

## BP Involvement in Refinery Study an 'Absolute Coup'

David Shipley, Telegraph-Journal

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Landing BP Plc as a partner in a feasibility study of the proposed Eider Rock oil refinery is a coup for the province, says the head of the Atlantica Centre of Energy.

Europe's second-largest oil company, BP is investing US\$40 million in a detailed engineering, design and feasibility study of a second, 300,000 barrel per day oil refinery in Saint John.

"Having a company like BP as a serious investor in Saint John and New Brunswick is an absolute coup," said Tim Curry, president of the Saint John-based energy sector advocacy group.

"For us to become an important dot on their map, having them on the ground invested here, does absolutely great things for the province."

Irving Oil is also investing US\$40 million in the study.

The feasibility study, along with an environmental study and other work on the proposed refinery, will cost more than US\$100 million.

Irving Oil and BP are also investigating the possibility of forming a joint venture to build the refinery, should they decided to proceed with construction of the \$7-billion project.

A decision on construction is expected in 2009.

The two companies announced the study partnership on Monday.

BP's involvement in the project at such an early stage opens the door for future participation, said Curry.

"Having invested at the feasibility, engineering design stage, (BP) would be a natural candidate to carry on to the full construction phase," said Curry.

That Irving Oil's Eider Rock proposal attracted the interest of BP speaks to the merits of the second refinery project, he said,.

“It says that they have a potentially very interesting project, one that is – of the several projects that are either contemplated, proposed or being worked on to build refinery capacity in North America – a very competitive project.”

The partnership with BP offers Irving Oil a number of benefits.

BP has extensive experience in the refining business in North America. Its five American facilities refine eight per cent of the 17 million barrels of oil that are processed every day in the United States.

BP doesn't have any refineries in Canada.

BP is also a major oil producer and has said it is capable of sustaining production of four million barrels of oil per day until at least 2020.

Kevin Scott, Irving Oil's director of refining growth, said if the two companies proceed with the refinery project, BP would be able to provide sources of heavy crude oil from the North Sea and Angola.

“They bring some additional crude equity that they own, that we can put in this facility,” he said.

In addition to its investments in the oil and gas sector, BP is also a major player in alternative energy.

The company expects to spend \$1.5 billion on alternative energy projects in 2008,

Irving Oil has discussed using wind and tidal power as part of the Eider Rock facility.

London-based BP's ownership stake in the possible joint Eider Rock venture has yet to be determined, spokesman Scott Dean said in a telephone interview from Chicago.

“This project is of great interest for BP because it has an ideal location close to markets in the northeastern U.S. where products are increasingly short in supply,” he said.

*- With files from Bloomberg News and The Canadian Press.*