

# TOTAL E&P JOSLYN LTD

June 10, 2009

Joslyn North Mine Project Joint Review Panel  
Canadian Environmental Assessment Agency  
160 Elgin Street, 22nd Floor  
Place Bell Canada  
Ottawa, ON K1A 0H3

Energy Resources Conservation Board  
Fort McMurray Regional Office  
2nd Floor, Provincial Building  
9915 Franklin Avenue  
Fort McMurray, AB T9H 2K4

Attention: Marie-France Therrien, Panel Manager

Attention: Pat Harrison, B.Sc., E.I.T.

Dear Sir/Madam:

**Subject: Joslyn North Mine Project - Progress Report – June 2009**  
**CEAR Reference Number 08-05-37519**  
**ERCB Application No. 1445535**

## **I. INTRODUCTION**

The purpose of this letter is to provide a progress report to the Joslyn North Mine Project Joint Review Panel (the "JRP" or the "Panel") as per the commitment made in the Total E&P Joslyn Limited (Total) February 2009 Progress Report.

This report includes an update on:

- the Joslyn North Mine Project (Project) technology and engineering specific to bitumen extraction and tailings management
- associated environmental assessment
- the project update
- stakeholder consultation

## **II. TECHNOLOGY AND ENGINEERING**

Total has been testing new froth production and treatment technologies with the intent of maximizing Project bitumen recovery and enhancing the extraction process. Test objectives include enhancing froth production and recovery, operating reliability, energy efficiency, environmental performance and cost. The test programs are currently scheduled to be completed by this fall, after which Total will evaluate incorporation of the technologies into the Project extraction process design plans.

The February 2009 Progress Report identified that Total, after technology assessment work was completed in the latter part of 2008, had selected a more technically and economically robust tailings management technology, sand beaching, to more effectively manage the fines component of tailings.



**TOTAL**

a wholly owned subsidiary of TOTAL E&P Canada Ltd.

2900, 240 - 4th Avenue S.W., Calgary, Alberta T2P 4H4 Tel 403 571 7599 Fax: 403 571 7595

2, place Jean Millier - La Défence 6, 92078 Paris la Défence Cedex - France Tel 33 1 47 44 45 46

Shortly after the Progress Report was submitted the ERCB issued the final version of Directive 74, Tailings Performance Criteria and Requirements for Oil Sands Mining Schemes. The Directive has heightened Total's focus on tailings management, resulting in additional engineering effort on tailings management strategies. Total continues to consider sand beaching as a tailings technology that will contribute to improved fines management while achieving the intent of the Directive.

Sand beaching is a process by where the coarse tailings slurry post primary bitumen extraction is hydraulically transported and deposited into an external placement area referred to as a beach area. The hydraulically placed tailings segregate, with sand and a portion of the fines remaining in a solids deposit that will form a beach. This deposit is typically 'dry' at the surface, non-liquefiable, and trafficable after a short period of time.

The remaining fines and water not captured in the 'dry' beach area run-off will collect at the base of the sand beach.

An earthen structure constructed with overburden or from the sand itself will restrict the solids to the beach area, while preventing fluid at the toe from leaving the beach area. The fines and water mixture (also called thin fine tails or TFT) that collect at the toe of the beach area will be removed for re-processing.

Fines management in the tailings management description in the Supplemental Information Volume 1: Project Update included thickening and placement in an external tailings area. Fine densification options being considered by Total include centrifuging, paste thickening, as well as in-line paste thickening to further reduce the volume of fine tailings and shorten the time to achieve a trafficable dedicated disposal area (DDA). For the early portion of the Project the fines product will be transported to an external DDA and later to in pit disposal areas.

A preliminary simplified process flow diagram that will be the basis of the Project design will be included in the third quarter Progress Report.

### **III. ENVIRONMENTAL ASSESSMENT**

A team to conduct an environmental assessment of the Project technology and engineering revisions has been assembled. They are currently updating the list of other oil sands developments that have been approved or that are planned, for cumulative effects assessment purposes. They have also provided environmental assessment information needs lists to the Project engineering team. It is expected that some of the assessment will commence in the third quarter of 2009.



#### **IV. PROJECT UPDATE**

The Project Update preparation is dependant on the engineering and subsequent environmental work discussed above. It is expected that all of the engineering required for environmental assessment purposes will be completed in the fourth quarter of 2009. It is now expected that the Project Update will be submitted in February, 2010. As mentioned in the February 2009 letter to the JRP the table of contents, with a few minor modifications, will be the same as was used for the Supplemental Information Volume 1: Project Update submitted to Alberta Energy Utilities Board and Alberta Environment in June 2007. This will assist reviewers since the Project Update will essentially constitute a consolidated Project Application.

Specific to tailings management revisions the Project Update will include:

- Sand Beaching Technology
- Fines Capture Improvements
- Thickened Tailings (TT) Deposition
- Tailings Management Strategy Improvements
- Recycle Water Pond Operation
- Surface Reclamation

#### **V. STAKEHOLDER CONSULTATION**

Since the last progress update Total has continued with Aboriginal engagement activities with the intent to reaching agreement on matters such as environmental monitoring, capacity building and practical measures to reduce effects of the Project on traditional use. As indicated by the March 20, 2009, Fort McKay Industrial Relations Corporation (IRC) letter to JRP secretariat staff, Total has come to a mutual agreement with the Fort McKay First Nation (FMFN) on a focused engagement process for the review of the Project Update. A series of technical meetings with representatives of FMFN is being planned. Total has met with the representatives of the Athabasca Chipewyan First Nation (ACFN) to discuss mine project technology and engineering revisions and other matters of common interest. Additional meetings are being planned. Total has met with the representatives of the Mikisew Cree First Nation (MCFN) to discuss mine project technology and engineering revisions and other matters of common interest. An additional meeting is planned for late June. Traditional land use studies funded by Total continue to be prepared by both ACFN and MCFN although it is understood that the status has changed little from the last progress update from Total. Total continues to be optimistic that some of the content of the studies can be incorporated into the Project Update and in Total's response to the Panel's Additional Information request.



Total has also met with representatives of Clearwater River Paul Cree, Non-Status Fort McMurray Band Descendants Band, and the Off-Reserve Fort McMurray Band. Total has attempted to meet with the Fort McMurray First Nation IRC, although a meeting has yet to be convened. Total sent a copy of a letter from Metis Local #1935 to the JRP secretariat staff that indicates that they are "satisfied with the direction the relationship is going and look forward to many successful years supporting each other". Total has signed a renewal of the Good Spirit Relationship Agreement to define how we will conduct ourselves in future discussions and work together for the betterment of both parties.

Total has met with representatives of the Oil Sands Environmental Coalition (OSEC) to discuss the Project technology and engineering revisions. Correspondence on that meeting is being prepared and a copy of it will be provided to the JRP.

Plans are being made to engage with other stakeholders that have expressed an interest in the Project, including some of those that have received Canadian Environmental Assessment Agency participant funding under the Aboriginal Funding Envelop.

#### **VI. ONGOING PANEL REVIEW**

Total continues to anticipate that when it files the Additional Information responses and Project Update, the Panel will, pursuant to the JRP Agreement, provide an opportunity for regulators and members of the public to comment on the filed materials. Total expects that subsequent to its review of the materials and comments from the regulators and public, the Panel will, pursuant to the JRP Agreement, issue an additional information request, as necessary.

#### **VII. CONCLUSION**

Total continues to emphasize that it is committed to proceeding with the Joslyn North Mine Project. Total will keep the JRP and stakeholders apprised of its progress throughout the remainder of 2009.

If there are any questions or concerns regarding the information and timelines proposed in this letter, please do not hesitate to contact the undersigned at (403) 536-3567.

Yours truly,

Total E&P Canada Ltd.



Geoff Chow  
Manager of Regulatory Affairs

cc: Leo Piciacchia Vice President Mining Total



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