

July 27, 2011

Clean energy project agreement in place

Edmonton... The Government of Alberta and Swan Hills Synfuels have signed a final funding agreement for a carbon capture and storage (CCS) project that will capture carbon dioxide (CO₂) from a deep coal gasification process.

“This project has tremendous potential to change the way we use our vast coal resources,” said Ron Liepert, Minister of Alberta Energy. “This innovative approach will decrease the environmental impact while generating a reliable energy supply.”

The in-situ coal gasification project will tap into a deep, unmineable coalbed near Swan Hills and turn the coal into a synthetic gas or “syngas” while underground. The syngas will then be used to generate electricity. The project will also capture up to 1.3 million tonnes of CO₂ per year that will be used for enhanced oil recovery in the area.

“The support of the province is helping to make this major energy project a reality, upgrading a low-value resource into valuable clean energy in Alberta,” said Martin Lambert, Chief Executive Officer of Swan Hills Synfuels. “We are excited to be building a baseload generating plant that will provide the reliability and economic stability that coal-fired power has brought to Alberta for many years, but with greenhouse gas emissions lower than that of comparable natural gas-fired generation.”

The province has committed \$285 million to the Swan Hills Synfuels project as part of its \$2 billion CCS funding program. Construction is expected to begin in 2013 with carbon capture beginning in late 2015.

The Alberta government is working to build a better Alberta by fostering economic growth, strengthening our health and education systems, investing in infrastructure, supporting safe and strong communities and ensuring a clean and healthy environment.

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Backgrounder: Swan Hills In-Situ Coal Gasification Project; CCS Project Funding Details

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Swan Hills In-Situ Coal Gasification Project

The Swan Hills Synfuels project will use an in-situ coal gasification process to access coal seams located about 1,400 metres (1.4 kilometres) beneath the earth's surface that have traditionally been considered too deep to mine. The access wells, similar to conventional oil and gas wells, will be used to convert the coal underground in its original seam into a clean synthetic gas known as "syngas".

The syngas will fuel 300 megawatts of new clean power generation capacity - enough for about 300,000 homes. The potential to use this method elsewhere in Alberta to provide reliable baseload electricity supply is significant.

The carbon dioxide (CO₂) created during the gasification process will be captured and used for enhanced oil recovery in the Swan Hills area. Enhanced oil recovery uses CO₂ to reduce the viscosity of the oil in the depleting conventional oilfields, allowing more oil to be produced.

Carbon Capture and Storage (CCS) Project Funding Details

The Alberta government has committed \$2 billion to advance CCS technology.

Approved projects can receive a maximum of 75 per cent of the total incremental cost to capture, transport and store CO₂.

A maximum of up to 40 per cent of the approved funding will be distributed during the design and construction stage based on achieved milestones and up to an additional 20 per cent of the approved funding will be granted upon commercial operation. The remaining 40 per cent of the funding will be provided as CO₂ is captured and stored over a maximum period of 10 years.

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