



March 4, 2010

Steve Thomas

Section Leader

In Situ Oil Sands

Alberta Energy Resources Conservation Board

640 – 5th Avenue SW

Calgary, AB T2P 3G4

Mr. Pat Marriott

Acting District Approvals Manager

Approvals – Edmonton

Environment

1st Floor Twin Atria Building

4999 – 98 Avenue

Edmonton, AB T6B 2X3

Dear Sirs:

**Re: Applications for the Grizzly Oil Sands ULC
Algar Lake SAGD Project**

Grizzly Oil Sands ULC (Grizzly) is proposing to develop the Algar Lake SAGD Project (the Project). The Project will be located on approximately 10 km west of Highway 63 within Sections 2 to 4, 9 to 11, 13 to 17, 20 to 29, Township 85, Range 12, W4M. The Project is expected to produce 1800 m³/day (11,300 bopd) of bitumen per day for 20 to 30 years and will consist of:

- a plant site consisting of two 900 m³/day central processing facilities;
- four well pads;
- a borrow pit;
- a camp site;
- interconnecting access roads, pipelines and power lines; and
- associated facilities.

Grizzly is submitting this application to Alberta Energy Resources Conservation Board (ERCB) and Alberta Environment (AENV) for approval of the Algar Lake SAGD Project (the Project). This application has combined all information required under the *Oil Sands Conservation Act*, the *Alberta Environmental Protection and Enhancement Act* and the *Water Act* into one document to facilitate and expedite the regulatory review of the Project.

Grizzly is seeking the following approvals from the ERCB:

- Oil Sands scheme approval to construct and operate the Algar Lake SAGD Project pursuant to Sections 10 and 11 of the *Oil Sands Conservation Act* and Sections 3 and 33 of the *Oil Sands Conservation Regulation*; and

- Approval to construct and operate a distribution and gathering pipeline system within the project development area pursuant to Part 4 of the *Pipeline Act*.

Grizzly is seeking the following approvals from AENV:

- Approval, pursuant to Part 2, Division 2 and Section 66 of the Alberta Environmental Protection and Enhancement Act, to construct and operate the project including facilities to recover and treat bitumen and processed water;
- Approval, pursuant to Part 2, Division 2 and Section 66 of the Alberta Environmental Enhancement and Protection Act, to construct and operate the cogeneration facility;
- Conservation and reclamation approval, as required under the Conservation and Reclamation Regulations, to develop, operate and reclaim the various components of the Project; and.
- Water diversion licence for the water supply pursuant to Part 4 of the Water Act.

Correspondence regarding this application should be directed to:

Ms. Camille Musters

Grizzly Oil Sands ULC

Life Plaza

410, 734 7 Ave. SW

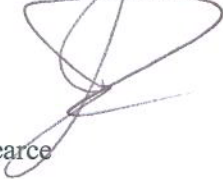
Calgary AB T2P 3P8

Phone: (403) 457-0886

E-Mail: cmusters@grizzlyoilsands.com

Sincerely,

Grizzly Oil Sands ULC

A handwritten signature in dark ink, appearing to read 'John Pearce', is written over the company name 'Grizzly Oil Sands ULC'.

John Pearce

CEO