



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES - MANITOBA

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Canadian Premium Sand Barges Ahead With New Plan

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During the height of the global pandemic Canadian Premium Sand (CPS) released its plan B for their proposed frac sand mine and processing facility on the east side of Lake Winnipeg. Quite frankly plan B is even worse than their original plan.

In a late March, 2020 press release, CPS announced that its new Preliminary Feasibility Study had... "a revised capital cost of CAD \$124 million before contingency, including CAD \$8 million in expected short line rail infrastructure upgrades north of Winnipeg, representing a dramatic improvement from the previous estimated capital cost of CAD \$204 million."

How did CPS come to save \$80 million dollars, by their estimation?

First, they have done away with the construction of their processing facility that was to have been constructed at the mine site location. This means almost all the promised local jobs have been eliminated. Also gone are the trucking jobs that would have been needed to transport one million tonnes of processed frac sand a year to a Winnipeg Transload facility.

Instead, CPS now wants to move one million tonnes of raw wet frac sand from its proposed rip and strip mine operation, located near Hollow Water First Nation, a three hour drive north east of Winnipeg, and barge the frac sand across Lake

Winnipeg to somewhere on the West side.

This raw frac sand would then be unloaded from a yet to be disclosed docking facility near Dunnottar, to be processed at a facility to be constructed close to the existing rail line in the area and to the barge docking facility. From there, the frac sand would be transported to market by rail.

I am sure those who live full time or seasonally on the West side of Lake Winnipeg near Dunnottar will not be happy at the prospect of having hundreds of truck loads of frac sand going to and from the barge docking location to the frac sand processing facility during prime cottage season. Surely that would have an impact on property values.

Along with traffic issues, residents in the area might also be concerned with the proposed stockpiles of processed frac sand stored outside at CPS processing facility that could cause silicosis with long-term exposure.

CPS will also need a docking facility at Seymourville, close to where their mine will be located, where I suspect they will have to stockpile large volumes of frac sand before it is barged over to the west side of the lake. This no doubt will cause concern for people living in Seymourville.

there is an alternative.

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In order to move one million tonnes of frac sand via barge from the East to the West side of the lake, CPS stated it would need a 4,700 tonne payload barge with a 2000 horsepower pusher to move the barge. CPS would need to employ two of these 86x16 metre (282 ft. long by 52 ft. wide) barges, each having a 4 metre draft (12 ft.) when fully loaded, going twice a day every day until freeze up to move 1 million tonnes of frac sand.

CPS states they would contract these barges from a Burlington, Ontario based marine company. How that company will get them to Manitoba and where they will winter them in Manitoba is not answered in the Preliminary Feasibility Study.

Another issue arises from an examination of marine charts for Lake Winnipeg. The waters in and around Dunnottar are far too shallow to accommodate barges with a 12 foot draft when fully loaded, so unless CPS plans to dredge the waters in the area on a regular basis, it is not clear how they could dock these monster barges.

CPS received its Environmental Licence from the Province to proceed to the production phase back in May of 2019. It is set to expire in May 2022. Their licence contained over 90 conditions that must be met before CPS goes into full operation. A full year has now passed since CPS was issued its licence and not one of those conditions has been met. In fact, CPS has yet to make a final investment decision to proceed to the production phase of its proposed development..

The company has also stated it will not be ready to proceed to production until sometime in 2022, when its Environmental Licence is set to expire. CPS would then need both to submit a Notice of Alteration to its existing Environmental Licence to proceed before their licence expires, and secure approval of this new plan by the Province.

CPS will also need a number of Federal permits as well for their new proposal, as Lake Winnipeg is a federally regulated body of water with a thriving commercial fishing economy.

Before anything can happen, however, CPS needs to convince potential investors to cough up at least \$124 million, if not more, to get this project into production. Given that we are now at the beginning of a global economic depression that some economists say could last a decade, and with shale oil and gas exploration all but dead in North America for the foreseeable future, there is very little appetite for frac sand or for investors to invest in a risky frac sand venture.

CPS should just pull up stakes now and take their losses. But failing that, What The Frack Manitoba will be keeping a very close eye on how this development unfolds to insure that both CPS and the Province are held accountable.

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References available upon request.