10 Incredible Numbers From the Canadian Oil Sands

Description

Once a backwoods science project, the Canadian oil sands have emerged as the nation's most important economic story over the past decade. Since operators began developing the play over forty years ago, the region has produced some pretty spectacular statistics. Here are the 10 most incredible numbers from the Alberta sandbox.

1) 168 billion barrels

Canada has 173 billion barrels of oil that can be recovered economically with today's technology. Of that figure, 168 billion barrels are located in the oil sands.

2) 56% of accessible reserves

Only a fifth of the world's oil reserves are accessible to private sector investment. Of that figure, 56% are found in Canada's oil sands.

3) 41 years

Syncrude – the region's largest oil sands mining project – has an estimated reserve life of 41 years. This explains why big oil companies like **ExxonMobil** (NYSE: XOM) are so keen on the region. Production at a conventional well drops off rapidly within a few years and must be replaced constantly. An oil sands project, in contrast, has long reserve life allowing these energy giants to maintain production for decades to come.

4) $783 billion in taxes

The oil sands industry will pay an estimated $783 billion in provincial and federal taxes, as well as provincial royalties over the next 25 years.

5) 5.3 million barrels per day

Since 1980, oil sand production has grown 18x to 1.8 million barrels per day today. According to estimates provided by the Canadian Association of Petroleum Producers, daily output is expected to hit 5.3 million barrels by 2030.

6) 2.5 trips around the world

If laid end-to-end, Canada's existing oil and natural gas pipelines would circle the earth 2.5 times. And yet this still isn't enough capacity to accommodate the rapid growth of the oil sands. Midstream companies, like **TransCanada**, **Kinder Morgan**, and **Enbridge**, plan to add 3.1 million barrels of daily pipeline capacity – almost double today's level – over the next decade just to keep up.

7) 10% of crude production

Pipelines may not be enough to keep with all of this growth. According to estimates provided by Kootenay Capital Management, **Canadian National Railway's** (TSX: CNR, NYSE: CNI) crude shipments will triple to 300,000 barrels per day by 2015 totaling 7% to 8% of the company's revenues. That represents almost 10% of Canada's daily crude production being shipped by one railroad company.

8) $103 per barrel

The wrinkle in the region's optimistic projections is the enormous cost of developing a new oil sands project. According to estimates provided by the Canadian Energy Resources Institute, the breakeven price on a new oil sands operation is $78 per barrel for a SAGD project and $103 per barrel for a full mining and upgrading project.

9) 25,000 people per month

Yet those breakeven figures continue to grow as costs rise. Much of the cost inflation can be attributed to chronic labour shortages in northern Alberta. To find this talent, **Suncor** (TSX: SU, NYSE: SU) created its own airline called Sunjet to shuttle employees from as far as away as eastern Canada. The airline transports 25,000 people per month and ranks as the country's 12th largest airline.

10) $500 million investment

In August, Warren Buffett's **Berkshire Hathaway** disclosed that it owned 17.8 million shares of Suncor as of June 30, a stake valued at more than $500 million. The same month, ExxonMobil and **Imperial Oil** agreed to buy **ConocoPhillips'** Clyden lease for about $751 million. In spite of the challenges, smart money continues to find its way into the play.

Foolish bottom line

Sometimes it's hard to appreciate the scale of the development taking place in northern Alberta. But the numbers are clear: the oil sands will continue to be the most important story in the Canadian energy industry for decades to come.

Canadian energy is more than just oil and gas

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

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Fool contributor Robert Baillieul does not own shares of any company mentioned. David Gardner owns shares of CN Rail. The Motley Fool owns shares of Berkshire Hathaway.

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