



There's More to the Canadian Oil Story Than Just the Oil Sands

Description

The oil sands make up 97% of Canada's oil reserves. There is enough oil in those sands so that Canada ranks third in the world in terms of oil reserves. At last count there were believed to be about 168 billion barrels of oil trapped in sand. However, the oil sands aren't Canada's only oil reserves as it has at least 5 billion barrels of oil spread elsewhere around the country. Today, I want to take a closer look at two of Canada's other intriguing sources of oil.

Off the Atlantic coast

Canada has several oil fields offshore of Newfoundland and Labrador. These include **ExxonMobil's** ([NYSE: XOM](#)) Hibernia field, **Husky Energy's** (TSX: HSE) White Rose, and **Suncor's** ([NYSE: SU](#)) ([TSX: SU](#)) Terra Nova. In addition to these established fields, Husky has started producing from the North Amethyst field, which is a satellite to White Rose while Exxon and Suncor are working on bringing the massive Hebron field online by 2017.

Hebron was actually discovered back in 1981, but it finally just got the green light. It's expected to cost about \$14 billion to develop and is believed to hold up to a billion barrels of oil. Exxon was looking to develop the field back in 2008, but the financial crisis put those plans on hold. Unfortunately, costs have skyrocketed since that time as the field is expected to cost triple the 2008 estimates. That being said, given the resources estimated to be in place, it should prove to be well worth that cost.

Capturing carbon to release hydrocarbons

One of Canada's more unique oil projects is located in Saskatchewan. The prolific Weyburn-Midale oil field has produced for more than 50 years. However, the field is seeing new life breathed into it thanks to an enhanced oil recovery method using carbon dioxide. Field operators **Cenovus Energy** ([TSX: CVE](#)) ([NYSE: CVE](#)) and **Apache Energy** (NYSE: APA) are flooding the field with carbon dioxide with a twofold purpose. First, the carbon dioxide is used to push oil out of the field that simply couldn't be recovered using conventional drilling methods. That's enabling the field to produce about 16,000 barrels of oil per day for Cenovus and another 6,000 barrels of oil per day for Apache. Before the carbon dioxide flooding, the field was thought to be nearly depleted. Now, the Midale Field, for

example, should produce for another 30 years and deliver up to 60 million more barrels of oil.

The other important characteristic of this field is it's actually storing the carbon dioxide, which is helping to lower greenhouse gas emissions. In fact, the project is capturing and storing enough carbon dioxide to equate to taking 6 million cars off the road. It's a great example of how going green can make a lot of economic sense.

Final Foolish thoughts

While these two areas are no match for the massive oil sands, that doesn't lessen the importance of the oil produced. For a company like Cenovus, it uses the cash flow from the oil produced from projects like Weyburn to fuel the growth of its oil sands projects. Further, despite the high costs of developing offshore projects, the long-term cash flows will serve investors well.

Fuel Your Portfolio With This Energetic Commodity

Canada has been driving a global shift in energy production. But the big money *isn't* in natural gas and it might not be in oil either. Instead, your portfolio could be best served by uranium – the key ingredient for nuclear power. With the global nuclear market ramping up in places like China, it could be a big winner.

This is why the Motley Fool has prepared a Special FREE Report that will clue you into the two best uranium companies in Canada. It's called "[Fuel Your Portfolio With This Energetic Commodity](#)," and you can receive a copy at no charge by [clicking here](#)!

*The Motley Fool's purpose is to help the world invest, better. [Click here now](#) for your free subscription to **Take Stock**, The Motley Fool Canada's free investing newsletter. Packed with stock ideas and investing advice, it is essential reading for anyone looking to build and grow their wealth in the years ahead.*

[Follow us on Twitter](#) and [Facebook](#) for the latest in Foolish investing.

Fool contributor Matt Dilallo does not own shares in any of the companies mentioned above. The Motley Fool does not own shares in any of the companies mentioned above.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:XOM (Exxon Mobil Corporation)
2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:SU (Suncor Energy Inc.)

Category

1. Investing

Date

2025/08/15

Date Created

2013/09/10

Author

mdilallo

default watermark

default watermark