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Irving plan won't impact NLRC refinery

Global events more worrisome

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They still haven't committed to the project but last month Irving Oil announced it is taking the next step in its plan to build a second refinery in Saint John, New Brunswick.

Irving has bought almost 800 hectares of land south of Saint John.

However, the company still needs a partner to build the \$7-billion refinery. It also needs environmental approval from the New Brunswick and federal governments.

Movement on the Irving plan has caused some to wonder what affect it will have on the proposal from Newfoundland and Labrador

Refining Corporation (NLRC) to build a second refinery in Placentia Bay.

"It hasn't affected us at all," says NLRC director Brian Dalton.

"A lot of people seem to be focusing in on it as if it is a one-to-one competition.

"There is no way we can do anything about what happens in New Brunswick or off the coast of India for that matter. Placentia Bay has a lot of competitive advantages and the only thing we can do is make our own project go forward," says Dalton.

"There are more projects on the books around the world than there is need for. We don't think anything out-competes Placentia Bay."

Labour force

While the two projects may not be in direct competition with each other, they will compete for the same skilled labour pool.

At least a portion of that labour pool will have to come from Alberta says Dalton.

"The skill set in Alberta right now, that is originally from Newfoundland and Labrador, is exactly the same skill set you need to build a refinery.

"For this thing to work there is a certain component of that Alberta workforce that would have to come back."

Dalton is confident the project can attract some of those expatriate Newfoundlanders back to the province.

"We are not basing our economic models on people coming back and working at some kind of discount."

He says they will pay a competitive wage, noting they have costed the entire project

— from labour to steel — on an Alberta model.

"We feel reasonably good about our numbers. If I walked into Wall Street tomorrow with a project and said it is going to cost this amount and the numbers are showing less than similar oil sands projects these guys have already funded . . . we are not going to have any credibility."

Dalton is adamant Placentia Bay is a prime location for another refinery and NLRC is not concerned about the Irving plan.

"We really can't be concerned about it. Our project is further along in the feasibility and environmental process. We have put too much into this and have too much confidence in it, especially within the region.

"This is a global scale project and that is where we worry," says Dalton.

"I worry more about some kind of major macro scale economic event that could basically knock the wind out of the market's current appetite to build new refineries somewhere. Global economics are a far bigger risk factor than anything that is happening directly in this region right now."