

5.0 Marketing

JACOS intends to market a bitumen blend using condensate as diluent. Currently, the primary market for Canadian bitumen blend is the United States. Secondary markets include domestic and Asian markets.

Markets in the United States are accessed by pipeline connections to refineries distributed throughout the northern tier, mid-west and Rocky Mountain areas. A shipper supported pipeline has recently been proposed for the US Gulf Coast, a major refinery center. Domestically, a few refineries use bitumen blend to produce asphalt and a small volume is consumed by two regional upgraders located in Alberta and Saskatchewan. Proposed upgrader projects in the Heartland Area are potential future domestic markets. Deliveries to Asian markets currently utilize a pipeline connection to a ship-loading facility in Burnaby, British Columbia. Pipeline expansions to the West Coast are being proposed by industry to allow greater access to the Asian markets.

JACOS intends to use third-party pipelines to receive diluent and ship bitumen blend to Edmonton, Alberta. JACOS has not finalized transportation agreements with shipping companies for these services. In order not to prejudice negotiations with the potential pipeline companies, JACOS cannot provide further information on potential transportation arrangements. JACOS strongly believes sufficient competition in the region exists so that satisfactory terms can be negotiated.