



Oil Sands 103: What Companies are Key to Developing Canada's Oil Sands?

Description

Canada's oil sands hold more than 170 billion barrels of recoverable oil. That puts the country's oil reserves as the third highest in the world. Needless to say, oil supplies that vast are attracting a lot of attention. In part three of our oil sands series ([101](#), [102](#)), we'll explore the companies that are exploring the oil sands.

Oil and gas companies of all shapes and sizes have set up shop in the region to extract this valuable resource. Athabasca, the largest of the deposits, has drawn investments from around the world including companies like **Royal Dutch Shell** (NYSE:RDS-A), **ExxonMobil** ([NYSE:XOM](#)) and China's Sinopec.

Producers you need to know

As one of the pioneers of the oil sands, **Suncor** ([TSX: SU](#)) ([NYSE: SU](#)) is a company investors need to know. It has grown into an oil sands leader with a balanced portfolio of mining, in situ and upgrading projects. Thanks to the wealth of oil it has access to in the oil sands, Suncor can continue producing at its current rate for the next 34 years. That being said, Suncor doesn't expect the status quo as it expects to grow its oil sands production by more than 300,000 barrels of oil per day by 2020. Overall, Suncor's vision is to increase its oil production to more than one million barrels of oil per day in the future.

Another producer that investors really need to know is Syncrude, which is actually a joint venture that includes Suncor, Sinopec, **Imperial Oil** ([TSX: IMO](#)) (NYSE: IMO) and other partners. Syncrude is actually one of the largest crude oil producers in Canada. It operates a large oil sand mine, bitumen extraction plant and an upgrading facility which turns the heavy bitumen into a light, sweet crude oil that is easier to refine.

Projects you need to know

The Athabasca Oil Sands Project, which is a joint venture operated and majority owned by Shell, is a key project. It consists of the Shell Albian Sands mining and extraction operations, the Scotford upgrader and the proposed Quest Carbon Capture and Storage project. The Albian Sands actually

consist of two mines that combined produce over 250,000 barrels per day. Shell is currently looking to expand one of those mines as well as add a third, which eventually could add another 300,000 barrels per day of production.

A second project that every investor needs to know is the Kearl Oil Sands Project from ExxonMobil and Imperial Oil. Like the Athabasca Oil Sands Project, Kearl is a mining project. What's pretty staggering about this project is that initial cost estimates were \$7.9 billion but the final price tag ended up ballooning by 63% to a staggering \$12.9 billion. At full development this project is expected to produce more than half a million barrels of oil per day. The project should produce oil for the next 40 years.

The final project, and by far the most controversial is the proposed Keystone XL pipeline by **TransCanada** ([TSX: TRP](#)) ([NYSE: TRP](#)). The proposed 1,897 km pipeline would take Canadian crude oil, as well as oil from the Bakken to the U.S. Gulf Coast. It would have the capacity to transport 830,000 barrels of oil per day and cost TransCanada around \$5.3 billion to build. Many consider the project as the key to rightsizing the price of Canadian oil, which sells for a discount to world prices because there isn't enough pipeline capacity to get it to U.S. refineries. That's why TransCanada's Keystone XL could be one of the most important projects to the future development of Canada's oil sands.

Final thoughts

Canada's oil sands are a game-changer for both Canada and North America. The oil produced has the potential to lessen the importance of oil produced in the Middle East. Not only that, but because of the vast resources in place, the oil sands will continue to draw capital from companies looking to grow oil production. That could yield exceptional long-term returns for investors in these companies.

Still not sure what the oil sands are? Check out part one of our series [here](#). Curious how oil comes from sand? That's in part two which is available [here](#). Worried about how the oil sands impact the environment? Stay tuned for part four.

Looking for more expert analysis?

The Motley Fool Canada's senior investment analyst just unveiled his [top two stock ideas](#) for new money now. And **YOU** can be one of the first to read his buy reports — just [click here](#) for all the details.

Fool contributor Matt Dilallo doesn't own any shares of the companies mentioned. The Motley Fool doesn't own any shares of the companies mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

Category

1. Investing

Date

2025/07/21

Date Created

2013/10/15

Author

mdilallo

default watermark

default watermark