

For Immediate Release

StatoilHydro announces new initiative to improve environmental performance

New SOLVE pilot research project could significantly reduce water use and CO₂ emissions

StatoilHydro is pleased to announce its participation in an important field research and pilot project to test technology with the potential to reduce water usage and carbon dioxide (CO₂) emissions at its Leismer oil sands *in situ* project, located approximately 150 kilometers south of Fort McMurray, Alberta.

The Steam-Solvent Co-Injection (SCI) Project (SOLVE), being conducted in partnership with the Petroleum Technology Research Centre (PTRC) in Regina, Saskatchewan, will seek to develop, optimize, and commercialize StatoilHydro's new technology – through an extensive field testing and accompanying research and development program – leading to reductions in the use of water and the emission of CO₂ over conventional Steam Assisted Gravity Drainage (SAGD) technology.

The SOLVE project was awarded \$6 million in funding by Sustainable Technology Development Canada on September 10, 2009 to assist in the development and deployment of this technology to lessen the environmental impacts of *in-situ* oil sands extraction.

“The PTRC's past and current research into solvent extraction technologies,” noted Executive Director Dr. Carolyn Preston, “fits perfectly with StatoilHydro's innovative solvent co-injection at Leismer. We're delighted to be involved with such an exciting research project.”

“We are pleased to partner with PTRC on this innovative pilot project,” said Åge Kristensen, Vice President Heavy Oil R&D, StatoilHydro Canada Ltd. “The technology is an excellent enhancement to the existing SAGD process because it could potentially reduce steam-to-oil ratio (SOR) while increasing the bitumen recovery. “ Reduction in steam-to-oil ratio has a direct effect on reducing water use and CO₂ emissions since the solvent increases the amount of bitumen produced per barrel of water and fuel consumed.

StatoilHydro's solvent co-injection (SCI) SAGD process will be piloted at specific wells in the Leismer field to see if there are reduced environmental impacts during extraction, and to optimize the process for possible application to the entire field.

SAGD is the predominant *in-situ* recovery method currently used in Canada's oil sands. Unlike surface mined oil sands, *in-situ* recovery involves much less land disturbance, but still requires the use of water and natural gas in the steam production process. Burning natural gas produces CO₂ emissions.

Environmental Improvements

Both water use and CO₂ emissions are a major challenge for the oil sands industry. StatoilHydro believes the piloting of its solvent co-injection technology at Leismer will demonstrate – as a minimum – ten percent savings on the steam-to-oil ratio required for extraction, with a potential saving of as much as 25%.

Research Program

The SOLVE project will include – in addition to the field demo – a research program that will be integrated with the demo results to reach clear conclusions about specific factors influencing solvent loss, oil production, energy use, and water consumption. This is a unique approach to developing a new technology, bringing together a research consortium through the management of the Petroleum

Technology Research Centre in Regina. Research partners will include research councils and universities from both Saskatchewan and Alberta to help optimize the process for more widespread commercial use.

Several key milestones in the project are anticipated between early 2009 and late 2011. These include the drilling of co-injection well pairs at the demo site (completed in 2009), injecting of steam in early 2010, and co-injection beginning in the autumn of 2011. Research modeling and simulations are already underway, and data collection, monitoring and measurement will be on-going throughout the project.

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About SDTC

SDTC is an arm's-length foundation which has received \$1.05 billion from the Government of Canada as part of its commitment to create a healthy environment and a high quality of life for all Canadians. SDTC operates two funds aimed at the development and demonstration of innovative technological solutions. The \$550 million SD Tech Fund™ supports projects that address climate change, air quality, clean water, and clean soil. The \$500 million NextGen Biofuels Fund™ supports the establishment of first-of-kind large demonstration-scale facilities for the production of next-generation renewable fuels. SDTC operates as a not-for-profit corporation and has been working with the public and private sector including industry, academia, non-governmental organizations (NGOs), the financial community and all levels of government to achieve this mandate.

About PTRC

The Petroleum Technology Research Centre, based in Regina, Saskatchewan, is a not-for-profit corporation founded in 1998 by Saskatchewan Energy and Resources, Natural Resources Canada, the University of Regina, and the Saskatchewan Research Council. The PTRC uses R&D to advance and support the recovery of western Canada's rich but often difficult to access and monetize oil resource. The PTRC is committed to conducting research that will help the petroleum industry implement sustainable technologies that minimize environmental impacts such as climate change caused by greenhouse gas emissions.

About StatoilHydro

StatoilHydro is a Fortune-50 integrated oil and gas company with operations in over 40 countries. Clear and compelling company values, an international award-winning environmental record, and an inclusive people perspective underpin StatoilHydro's operations everywhere.

StatoilHydro Canada Ltd's activities include production offshore the Province of Newfoundland and Labrador at the Hibernia and Terra Nova fields. In 2007 the company acquired North American Oil Sands Corporation with over 1100 square kilometers of oil sands leases in northern Alberta. The company is currently developing the Leismer SAGD demonstration project which will have a production capacity of 10,000 barrels a day.