



SOUTHERN PACIFIC
RESOURCE CORP.

COMMUNITY NEWSLETTER

Spring 2009

Who is Southern Pacific?

Southern Pacific Resource Corp. is a junior oil sands company based in Calgary, Alberta. Our primary objective is to explore and develop our diverse land base totalling 269 sections (144,128 net acres) of oil sands leases in six areas in northern Alberta. We plan to use in-situ extraction techniques, which means we produce bitumen in place instead of through open-pit mining. We also have conventional oil and gas interests in other areas of the province.

What is Southern Pacific Proposing?

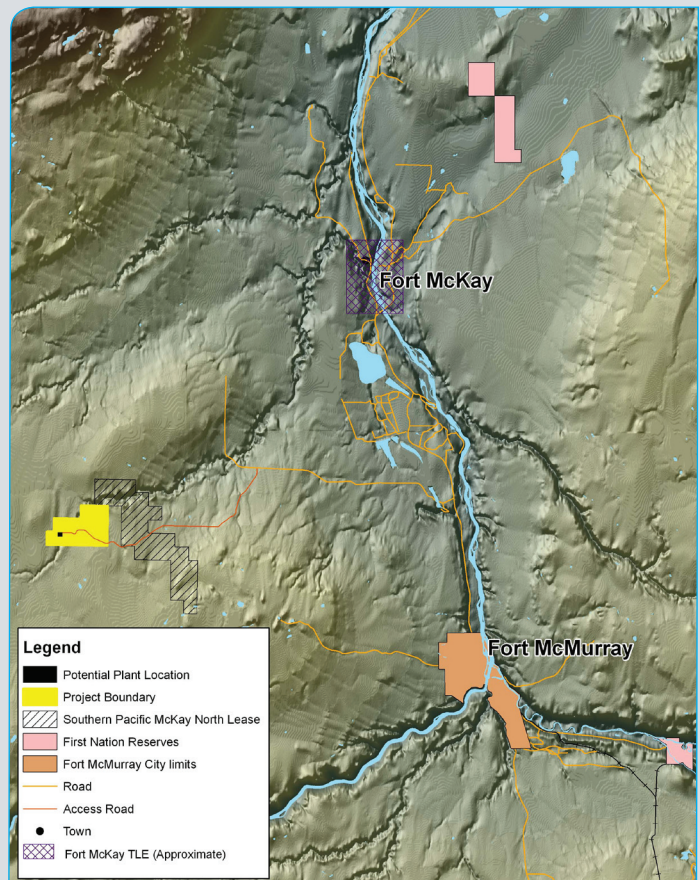
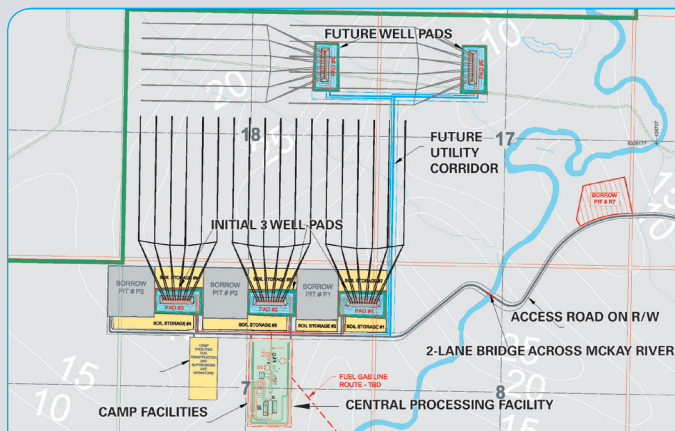
We have identified an initial project area for development on our McKay lease, approximately 45 km northwest of Fort McMurray. As outlined in our community consultation brochure in the fall of 2008, Southern Pacific plans to develop a steam-assisted gravity drainage (SAGD) project on the lease. The proposed "STP McKay Project" is a 10,000 to 12,000 barrel per day (bpd) SAGD development. The



McKay lease is approximately 59 sections (37,760 acres) of land, of which 10.5 sections are within the STP McKay SAGD Project area. Approximately 1.25 sections are within the initial resource development area. Partly in response to feedback received during our community consultation initiatives, we've reduced the size of the central processing facility (CPF) from 500 m x 600 m to 280 m x 565 m.

Here are some of the revised Project details:

- Central processing facility site (CPF) (approximate size 280 m by 565 m)
- 12 to 15 well pads with six SAGD well pairs off of each pad (approximate size of each well pad 170 m by 315 m)
- Cogeneration facility (used to generate power for the site and to be located within the central processing facility site)
- Camp site, containing construction and operations camps (approximate size 180 m by 400 m)
- Fuel gas pipeline (approximately 14 km in length)
- Water pipeline bored under the McKay River
- Free-span bridge across the McKay River
- Surface pipelines in a utility right of way along the McKay River bridge crossing





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Recent Winter Activity (2008/09):

From December 2008 to February 2009, we drilled 21 additional coreholes on our McKay lease to help us further delineate the bitumen resource and also form part of our STP McKay SAGD regulatory application. In addition to the coreholes, we also drilled two water source wells, completed a geotechnical evaluation of the proposed plant site and pads and conducted cap rock integrity testing. All of this field work was completed by the end of February 2009.

Regulatory Process:

Southern Pacific will seek approval from the Energy Resources Conservation Board (ERCB) and Alberta Environment (AENV) to construct, operate and reclaim the STP McKay Project. Southern Pacific will also apply to Alberta Sustainable Resource Development (ASRD) for the various surface dispositions it may require for the access road, central processing facility and well pads. Southern Pacific has also filed an application to obtain a Navigable Waters Protection Permit to cross the McKay River. The application is currently under review. Southern Pacific is on track to submit a regulatory application to the various regulators in May 2009. Here is our proposed schedule:

2009 and Beyond – What to Expect

- **May 2009** - File "STP McKay SAGD Project" regulatory application to ERCB and AENV
- **June 2009** to Fall 2011 (start-up) - Ongoing consultation with Aboriginal communities, First Nations, regulators and public stakeholders. Continue to work with all stakeholders to address any concerns
- **Jan 2010** - File surface disposition applications to ASRD for access road, CPF, well pads, etc
- **Mid 2010** - Anticipate approval of regulatory application from ERCB and AENV
- **Fall 2010** - Construct access road into plant site and pads
- **Winter 2010** to Fall 2011 - Drill SAGD well pairs and construct plant site and associated facilities
- **Fall 2011** - Commence first steam of STP McKay SAGD Project



Southern Pacific held a community open house at Fort McKay in January 2009.



Our Winter 2008/09 Aboriginal and Public Consultation Process:

In the fall of 2009, Southern Pacific commenced an Aboriginal and public consultation process. We developed a community consultation brochure, which is posted on our website at www.shpacific.com, and began consulting with several Aboriginal communities, First Nations, Metis Locals and public stakeholders within the region. We hosted a community open house in Fort McKay on January 20, 2009 and a public open house in Fort McMurray on January 21, 2009.

We have also had several one-on-one consultation meetings with First Nations Industry Relations Corps., Metis Locals and Elders Advisory Councils.

Southern Pacific values input from First Nations, Aboriginal communities and public stakeholders and we continue to improve our Project in response to concerns. Our consultation process takes public and Aboriginal input into consideration when planning development projects. Our program is based on respect, and we recognize the value of people's concerns and the input they can provide.

We're confident our consultation program will build the foundation for successful relationships with neighbours in the region now and in the future.

For More Information:

Southern Pacific would be pleased to provide you with more information about our company and the STP McKay SAGD Project, timelines and consultation process. If you are interested, please contact:

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www.shpacific.com