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Imperial, Petro-Can notch up records

Syncrude partners eager for royalty deal

SHAUN POLCZER
 CALGARY HERALD

Oilpatch heavyweights Petro-Canada and Imperial Oil reported record profits in 2007 on Thursday, as the partners in Syncrude Canada Ltd. await the outcome of royalty negotiations between the oilsands company and Alberta government.

The profit announcements come after the province reached a groundbreaking oilsands agreement with Suncor Energy Inc. earlier this week. Petro-Canada CEO Ron Brenneman characterized negotiations with the province as "positive," but said Syncrude's ownership structure means it takes longer to reach terms.



"We continue to make progress on Syncrude discussions, but it would be premature for me to speculate."

PETRO-CANADA CEO
 RON BRENNEMAN

In a conference call to discuss the company's fourth quarter, he was tight-lipped about when a deal might be forthcoming.

"We continue to make progress on Syncrude discussions, but it would be premature for me to speculate" when a deal might be concluded, he said.

Petro-Canada and Imperial are major partners in Syncrude Canada, which has yet to sign on to the province's new royalty regime after Suncor reached a deal on Tuesday.

Unlike Suncor, which is a single entity, Syncrude is owned by a consortium that also includes ConocoPhillips, Nexen, Murphy Oil and Canadian Oil Sands Trust. Industry observers expect

Syncrude will be offered similar terms as Suncor, which will see existing agreements transitioned over to the new rates effective 2016.

The negotiations come as Petro-Canada and Imperial each reported blowout profits last year.

Petro-Canada reported net earnings of \$2.73 billion, or \$5.59 per share, compared with \$1.74 billion, or \$3.45 a share, in 2006.

Likewise, Imperial racked up the largest year-end tally in its 150-year history. The company said it made a whopping \$3.19 billion, or \$3.41 per share, in 2007 compared with \$3.04 billion, or \$3.11 a share, a year earlier.

"Overall, improving operations, a strong price environment and record production at both Cold Lake and Syncrude contributed to record earnings and shareholder returns that well exceeded the energy equity index," said Tim Hearn, the company's chairman and chief executive.

Despite the record numbers, UBS analyst Andrew Potter said Petro-Canada ended the year "with a whimper" and fourth-quarter results well below analyst expectations.

Petro-Canada earned \$1.05 per share in the three-month period versus his forecast of \$1.31 and a street consensus of \$1.39.

Potter blamed the difference on lower-than-expected production that averaged 410,000 barrels per day in the quarter compared to a previous estimate of about 417,500 bpd.

"The majority of the production shortfall was on the liquids side and primarily due to poor performance from MacKay River," he noted.

The MacKay River thermal oilsands project produced about 14,000 bpd in the fourth quarter, less than half of its 35,000 bpd design capacity. The facility has been plagued with water-handling issues almost since it was commissioned in 2002.

"It's obvious operations (at MacKay River) have struggled," said FirstEnergy analyst William Lacey.

But Brenneman said he is hopeful the mechanical issues can be sorted out.

"Our target is still by the time we exit this year to have 30,000 barrels a day," he said.

Petro-Canada's shares lost \$1.42, or three per cent, on the Toronto Stock Exchange Thursday, to finish at \$45.63. Imperial gained 21 cents to \$49.36.

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'I NEVER WANTED TO RENT'



Ted Rhodes, Calgary Herald
 Michelle Atkinson, 26, who entered the real estate market 2½ years ago, is part of an emerging demographic of women who are single, financially savvy and opting for condominiums.

Women lead revolution in home ownership

Single females making condos first choice

MARIO TONEGUZZI
 CALGARY HERALD

Michelle Atkinson jumped into home ownership 2½ years ago when the Calgary real estate market was just ready to explode.

The single, 26-year-old graphic designer in public relations bought a condo in the southwest Cedarbrae neighbourhood.

"I bought it right at the right time. I was just lucky," said Atkinson.

"I never wanted to rent because I figured it was a waste of money. My parents had always kind of taught me that if you wanted to do something, you should buy a place. I'd been saving up since I finished high

Canadian women homeowners survey

Preferences for style of homes

- Condos: 42 per cent
- Houses: 34 per cent
- Townhouses: 13 per cent
- Duplexes or triplexes: six per cent.

Source: TD Canada Trust survey of women homeowners aged 20-45

school."

She also bought her condo as an investment.

Atkinson fits the profile of individual Canadian women homeowners who are single, financially savvy and most likely to purchase a condominium, according to a new national poll released Thursday.

Seven in 10 Canadian women homeowners bought their properties as a "good investment," with 29 being their average age when they made their

first purchase.

The poll by TD Canada Trust, conducted in the first two weeks of this year by Ipsos Reid, was of women aged 20 to 45 who have purchased a home as an individual rather than jointly with a spouse or common law partner.

Among this group, 82 per cent are single, 80 per cent have no children and 49 per cent have a university degree.

The vast majority (86 per cent) still live in the original home they purchased and have made only one home purchase as an individual (81 per cent).

"With more and more Canadian women marrying later in life or remaining single, we're seeing the emergence of the young, financially savvy woman who's taking on the commitments, joys and responsibilities of owning a home," said Joan Dal Bianco, vice-president of real estate secured lending for TD Canada Trust.

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MARGIN CALLS

Dell cuts 1,200 Edmonton jobs

CALL CENTRES • Dell Canada is closing its Edmonton call centre after only three years, putting more than 1,200 people out of work.

Edmonton Economic Development Corp., which leases Dell a facility at a local research park, confirmed Thursday it had been told the facility will be closing in a few months.

Dell is only three years into a 20-year deal at the Edmonton Research Park, and has previously said the call centre is its top-performing global facility.

The deal with the Edmonton development agency included a \$1-a-year lease for 20 years on six hectares of land, and a property-tax rebate worth \$1.1 million.

During a November 2006 tour of the Edmonton call centre, company founder Michael Dell said: "The reason we are here in Edmonton and in Ottawa is because we need skills... We found that support teams here have a better track record of helping the customer."

Starbucks shuts weakest outlets

CHAINS • Starbucks Corp. said Wednesday it is closing 100 underperforming U.S. stores and slowing domestic openings in the face of a likely consumer recession and "cannibalization" from overbuilding.

The coffee chain, whose shares dropped about two per cent after the news, also said it was pulling much-hyped hot breakfast sandwiches from stores, despite the cost of reducing sales, because customers complained that the smell was overwhelming the aroma of coffee.

Starbucks, which posted a higher quarterly profit, is turning its focus to international markets and revamping U.S. plans. It has been battered in recent months by slower consumer spending, higher milk and labour costs and concerns it may have saturated the U.S. market.

"There's a macroeconomic headwind that we're all facing that strongly suggests that the (U.S.) consumer is in a recession," Starbucks' recently returned chief executive, Howard Schultz, said in a telephone interview.

Starbucks cut its forecast for 2008 U.S. store openings to 1,175 from 1,600.

HERALD ENERGY



Why Nova Chemicals CEO Jeff Lipton is singing the praises of Alberta

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GOLF COURSE LOTS RELEASED

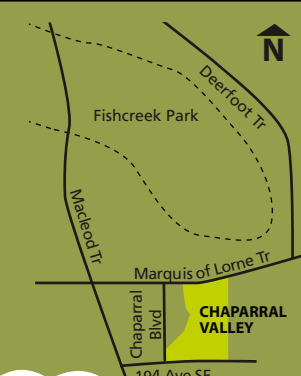
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