

Imperial Oil Limited to make application for further expansion at Cold Lake

Imperial's proposed expansions would add production capability to the company's existing Cold Lake Production Project and include:

- I. three new phases of bitumen production (Phases 14-16) in an area to be known as Nabiye (na-bee-yae; Dene, meaning "otter"), with wells, associated field facilities and a plant to generate steam, process bitumen and treat water. Nabiye, if it proceeds, will increase bitumen production by 30,000 barrels a day and add 250 million barrels of net proved reserves at Cold Lake;
- II. an extension of Phases 9 & 10 of the existing Mahihkan operations to a new area known as Mahihkan North will maintain production from the existing Mahihkan area and recover an additional 125 million barrels of reserves over the life of the development.

If the necessary regulatory applications are approved on schedule and market conditions remain favorable, the Mahihkan North development could begin production as early as 2005 and Nabiye in 2006, at a total cost of about \$1 billion. This expansion, along with the development of Phases 11-13 currently underway, would bring total production at Cold Lake to about 180,000 barrels a day by the end of the decade.

Current expansion plans are based on preliminary assessments and need to be confirmed by detailed engineering studies, business analysis and impact assessments.

Nabiye Development (Phases 14-16)

- located northeast of Imperial's existing Maskwa and Leming sites, north of Marie Lake.
- Nabiye will add 250 million barrels of net proved reserves at Cold Lake and increase bitumen production by 30,000 barrels a day.
- Nabiye is expected to use cyclic steam-stimulation, which is used in Imperial's existing operations at Cold Lake, to recover bitumen. However, studies are currently underway to assess other recovery technologies, such as steam-assisted gravity drainage (SAGD). A new plant containing steam-generation, bitumen-processing and water-treatment facilities will be built to support production from the three new production phases. Electrical co-generation and alternatives to natural gas fuel are also being evaluated. While potential sites for the new plant have been identified, further analysis is required to determine the final plant location.
- An electrical transmission line will be required to connect surplus power from the Mahkeses co-generation plant, currently under construction, to the Nabiye plant. New pipelines will also be constructed on the lease to transfer diluent to the new plant for blending with bitumen and for transporting the bitumen blend to market.

Mahihkan North Development

- a northwesterly extension of the existing Mahihkan operations to the area east, west and north of Bourque Lake
- development is expected to be similar in design and technology to current operations, using cyclic steam-stimulation as the primary recovery mechanism
- approximately 600 new wells will be required to develop this area of the lease over the next 5-10 years.
- pipelines and other surface facilities will be built on the existing lease to connect these pads to the Mahihkan steam and bitumen-processing plant. This development is required to make full, efficient use of existing steam-generation capacity and maximize bitumen production at the Mahihkan site. On-site steam generation may be required for wells that are in the northern part of the proposed development area.

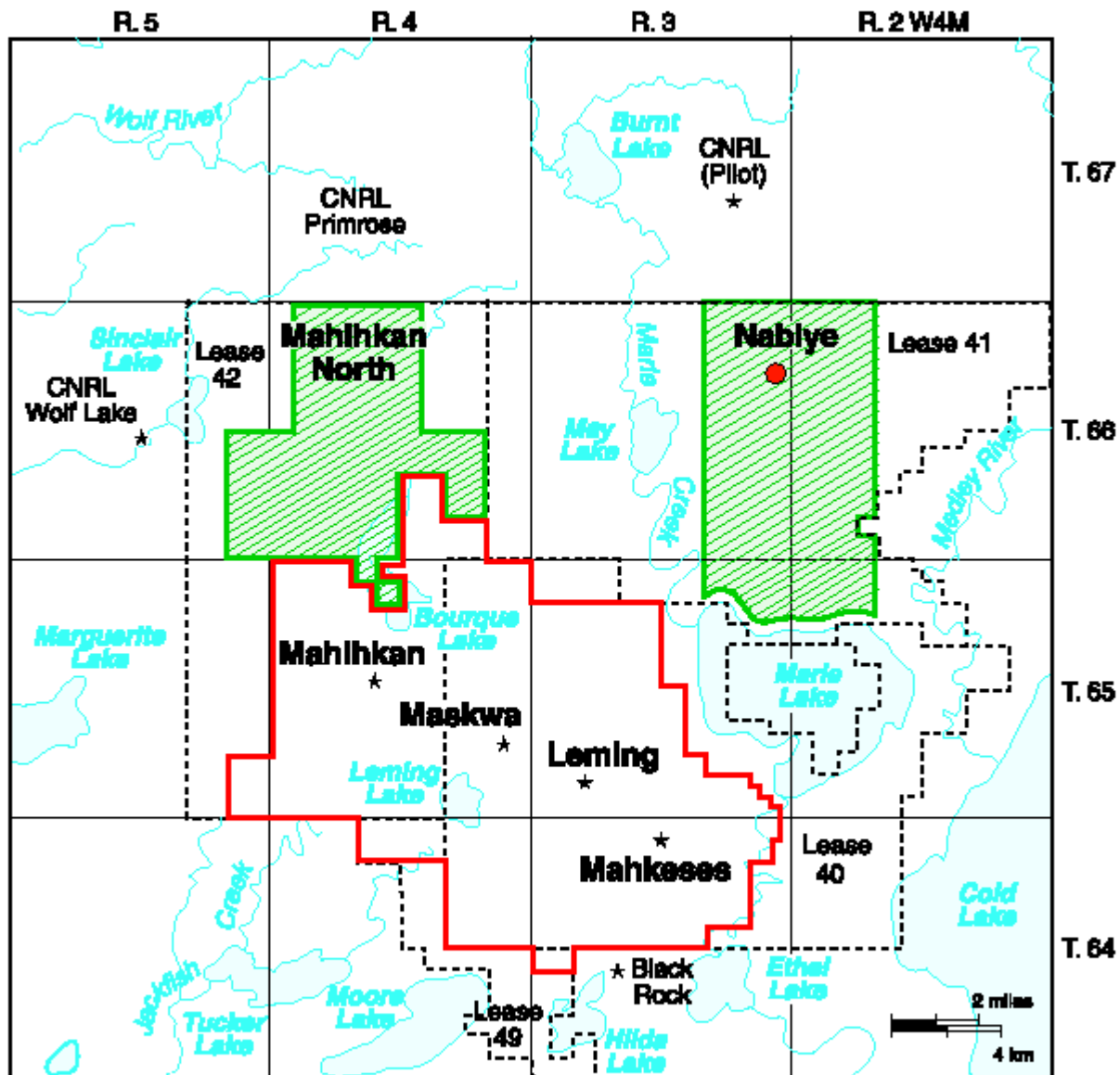
Regulatory Process

- Imperial expects to make application for approval of these developments to the Alberta Energy and Utilities Board and Alberta Environment around year-end 2001
- baseline environmental studies are underway, and an Environmental Impact Assessment will be conducted in 2001
- throughout the planning and pre-application stages, Imperial will work closely with area residents, regulators and other interested parties to identify and resolve any issues
- the company will implement a public consultation process that ensures the input of interested parties is represented and considered during the planning process, construction, and operation of these facilities.

Existing Cold Lake Operations

- Imperial currently operates 10 phases of commercial bitumen production at Cold Lake. The operation, which produced an average of 119,000 barrels of bitumen a day in 2000, is the largest in-situ bitumen recovery project in Canada.
- In 1999, Imperial received regulatory approval for three additional phases of commercial bitumen production - Phases 11-13 in an area known as Mahkeses. This expansion is currently under construction, and facilities are expected to be operational in late 2002. The Mahkeses expansion will increase bitumen production to an average of 150,000 barrels a day.
- Imperial's total investment to date in the Cold Lake area is approximately \$1.7 billion. Construction of the Mahkeses development will add about \$650 million of capital expenditures over the next two years.

Cold Lake Development Area



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|-------|-----------------------------------|---|--------------------------------|
| ----- | Oil Sands Lease Boundaries | ★ | Plants |
| — | Approved Development Area | ● | Proposed Plant Location |
| ▨ | Proposed Development Areas | | |