB is working collaboratively with the companies to clarify its understanding of the proposals, to correct deficiencies and to ensure appropriate information is included within their plan. The ERCB recognizes that companies are working to meet the requirements of Directive 074 with their tailings plans, which involve a significant application of new and emerging technologies on a commercial scale. The ERCB is working to be flexible regarding each project's specific geological and technical requirements while ensuring the requirements of Directive 074 are met.

Directive 074: Tailings Performance Criteria and Requirements for Oil Sands Mining Schemes

- Directive 074 requires operators to:
 - Prepare tailings plans and report on tailings ponds annually,
 - Reduce the accumulation of tailings by capturing fine particles, that would otherwise remain suspended in tailings ponds ,and placing them in a deposit that can be walked on and,
 - Specify dates for construction, use and closure of tailings ponds and file these dates with the ERCB by September 30, 2009.
- The submission of the tailings plan is an annual requirement of Directive 074, which will allow the ERCB to continuously monitor tailings operations and provide a means to take enforcement action when necessary. Compliance with the two main Directive 074 criteria (fines capture and DDA strength) are to be measured by companies during the summer of 2011 and subsequent reporting is scheduled to be submitted along with the annual tailings plan to the ERCB by September 30, 2011.
- All of the plans are available on the ERCB website at www.ercb.ca, as will the Supplemental Information Requests when they are completed.

General Information

- “Tailings” is a term used to describe waste from oil sands extraction processes. This waste is generally composed of water, sands, silt, clay and residual bitumen.
- Tailings are discharged into large tailings ponds. The larger sand particles in the tailings settle to form a stable deposit very quickly, while the finer clay particles take years to settle and are known as fluid fine tailings. Research on ways to treat fluid fine tailings continues, with the goal of developing technology that will help the fine clays settle quicker or eliminate the need for storage ponds altogether.
- In past applications, mineable oils sands operators proposed the conversion of fluid tailings into deposits that could be walked on and ready for reclamation. While operators have applied technologies to try and make this happen, they have not met the targets set out in their applications.
- Alberta’s inventory of fluid fine tailings that require long term containment is now 840 million cubic metres. The ERCB estimates tailings ponds today are approximately 170 sq km.