

# [***Gibson Energy and US Development Group declare the DRU Fully Operational, including shipment of DRUbit By Rail , providing an innovative, scalable market access solution throughout North America***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:649C-R3D1-DYRK-D07S-00000-00&context=1516831)

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**Body**

CALGARY, AB, Dec. 14, 2021 /CNW/ -US Development Group, LLC (through a wholly-owned affiliate, collectively USD) and Gibson ***Energy*** Inc. (Gibson) (TSX: GEI) announced the diluent recovery unit (DRU) has been declared fully operational and the shipment of DRUbit by Rail (DBR) has commenced. The DBR network creates a first-of-its-kind separation technology and network that safely and sustainably moves heavy Canadian crude oil, also known as bitumen, from Canada to the U.S. Gulf Coast at a cost that is competitive with pipeline alternatives.

The DRU is located at the Hardisty ***Energy*** Terminal (HET) near Hardisty, Alberta and is a 50%/50% joint venture between USD and Gibson. HET is located adjacent to USD's existing Hardisty Rail Terminal, which is the origination terminal for transloading the DRUbit onto railcars for shipment. The current destination terminal for the DRUbit is the USD-owned and operated Port Arthur Terminal (PAT) in Port Arthur, Texas. The DRUbit is owned by ConocoPhillips. This DBR network is highly scalable and is well-positioned for future commercial expansions. USD and Gibson continue to pursue commercial discussions with current and potential producer and refiner customers to secure additional long-term agreements to support future expansions at both the DRU and the PAT.

USD's patented DRU technology separates the diluent that has been added to the raw bitumen in the production process, which meets two important market needs. It creates DRUbit , a proprietary heavy Canadian crude oil or bitumen that ships by rail and does not meet any of the defined categories of hazardous materials by U.S. DOT Hazardous Materials regulations and Canada's Transport of Dangerous Goods regulations,creating safety and environmental benefits. Additionally, it returns the recovered diluent to ConocoPhillips at HET for reuse in the Western Canadian market, which reduces delivered costs for diluent. The DBR network provides meaningful safety, economic and environmental benefits relative to conventional crude by rail.

The DRU at HET is operating at or above its nameplate capacity of 50,000 barrels per day of inlet bitumen blend, which the DRU separates into DRUbit and diluent. Transporting DRUbit by Rail is projected to reduce carbon emissions nearly 20% relative to dilbit by rail alternatives and approximately 30% compared to dilbit by pipeline alternatives.

The DBR network is supported by Canadian Pacific (CP) (TSX: CP, NYSE: CP) and Kansas City Southern Railway Company (KCS). As the initial destination terminal, PAT is unloading DRUbit , blending it to customers' specifications, and delivering it downstream through pipe or barge at or above current contractual requirements. PAT has significant marine, pipeline, rail and tank expansion capabilities and it is pipeline connected to Phillips 66's Beaumont Terminal, providing customers access to a large network of refining and marine facilities. PAT has the infrastructure and ability to support growth, including allowing for efficient rail movements along mainlines from Canada and into the growing Mexico market.

Quotes

The Honorable Jason Kenney, Premier of Alberta"Alberta's government is obsessed with creating the best ***environment*** for job creation in Canada. We know that is the best way to attract innovators and entrepreneurs, who will help kick-start Alberta's recovery. Not only will this vote of confidence in Alberta's economy help to create jobs, it helps to tell our story about our ***energy*** industry, and how it constantly strives to lead the world in innovation and emissions reductions. Thank you to CP, Gibson ***Energy***, US Development Group, ConocoPhillips, and Kansas City Southern for helping to ensure the strength and sustainability of Alberta's ***energy*** sector."

ConocoPhillips Canada"Using the DRU separation technology and DRUbit by Rail network improves netbacks and overall returns as we move our bitumen production to high-value North American markets," said Bij Agarwal, President, ConocoPhillips Canada. "An innovative solution, the DRU separation technology and DRUbit by Rail network which provide transportation safety and environmental benefits will also create jobs along the rail routes and help to address constrained market access, for the benefit of all Canadians."

USD"Our DRU separation technology and DRUbit by Rail network create a first-of-its-kind infrastructure to move heavy Canadian crude throughout North America in a way that is safe, environmentally beneficial and economically advantaged to current pipeline alternatives," said USD CEO, Dan Borgen. "The project stands to strengthen communities with long-term, high quality jobs along the current and future rail routes. We are thrilled to work with ConocoPhillips Canada, Gibson, CP, and KCS to deliver this industry solution that we believe will positively impact our existing and future producer and refiner customers."

Gibson"We were pleased to see the Hardisty ***Energy*** Terminal fully operational in-line with budgeted capital cost," said Steve Spaulding, Gibson's President and Chief Executive Officer. "We consider DRUs to be a cost-effective, scalable, environmentally attractive long-term egress solution for the basin, and we remain in commercial discussions for potential additional phases at the Hardisty ***Energy*** Terminal. Importantly, we believe that this and future phases will improve netbacks for producers, driving increased oilfield and related business activity, creating new jobs and helping revive communities."

CP"The launch of DRUbit by Rail over the CP network helps us to achieve key sustainability goals while creating new efficiencies for customers," said Keith Creel, CP's President and Chief Executive Officer. "CP is proud to work with USD and Gibson to make this innovative terminal a success."

KCS"KCS is pleased to be a strategic partner in this innovative solution to improve the safety and economics of moving crude oil," said KCS President and Chief Executive Officer Patrick J. Ottensmeyer. "It's also a great opportunity to grow our business in the Gulf Coast area and further develop our strategic presence in the Port Arthur market."

Investor & Media Contacts

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| Gibson Investor RelationsMark Chyc-Cies Vice President, Strategy, Planning & IR 403-776- 3146 [*mark.chyc-cies@gibsonenergy.com*](mailto:mark.chyc-cies@gibsonenergy.com) Gibson MediaWendy RobinsonDirector, Communications & [*Brand403-827-6057Wendy.robinson@gibsonenergy.com*](mailto:Brand403-827-6057Wendy.robinson@gibsonenergy.com) | USD GroupMary Ellen Kilpatrick 713-412-1545 [*maryellen@goodengroup.com*](mailto:maryellen@goodengroup.com) |  |

About USDUSD and its affiliates are engaged in designing, developing, owning, and managing large-scale multi-modal logistics centers and ***energy***-related infrastructure across North America. USD solutions create flexible market access for customers in significant growth areas and key demand centers, including Western Canada, the U.S. Gulf Coast and Mexico. Among other projects, USD is currently pursuing the development of a premier ***energy*** logistics terminal on the Houston Ship Channel with capacity for substantial tank storage, multiple docks (including barge and deepwater), inbound and outbound pipeline connectivity, as well as a rail terminal with unit train capabilities. For additional information, please visit [*www.usdg.com*](http://www.usdg.com). DRUbit and DRUbit by Rail are trademarks of DRU Assets LLC, a subsidiary of USD, and are used by permission. All rights reserved.

About GibsonGibson is a Canadian-based oil infrastructure company with its principal businesses consisting of the storage, optimization, processing, and gathering of crude oil and refined products.Headquartered in Calgary, Alberta, Gibson's operations are focused around its core terminal assets located at Hardisty and Edmonton, Alberta, and also include the Moose Jaw Facility and an infrastructure position in the U.S.Gibson shares trade under the symbol GEI and are listed on the Toronto Stock Exchange. For more information regarding Gibson as well as the DRU project visit [*www.gibsonenergy.com*](http://www.gibsonenergy.com) and Gibson's profile on SEDAR at [*www.sedar.com*](http://www.sedar.com).

About ConocoPhillipsHeadquartered in Houston, Texas, ConocoPhillips had operations and activities in 15 countries, $84 billion of total assets, and approximately 10,300 employees at March 31, 2021. Production excluding Libya averaged 1,488 MBOED for the three months ended March 31, 2021, and proved reserves were 4.5 BBOE as of Dec. 31, 2020. Its Canadian operations are focused on developing its world-class portfolio including the ConocoPhillips-operated Surmont Joint Venture with TOTAL E&P Canada in the Athabasca region of northeast Alberta and exciting opportunities in the liquids-rich Montney play in northeast British Columbia. For more information, go to [*www.conocophillips.ca*](http://www.conocophillips.ca).

About Canadian PacificCanadian Pacific (CP) is a transcontinental railway in Canada and the United States with direct links to major ports on the west and east coasts. CP provides North American customers a competitive rail service with access to key markets in every corner of the globe. CP is growing with its customers, offering a suite of freight transportation services, logistics solutions and supply chain expertise. Visit [*www.cpr.ca*](http://www.cpr.ca) to see the rail advantages of CP.

About the Kansas City Southern Railway CompanyHeadquartered in Kansas City, Mo., Kansas City Southern (KCS) is a transportation holding company that has railroad investments in the U.S., Mexico and Panama. Its primary U.S. holding is The Kansas City Southern Railway Company, serving the central and south central U.S. Its international holdings include Kansas City Southern de Mexico, S.A. de C.V., serving northeastern and central Mexico and the port cities of Lázaro Cárdenas, Tampico and Veracruz, and a 50 percent interest in Panama Canal Railway Company, providing ocean-to-ocean freight and passenger service along the Panama Canal. KCS' North American rail holdings and strategic alliances with other North American rail partners are primary components of a unique railway system, linking the commercial and industrial centers of the U.S., Mexico and Canada. More information about KCS can be found at [*www.kcsouthern.com*](http://www.kcsouthern.com).

About DRUbit USD's patented DRU technology separates the diluent that has been added to the raw bitumen in the production process which meets two important market needs it returns the recovered diluent for reuse in the Alberta market, reducing delivered costs for diluent, and it creates DRUbit , a proprietary heavy Canadian crude oil specifically designed for rail transportation. DRUbit is crude oil or bitumen that has been returned to a more concentrated, viscous state that creates safety and environmental benefits when transported by rail in Canada and the U.S. DRUbit is a market access solution that will satisfy demand for heavy Canadian crude oil on the U.S. Gulf Coast and in other markets at a cost that is economically competitive to the crude oil that is transported by pipeline today.

Information on websites referenced in this press release are not part of this press release.

Forward Looking StatementsCertain statements contained in this press release constitute forward-looking information and statements (collectively, forward-looking statements) including, but not limited to, statements concerning the anticipated benefits, opportunities, operations and sustainability of the DRU and DRUbit , oil field and related business activities, market participants, local communities and governments, carbon emissions reduction, the methods of transportation of DRUbit and contribution of the DRU to the improvement of market access for oil producers, operation of USD's Port Arthur terminal and growth plans for such terminal, improved industry economics associated with the DRU and transportation of DRUbit , the safety features of the transportation of DRUbit and expectations with respect to the business and financial prospects and opportunities related to the DRU and DRUbit transportation.

These statements relate to future events or future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "aim", "target", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential" and "capable" and similar expressions are intended to identify forward-looking statements. The forward looking statements reflect the project participant's beliefs and assumptions with respect to, among other things, the continued fully operational status of the DRU, continued market demand, general economic trends, industry trends, commodity prices, capital markets, the governmental, regulatory and legal ***environment*** in the various jurisdictions in which they individually, or collectively, conduct and will conduct their respective business, ability to obtain qualified personnel and equipment in a timely and cost-efficient manner, ability to generate sufficient cash to meet its current and future obligations, the successful and timely implementation of capital projects in a manner consistent with financial expectations and the other business activities of the participants, and other assumptions inherent in management's expectations of future operating and financial results and other forward-looking statements identified herein.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although the project participants believe these statements to be reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. Actual results could differ materially from those anticipated in these forward looking statements as a result of, among other things, risks inherent in the businesses conducted by each of the project participants, ability for Gibson and USD to secure additional long-term, take-or-pay agreements with other producer and refiner customers to fully underpin the economics of the project, conditions associated with the DRU and its operation, the ability of customers to discover and market reserves, regulatory decisions, competitive factors in the industries in which the project participants operate, prevailing economic conditions, carbon emissions reduction capabilities, world-wide demand for crude oil and petroleum products, volatility of commodity prices, currency and interest rates fluctuations, product supply and demand (including demand for DRUbit ), changes in credit ratings applicable to any of the participants, operating costs and the accuracy of cost estimates, exposure to counterparties and partners, future capital expenditures, ability to maintain necessary regulatory approvals for the DRU and USD's Port Arthur terminal, the availability, costs, terms and timing of or execution of, and competition for, required regulatory approvals, rail capacity and terminal access, changes to any of the project participants' business plans or strategy, ability to access various sources of debt and equity capital, generally, and on terms acceptable to the respective participant, changes in government policies, laws and regulations, including environmental and tax laws and regulations, competition for employees and other personnel, equipment, material and services related thereto, the availability and cost of employees and other personnel, equipment, materials and services, weather, including its impact on product demand, exploration, production and transportation, inherent risks associated with the exploration, development, production and transportation of bitumen, the timing and extent of changes in foreign currency exchange rates, interest rates, inflation rates, global and domestic financial market conditions and global and domestic general economic conditions, political developments around the world, including the areas in which the project participants individually, or collectively, operate, many of which are beyond the control of any of the project participants. Readers are cautioned that the foregoing lists are not exhaustive. For a full discussion of the material risk factors please refer to those included in Gibson's Annual Information Form dated February 22, 2021 as filed on SEDAR and available on the Gibson website at [*www.gibsonenergy.com*](http://www.gibsonenergy.com), the more detailed information about factors that could affect future events may be found in filings by ConocoPhillips with the Securities and Exchange Commission including ConocoPhillips' Annual Report on Form 10-K for the year ended December 31, 2020 and subsequent reports, those detailed from time to time in reports filed by CP with securities regulators in Canada and the United States under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Information" in CP's annual and interim reports on Form 10-K and 10-Q, and the more detailed information about factors that could affect future events may be found in filings by KCS with the Securities and Exchange Commission including KCS' Annual Report on Form 10-K for the year ended December 31, 2020 and subsequent reports.

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