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### **Nuclear pitch for oil sands**

DAVE EBNER

Globe and Mail Update

CALGARY — An upstart Alberta company, which includes oil patch heavy hitter Hank Swartout as a backer, has a deal with Atomic Energy of Canada Ltd. to market the Candu nuclear reactor to firms in Calgary looking to operate oil sands projects.

"Western Canada has to come to grips with atomic energy at some point in time. It's an extremely clean-burning fuel," said Mr. Swartout, chairman of Precision Drilling Trust and a partner in the recently formed Energy Alberta Corp., where he provides what he calls "quiet background help."

Energy Alberta, according to its lead partner, Calgary businessman Wayne Henuset, has a two-year exclusive deal with AECL to sell the Candu 6 reactor and the concept of nuclear power to oil companies.

Talks with six firms have already happened and a bigger push is now in the works, he said. Energy Alberta is targeting developers of projects that use steam injection to recover bitumen from the oil sands. That list is led by the likes of EnCana Corp., Husky Energy Inc. and Total SA of France.

Energy Alberta hopes to build a reactor worth about \$3-billion by 2014 to provide steam to support the production of 220,000 barrels of bitumen a day. [[ ...seems kind of high -- unless its two C-6 units ? ]]

Mr. Henuset said the company would own the facility and sell steam to several oil sands operators. He added that a poll the company conducted of 500 Albertans found only about a third of respondents opposed nuclear power. "It's not something we're going to ram down throats, but it makes sense," Mr. Henuset said.

A draft of an internal AECL memo outlined the two-year agreement with Energy Alberta. Dennis Galange, an AECL vice-president, stated: "This will enhance our ability to foster the required Alberta government endorsement for Candu in the oil sands."

While Ontario is familiar with nuclear power, there was a distinct anti-nuclear sentiment among Alberta politicians up to last year, led by Premier Ralph Klein, who called it a last resort before shifting his view more recently.

"We have to consider nuclear power," Mr. Klein said in April.

<snip>

An AECL spokesman said the firm has to finalize the partnership with Energy Alberta and wants to hone its strategic plan before making public statements.

The prospect of nuclear power in the oil sands has been raised quietly for the past several years after a 2003 study showed it to be economically viable, compared with using natural gas to generate power and steam.

Last year, Total said it would look at nuclear power. A company spokesman at the time said it would be "foolish" not to consider the option, adding that a team was investigating.

EnCana has said nuclear energy is among the potential options but hadn't considered it closely. Yesterday, a Husky spokeswoman said it would consider any fuel sources, but the company wasn't at that stage in its planning as yet.

Mr. Swartout said Energy Alberta knows the pace of selling nuclear power in Alberta will have to be slow.

"We have to be very cautious in how we approach people," he said. "The knowledge of atomic energy in Western Canada is at a very low level."

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