

709 NEWS

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Page: |

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NLRC signs agreements with SNC-Lavalin and Japan's IJK

KIRK SQUIRES

Newfoundland and Labrador Refining Corporation (NLRC) has signed two new agreements relating to the development of its proposed 300,000-barrel per day refinery in Placentia Bay.

The company has entered into a memorandum of understanding with SNC-Lavalin.

The activities covered in the agreement include basic engineering, front-end engineering and design, detailed engineering, procurement, project management services, and construction management for the Placentia Bay project.

"We have been working with them from the very early stages of the pro-

ject," says Roland Butler, NLRC's vice-president for community and environmental affairs.

SNC-Lavalin have been involved with the project since early 2006. They have participated in the completion of the refinery feasibility study, preparation of the design basis memorandum, environmental assessment and various activities related to overall project management and third-party licensor coordination.

"We now have an MOU in place. The next step is to try to have a more definitive agreement (contract) in place by the end of January," he says.

Fabrication line

NLRC has also signed an agreement with Japan's IJK consortium — Japan

Steel Works Ltd., Kobe Steel Ltd. and I.P.S. Services Inc. — for the provision of heavy-walled steel reactor vessels.

These vessels, which have been identified by NLRC as "long-lead time" items, involve specialty forged steel and fabrication infrastructure that is only available at a few locations worldwide.

IJK is a recognized consortium for this type of specialized work.

Butler says signing these agreements is an important step.

Because of the high global demand for these specialized services, Butler says it is important to the project to get this agreement in place now.

"We have worked on this agreement for several months," he says.

"The reason for that is there is quite a line-up. Because other refinery projects around the world have experienced delays or slow-downs, we found an opportunity to get a space in there and we took it.

"We have to . . . make some agreements just to hold our place in the line-up."

This doesn't mean the refinery has gotten the green light from government just yet. Butler says they are still waiting for completion of the environmental assessment process.

"We have at least made the agreement to save our spot in the line-up which is really important because once you are

Please see page 10

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Continued from page 1

out of the line it is hard to get back in."

In terms of risk Butler says every dollar they put into this is a risk if the project doesn't go ahead.

"We are willing to take that risk," he says.

"These steps are important and necessary. It represents two more pieces of the puzzle that have come together."

Butler says the company is trying to work on as much of the background as possible for some of these agreements during completion of the environmental assessment.

"There is not a lot we can commit to, and not a lot of money we can risk, until we have the environmental assessment complete. But we have to do some background work in the meantime. Otherwise, we lose too much in the total project cycle."

There is no firm date on when the environmental assessment will be complete. The company hopes to have a definite response from the federal government early in the New Year.

On the provincial side an amendment has been submitted. That will go back to the environment minister for further review and a final decision following that.

"We are hoping that will be early in the New Year as well."

For further information please visit the company website at www.nlrefining.com.

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