

Aux Sable Canada and BA Energy Announce Heartland Off Gas Plant

CALGARY, Oct. 5 /CNW/ - Aux Sable Canada Ltd ("ASC"). and BA Energy Inc. ("BA Energy") announce the completion of a commercial arrangement to construct the multi-phase Heartland Off Gas Plant ("HOP"). The facility, which will be owned and operated by ASC will process "off gas", a by-product of bitumen upgrading, in order to recover valuable hydrocarbon products. Feedstock for the HOP will be provided by BA Energy's Heartland Upgrader. The HOP will be located on land recently acquired by ASC north of the city of Fort Saskatchewan, near the Heartland Upgrader and other existing and proposed heavy oil upgraders.

Field construction of the HOP is expected to begin in the spring of 2007, and start-up will coincide with start-up of the Heartland Upgrader in 2008. The capital cost of the first phase of the HOP is expected to be approximately \$45 million. Total capital cost for all phases of the HOP is expected to be \$120 to \$150 million. Implementation will match growth phases of the Heartland Upgrader to its approved capacity of 260,000 barrels per day of bitumen blend and production of 50 million cubic feet per day of off gas. Phase 1 of the Heartland Upgrader is currently under construction. All phases are anticipated to be completed in the three to five years following Phase 1 start-up. The HOP will produce a mixture of ethane/ethylene, a mixture of propane/propylene and heavier hydrocarbons, along with a residue gas stream composed primarily of methane. The ethane/ethylene stream will be sold by ASC as feedstock to the Alberta petrochemical industry; the heavier products will be sold to customers throughout North America. The residue gas stream will be returned to the Heartland Upgrader and consumed as fuel.

"This is an important first step in Aux Sable Canada's strategy to be the leader in fee-for-service processing of upgrader off gas in the Fort Saskatchewan area. We expect this sector to grow significantly in the years to come and we are now well positioned to aggressively pursue this growth," said W. J. (Bill) McAdam, President and CEO of ASC.

"Our alliance with Aux Sable Canada to produce petrochemical feedstocks is another crucial step in our overall Group strategy to create synergistic values with partners in the value-enhancement-chain of oil sands development," said Dr. Columba Yeung, Chairman and CEO of the Value Creation Group. "This demonstrates, in action, our support of the Alberta vision of value-added resource processing in Canada."

ASC and its US affiliate, Aux Sable Liquid Products L.P. ("Aux Sable"), are owned by Enbridge Inc. (42.7%), Fort Chicago Energy Partners L.P. (42.7%) and The Williams Companies Inc. (14.6%). Aux Sable intends to leverage its position as a significant player in the natural gas processing and natural gas liquids businesses through fee-based infrastructure investments. ASC is headquartered in Calgary, Alberta.

A private, Alberta-based Canadian company, BA Energy was established to construct and operate the Heartland Upgrader using proprietary upgrading technologies developed by its parent company, Value Creation Inc. The Value Creation Group of Companies is at the forefront of emerging technologies to accelerate the development of Western

Canada's oil sands and heavy oil resources. Through its member companies, Value Creation Group has also acquired significant lease holdings in the Athabasca oil sands. BA Energy Inc. and Value Creation Inc. are headquartered in Calgary, Alberta.

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