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## McLennan News

Peace River Oil open house draws hundreds

**Kevin Laliberte: Express Staff. Sept 27, 2006**

Hundreds of people crammed into the Elks Hall in McLennan last Tuesday to hear Peace River Oil's plans for the construction of a \$1.4-billion oil upgrader/diesel refinery project at Kathleen.

"The time has come for us to add value locally to the bitumen and heavy oil that's being extracted from around our communities in the Peace Oil Sands," said Greg Radstaak, Smoky River regional economic development officer and meeting facilitator, in his opening remarks. "This is a very large project which will bring with it a wealth of opportunities in terms of jobs and economic growth."

The open house, held Sept. 19 in front of a standing-room-only crowd, was set up by the Red-Deer-based company to provide residents in the region with a detailed overview of the project status, including everything from proposed technologies, investment strategies, economic opportunities and ways to minimize environmental impact.

Offering a special welcome to everyone in attendance was Municipal District of Smoky River Reeve Donald Dumont and Town of McLennan Mayor Michele Fournier.

"We're extremely excited about what a project of this magnitude represents for our area and are looking forward to working with Peace River Oil for years to come," said Reeve Dumont.

"This evening is a very special night for the future of the Town of McLennan and the entire Smoky River region," added an excited Mayor Fournier.

That was followed by the formal introduction of Peace River Oil's management team and stakeholders by Don Allan (president and chief executive officer of Peace River Oil), who outlined relevant background information regarding the project, dubbed the Bluesky Upgrader.

He referred to current and planned technologies available to crude producers in the area which make the cost of bitumen upgrading almost prohibitive, adding that

the Bluesky project addresses the inefficiencies by upgrading an existing plant with an innovative configuration of commercially available technologies calculated to maximize yield of medium sour oil.

"The technology we'll be using is cutting edge," Allan explained. "Thanks to these new technologies, for the first time it is possible to efficiently and economically process heavy crude oil within the Peace River Arch. This opens the door to a virtually untapped resource of energy - enough to supply the upgrader for decades to come."

Allan's overview was followed by a question-and-answer period to address concerns from residents attending the meeting. Several of those concerns were directly related to the potential negative impact the project might have on the environment.

Those concerns were fielded by Len Flint who oversees the company's technical operations in relation to oil sands technologies, research, and development. He said technologies used at the facility have been extensively piloted and will include a gasification process whereby asphaltenes are converted into hydrogen, power, and steam - a process expected to significantly reduce harmful air emissions due to its effectiveness in sulfur recovery (greater than 99 percent).

Hydrogen sulphide generated at the facility will be used to make sulfur (an estimated 200 tonnes per day according to Flint), which will be railed out as a commodity to sell through the port of Vancouver. "We don't require water per se as an ingredient in our overall process and will be maximizing the use of air cooling, as opposed to water cooling, in the gasification process and other aspects of operation," he pointed out.

Engineering manager Marie Johnson said the company remains steadfast in its commitment to responsible environmental stewardship.

"We're working closely with Alberta Environment and the Energy Utilities Board to meet and exceed all expectations required as far as environmental issues are concerned," she said.

Allan, meanwhile, says one of the most significant perks of the \$1.4-billion project is the potential for significant advancement in the region in relation to opportunities for new business, job creation, and infrastructure development including new housing.

"This project will have a tremendous impact for many communities. We intend to ensure a positive effect in these communities by exercising corporate responsibility through growth management strategies which enhance quality of life," he said.

Two companies recently entered into agreements with the Town of McLennan to address the increased need for residential housing in conjunction with construction of the Bluesky Upgrader.

They include DENCO Investment Group (a division of DENCO Shutdown Services Inc.) and SLR Group, which own Kamloops-based NewGen Building Systems Inc.

Dennis Comeau, director/project manager for DENCO, says his company is presently working on a plan to build four or five new residential housing units this fall, adding that other strategies are in place for future development purposes.

Rick Windjack, who is in charge of marketing for NewGen, says they are extremely excited about the potential for future growth and development.

"We're working closely with the town to identify what the needs of the community are going to be. "The overall landscape of the community is definitely going to change," he explained.

Those changes are expected to include infrastructure upgrades ranging from sewer, water, roadways, parks, green spaces, and yes, residential homes.

"We are currently in the process of developing a community plan to provide for all of the above, and more. Everything that we envision doing is part of a very doable, very achievable and very workable plan."

Radstaak adds that long-term plans are being developed and finalized by municipalities within the region to absorb the anticipated influx of people in connection with the project.

"We are being very proactive as a region in planning for future growth."

That growth, according to Allan, will come in the form of 100-plus full-time positions to oversee daily operations of each phase. Another 2,000 to 4,000 positions are expected to be maintained over a 15 to 20-year period in conjunction with the construction of each phase.

Allan says the focus of Peace River Oil is to hire locally whenever possible. Peace River Oil's plans call for development of a 100,000-barrels-daily upgrader in four distinct 25,000-barrel phases in addition to a diesel refinery. The anticipated completion date of phase one of the project is 2010.

Email: [twnmcl@serbnet.com](mailto:twnmcl@serbnet.com)