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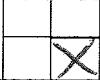
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SECOND REFINERY DEEMED FEASIBLE

NLRC to undertake environmental impact statement

A second refinery in Placentia Bay will be economically feasible.

A study conducted by SNC-Lavalin on behalf of Newfoundland and Labrador Refining Corporation (NLRC) concludes a 300,000 barrel per day oil refinery in Placentia Bay would cost (US) \$4.6 billion plus standard owner's costs, and would rank among the largest and most advanced crude oil processing plants in the world.

Such a refinery in Placentia Bay appears to be economically feasible with a 15 per cent rate of return based on a number of inputs, including the

Company's conservative long-term refining margin outlook.

NLRC, co-founded by Altius and investors from Ireland and the United Kingdom, began the three-stage feasibility study in February. The study was completed on schedule and slightly under budget. A summary document that provides highlights of the feasibility study is being prepared and will be posted at www.nlrefining.com.

The initial economic analysis by Cambridge Energy Research in Stage One indicated a new oil refinery in Placentia Bay could compete effec-

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Environmental impact statement

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tively throughout the Atlantic Basin marketplace, based on both the sourcing of heavy sour crude oil feedstocks and maximizing production of transportation fuels.

Completion of the preliminary process design basis in Stage Two enabled the start of Design Basis Memorandum (DBM) selection of technology licensors and start of Front End Engineering Design (FEED).

This work will be ongoing throughout 2007 concurrent with the environmental assessment process and potential partnership discussions with large heavy oil producers, refinery operators and petroleum product marketing firms. SNC-Lavalin is also providing key inputs and services during this phase of work.

The proposed site for the refinery is Southern Head in Placentia Bay.

Located on the main transatlantic shipping route between North America and Western Europe, it is one of the deepest ice-free ports in North America, able to accommodate Very Large Crude Carrier (VLCC)-size vessels year-round. The region also offers a competitive workforce that has successfully completed several large construction projects during the past decade.

Environmental assessment

The provincial government has advised NLRC that an Environmental Impact Statement (EIS) will be required for the project.

"We are pleased to have a clear way forward for the environmental assessment. We appreciate the Department of Environment and Conservation's timely response to the Project Registration" says Brian Dalton, Managing Director of NLRC.

The EIS will be required to examine, among other things; air quality, effluent quality, migratory birds, fish and fish habitat, water resources, aquaculture, historic resources and the socio-economic environment. An environmental assessment committee will be appointed to provide scientific and technical advice to the minister and to prepare draft guidelines for conducting the EIS.

The Company has also registered the project with the Federal environmental assessment process, through the Canadian Environmental Assessment Agency (CEAA).

A Project Description was submitted to the CEAA Sept. 11. A public scoping document is being prepared for anticipated circulation later this month, to be followed by a confirmation of the level of assessment from the Federal Minister of the Environment.

As a result of early meetings with government agencies and consultation with communities throughout the project area, NLRC has already initiated several baseline studies. NLRC will also receive formal guidelines from an Assessment Committee of officials from

several departments as well as from the federal government.

"We will continue to work with communities and groups in Placentia Bay and the project area as we develop the Environmental Impact Statement," says Roland Butler, responsible for NLRC's Environmental and Community interests.

"They have already provided us with important information as to the questions they want addressed in the EIS. We will ensure that there are many opportunities for interested residents to have further input into the assessment."

Information about the project is available on the company website at www.nlrefining.com.

The public will be invited to provide comment on the draft guidelines for the EIS. For further information on this project and the environmental assessment process contact Ed Kaufhold at 709-729-0090 or e-mail at ekaufhold@gov.nl.ca.

Further information may be obtained by contacting the Director of Environmental Assessment at 709-729-4211 or toll-free: 1-800-563-6181 or by mail to: Director, Environmental Assessment Division, Department of Environment and Conservation; West Block, Confederation Building; P.O. Box 8700, St. John's, NL, A1B 4J6.

Environmental assessment information is also on the government web site at <http://www.gov.nl.ca/env>.