



January 5, 2007

«Name»  
«Title»  
«Organization»  
«Address»  
«Town», AB «PC»

Dear «Name»:

RE: THE NORTH WEST UPGRADER PROJECT • STURGEON COUNTY, ALBERTA

This newsletter is being sent to update you on the progress of the North West Upgrader Project, which is to be located in the established Heavy Industrial area of Sturgeon County and is meant to ensure that everyone interested in the North West Upgrader Project is informed about our plans. This newsletter includes information on:

- The status of the North West Upgrader integrated application for approval.
- Project Specific Activities
- Company Involvement in the Region
- Opportunities to Continue to Learn About the Project
- A copy of North West's general response letter to Statements Of Concern submitted by stakeholders to Alberta Environment

This letter is being sent to all those people who have stated their interest in the Project, and who are on North West's Project mailing list. Additionally, we have asked the Counties of Sturgeon and Strathcona to send this letter on our behalf to their residents within the area defined by a 5 km radius from the Project site. As a result some recipients may receive two copies of this correspondence.

North West has conducted an extensive public disclosure and consultation process, including hosting public open houses and participating in public and personal consultation with Heartland-area residents and stakeholders since the public announcement of the Upgrader in February 2005. These public consultation efforts have resulted in a number of Project improvements to address issues such as noise, light, air quality, road safety, and coordination of industrial development in the region to further reduce impacts to local residents.

**The New Logo**

You may have noticed the new logo for North West Upgrading Inc. Other than the new look, we are still the same Company, with the same people, and the same Project.



### *North West Upgrader Project – Status of the Integrated Application*

The lands acquired for the Upgrader were, prior to North West's acquisition, zoned for Heavy industrial use. North West began its Environmental Impact Assessment (EIA) for the Upgrader project in 2004, and received the independent environmental reports required for the application in late 2005. The EIA thoroughly addressed the environmental footprint of the Upgrader, as an incremental addition to the existing industrial activities in the region, and on a cumulative basis, having regard to all existing, approved and reasonably foreseeable industrial development.

As highlighted in our March 2006 newsletter, North West's integrated application to construct, operate and reclaim the North West Upgrader was submitted to the Alberta Energy and Utilities Board (EUB) and Alberta Environment (AENV) on January 30, 2006. A Notice of Application was published by the EUB and AENV in February 2006 advising interested persons that copies of the application were available, and that the regulatory review had commenced. The Notice of Application also provided information on filing a Statement of Concern. Many stakeholders had common concerns regarding the Project and the pace and concentration of industrial development generally. Enclosed with this newsletter is a copy of the North West general response to issues of common interest expressed in those Statements of Concern for all stakeholders to review.

Following a technical review of the application, in late September 2006, the EUB and AENV provided North West with a number of Supplemental Information Requests (SIRs). North West prepared and submitted responses to the SIRs to the EUB and AENV in November 2006. The regulators are now reviewing the responses. Copies of North West's SIR responses will be sent to all those who originally requested a copy of the application and EIA (in the same format as originally sent out). **If you wish to receive a copy of the application and SIR responses, and were not sent a copy originally, please contact us as noted at the end of this newsletter.**

Following review of the SIRs, the EUB and AENV will initiate the next steps in the regulatory approval process for the Project.

### *Project Specific Activities*

*Private Placement Closing:* In July 2006, North West announced the closing of a \$175 million private placement in North America and Europe. Net proceeds from this offering, along with a previous \$38 million private placement, will be used to fund procurement of long lead time equipment and engineering, as well as regulatory and other Project development costs.

*Project Design, Engineering and Construction:* In August 2006, North West announced that SNC-Lavalin was awarded the contract to complete engineering design specifications (EDS) for the upgrader. In November 2006, North West announced the award of overall project management services as project management contractor (PMC), and for the provision of engineering, procurement, and construction (EPC) services for more than 50 per cent of the upgrader. These steps, taken with world-class partners, give North West great confidence in the successful completion of the Project.



*Subdivision, and Request for Road Closure:* North West received approval for subdivision of lands within the south half of Section 18-56-21-W4 from Sturgeon County. This will facilitate the sale of a portion of the southwest quarter of Section 18 to Access Pipeline Inc. for its terminal facility (which has been under construction for some time now), and for the purchase from Access of a portion of its lands within the southeast quarter of Section 18 for use by North West as a part of the upgrader site. Also as required for the North West site development, we have applied to Sturgeon County for closure of a portion of Range Road 220, beginning approximately 420 metres north of Highway 643, up to approximately the north boundary of Section 18. This closure is necessary for the safe development of the upgrader site. An independent traffic study concluded that there are low volumes of local traffic, with no school busses using the route, and that the impacts would be insignificant. The application to Sturgeon County has been given first reading approval. The application will go to Alberta Infrastructure and Transportation for approval, prior to the public process and second and third readings that follow with Sturgeon County.

*Purchase of Additional Contiguous Land:* North West has purchased approximately 27 acres of Heavy Industrial-zoned land from Sturgeon County, contiguous with the original site, to be used for the control room, parking, and administration area for the Project. Combined with the purchase of contiguous lands from Access Pipeline within Section 18 as described above, the North West project site has grown from that described in the original application. All additional lands were included in the EIA as originally filed, or through a project update included with our SIR responses.

*Establishment of an Office in Redwater, Alberta:* North West will be opening an office in a “store front” location in the town of Redwater in the first quarter of 2007. The address is 4924, 47<sup>th</sup> Street, Redwater, Alberta, T0A 2W0, which is near the Town of Redwater offices. The purpose of the Redwater office will be to provide a location for anyone who is interested in reviewing project information and speaking to North West project staff to “drop in” and do so. The office will be a source of information on project business, contracting and job opportunities. The office will also provide an interim location for our Project staff to work with easy access to the site, until office facilities are available on the site itself. We expect that the Redwater office will be open on an intermittent basis (with planned hours posted on the office door, as well as on our website) until North West establishes a full time area staff. More details will be provided once the office operation has been established.

*Site Land Management Activities:* North West plans to remove some of the tree cover from our land during the first quarter of 2007. Selective tree clearing will be done on selected areas as a land management activity, better facilitating planning for future development, as well as allowing for the control of site flooding and road damage. North West has informed Sturgeon County, the EUB and AENV of these planned activities. No site development will begin until the required regulatory approvals have been received. There is also some planned activity that may occur in the general area of the site due to the electrical utility provider re-routing some power lines in advance of area development activities. These activities are controlled by that utility provider.

### *Ongoing Regional Involvement*

Throughout 2006, North West has continued with public and stakeholder meetings intended to provide information and receive feedback regarding our Project plans. Individual stakeholder meetings have been held, as well as more public presentations of Project information, such as that made at the Sturgeon Mayor's Breakfast in Morinville in December 2006. Representatives of North West have been active, along with representatives of the general public, Municipal and Provincial governments, and other industry representatives on area planning committees such as;

- the Sturgeon County AdHoc Committee, which is developing plans to coordinate and manage the industrial growth in Sturgeon County, and
- Alberta's Industrial Heartland Association, which is considering infrastructure requirements and eco-industrial benefits of such industrial clustering in the Heartland area

Information gathered in these events continues to be used in the planning processes for the Project, such as the potential for common process water supply. North West has been an active participant directly with Sturgeon County staff and consultants who are planning infrastructure improvements (such as the Opal Road and Township Road 570 upgrades, forming a bypass route for non-industrial traffic around the Heavy industrial area). North West has also been active in informing Provincial government representatives, from staff to Ministerial level, of the Project and general development plans for the Sturgeon Heartland area, to aid in their planning for infrastructure development for the area.

North West has been a participant in the Alberta's Industrial Heartland Association IHCARI process from its inception to date, and through that participation, will continue our support of such stakeholder-benefiting initiatives such as the Volunteer Property Purchase Program.

North West has been a member of the Northeast Capital Industrial Association (NCIA), a not-for-profit cooperative that seeks to understand and reduce the environmental impacts of member industries through collaborative efforts with the community and all levels of government while supporting sustainable industrial growth. Through this membership North West is a supporter of such initiatives as the regional groundwater study, regional air dispersion modeling (cumulative effects modeling), and support of the Fort Air Partnership air monitoring initiatives. North West has also recently (October 2006) become a member of the North Saskatchewan Watershed Alliance Regional Advisory Committee, which is engaged in the development of an Integrated Watershed Management Plan for the North Saskatchewan River.



**Opportunities to Continue to Learn About the North West Upgrader Project:**

If you wish to learn more about North West, our involvement in your community or public processes, or require further information of any sort, please feel free to contact us. We would be pleased to answer your questions, receive your comments or talk to you in person. We can be reached a number of ways including:

- Telephone: 1-888-833-3708 (toll free), or (403) 451-4165 (general number), or
- Doug Bertsch at (403) 451-4171 (direct), E-mail: [dbertsch@northwestupgrading.com](mailto:dbertsch@northwestupgrading.com)
- Tracy Lillies at (403) 451-4180 (direct), E-mail: [tlillies@northwestupgrading.com](mailto:tlillies@northwestupgrading.com)
- Fax: (403) 451-4197
- Mail: 3440, 205 - 5th AVE S.W., Calgary, Alberta T2P 2V7

Additional, up to date North West Upgrader Project information is available on our company website at <http://www.northwestupgrading.com/>.

Yours truly,

A handwritten signature in blue ink that reads 'Doug Bertsch'. The signature is fluid and cursive, with the first name 'Doug' and last name 'Bertsch' clearly legible.

Doug Bertsch  
Vice-President, Regulatory Affairs