



Husky Energy Joins the Drive to Clean Up the Canadian Oil Sands

Description

Husky Energy (TSX: HSE) is the latest oil sands producer making strides to clean up its carbon footprint. The company recently announced that it had signed a collaboration agreement to have a carbon capturing unit installed at its Pikes Peak South heavy oil site. When completed next year, the pilot project is expected to capture 15 tonnes of carbon dioxide per day. It's just the latest drive by the industry to clean up its carbon footprint.

Drilling down into Husky's project

The process Husky Energy is using is an enzyme-based solution that will scrub carbon dioxide from the emissions of the natural gas boilers that are used to produce the steam for heavy oil recovery. The initial plans are to capture 15 tonnes of carbon dioxide per day at Pikes Peak South, however, the goal is that the pilot will eventually lead to commercial-scale projects that could one day scrub 150 tonnes of carbon dioxide per day from Pikes Peak South.

Beyond that Husky has plans to grow its thermal heavy oil production from 37,000 barrels per day to 55,000 barrels per day, so there's plenty of carbon capture potential at Husky in the future as it grows this carbon heavy production.

The pilot project is being partially funded by the government of Canada's ecoEnergy Innovative Initiative. It's expected to confirm the positive techno-economics of the process, which can then be expanded commercially to other projects throughout Western Canada outside of Husky Energy.

The quest to capture carbon

While Husky Energy's carbon capture project is just entering the pilot stage, the Quest Carbon Capture and Storage project is getting closer to coming online. Quest, which is being built by the Athabasca Oil Sands Projects, is a joint venture between **Royal Dutch Shell** (NYSE: RDS-A)(NYSE: RDS-B), **Chevron** (NYSE: CVX), and **Marathon Oil** (NYSE: MRO) is about 50% complete. The \$1.35 billion project is also being partially funded by the government. In this case the government of Alberta, as well as the federal government, is putting \$144 million into Quest as well as the Alberta Carbon Trunk Line.

While Quest will capture about a million tonnes of carbon emissions per year, the trunk line will carry carbon from Quest as well as a fertilizer plant to be used in enhanced oil recovery. The 240-kilometer pipeline project will eventually have the capacity to compress and store 14.6 million tonnes of carbon dioxide per year, which is the equivalent of taking 2.6 million cars off the road.

For perspective, that's about a third of all the vehicles registered in Alberta. Meanwhile, that carbon will be injected into depleted oil wells to recover an additional billion barrels of oil still trapped in the reservoir. The carbon will then either stay sequestered or be recycled to produce more oil until it's sequestered.

Foolish bottom line

Canada is quietly leading the way to capture and store carbon dioxide. Not only that but it's finding ways to reuse the carbon to either get more oil out of the ground or for other industrial uses. That will really help clean up the carbon footprint of oil sands projects while also fueling Canada's economy. The potential is there for investors to see improved returns as many of these capture and storage projects actually enhance profitability instead of adding to the cost.

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Date

2025/08/26

Date Created

2014/04/23

Author

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